

Parent Company Accounts

Temple Cambridge Ltd

07292141

Parent company guarantee for purposes of exemption from individual company accounts stated on page 17.

**International Schools Partnership Limited**  
101 Wigmore Street, London  
United Kingdom, W1U 1QU

12/10/21

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**Consolidated financial statements**  
for the financial year ended 31 August 2020

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## Consolidated strategic report

The Directors present the Strategic report and the financial statements of International Schools Partnership Limited ("the Company"), together with its subsidiaries ("the Group")) for the year ended 31 August 2020.

### **Group's principal activities and events of the 2020 financial year**

The core activity of the Group is kindergarten through to twelfth grade (K-12) education and the Company is acquiring and building, through its subsidiaries, schools around the world to create a global Group with schools having an international outlook and which are or can become the school of choice in their local area. At the year-end date the Group owned and operated 46 (2019: 42) schools with around 44,500 (2019: 39,500) children enrolled from 2-18 years of age studying in the United Kingdom, Spain, Mexico, Malaysia, Costa Rica, the USA, Qatar, the United Arab Emirates, Ecuador, Chile, Peru and Colombia. The schools offer a diverse and enriching educational experience spanning British, Malaysian, International, Mexican, US, Costa Rica, Peruvian, Chilean, Colombian and Spanish curricula.

During the year, the Group made 3 acquisitions (2019: 6 acquisitions): St George (Peru), La Colina (Colombia) and Colegio Internacional Aravaca (Spain). Post year-end the Group has added 2 further schools (Lynn-Rose College and Rowntree Montessori) both based in Toronto Canada, bringing the number of schools it owns and operates to 48.

### **Results and position**

The net liabilities amount to €(323,724,000) as at 31 August 2020 (2019: €(128,402,000)) and the Group has made a loss of €(124,368,000) during the financial year 2020 (2019: €(62,435,000)), which will be carried forward to the following financial year.

The Group's Directors assess performance and business risk using regular reporting by each subsidiary and investment which includes monitoring against agreed budgets and a set of key performance indicators ("KPIs"). The KPIs comprise financial and non-financial measures the latter including various ratios relating to student enrolments (full time equivalent and fee paying full time equivalent) and staffing as well as information on the learning performance of the school including external assessment against its own learning rubric, ISA testing and the students' academic results. The key KPIs are as follows:

	Year Ended 31 August 2020	Year Ended 31 August 2019
Number of pupils	44,500	39,500
Number of schools	46	42
Adjusted EBITDA (€)*	49,305,000	5,731,000

During this financial year, the Group experienced significant disruption due to the COVID-19 pandemic which saw many school buildings closed for significant periods. The Group has operated distance learning whilst school buildings were closed and blended learning (mixture of on premise and distance learning) in many of its schools when school buildings were allowed to re-open due to the restrictions required to meet guidelines and rules on social distancing. The total impact of COVID-19 which includes subsidies given to parents, lost income on other services net of savings from furloughing staff and controlling expenditure is estimated to be around €13.1million in the year ended 31 August 2020.

The growth in each of these metrics during the year reflects both the acquisitions made (in the current and prior year) and the capital investment in continuing schools to increase capacity.

\*Adjusted EBITDA is calculated by adding back the following amounts to the operating loss: Depreciation of property, plant & equipment, Impairment of property plant & equipment, Amortisation of intangible assets and Impairment of intangible assets.

## Consolidated strategic report (continued)

### Key risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to several risks. The key business risks affecting the Group are set out below:

#### Brexit

Brexit is considered a low risk to the Group due to the geographical diverse nature of the investment portfolio and percentage of operations apparent in United Kingdom.

#### Enrolments

Increasing enrolments in our schools is critical to financial performance. The Group continues to invest and improve the facilities at the schools to retain and attract new students. The Group regularly reports on pipeline students as well as existing students so that the outlook is monitored. We have significantly invested in our marketing and admissions capability to promote our schools locally.

#### Employees

The Group's performance depends on the head teachers and staff in each of its schools and the regional teams. The resignation of key individuals and the inability to recruit people with the right experience and skills from either local, national or international communities could adversely impact the Group's results. To mitigate these risks, the Group has a review, personal development and succession planning programme for key employees and regularly monitors its reward structure to ensure that it retains key employees. In addition, the Group has well established recruitment processes to enable us to source high quality replacement staff and it has continued to invest in Group and regional specialist employees to support the on-going expansion of the Group. The Group has recently introduced a group wide leadership development programme and invested in a Head of People Operations, Head of Talent, Head of Leadership and Capability and Head of Teacher Training demonstrating the importance of its employees to the Group. The Group regularly surveys its employees using NPS data to provide feedback to the schools and determine actions to improve employee engagement.

#### License to operate

To operate our schools, we maintain various accreditations from curriculum providers and licenses from local education authorities. If any of our schools fails to meet the standard, it could lose its license which could materially adversely affect our business prospects. Our regional structures include a regional managing director, supported by a director of learning who supports the regional managing director and head teachers to ensure that we meet the required educational standards and a regional head of property who supports the regional managing director on ensuring that schools are well invested and licences are maintained.

#### Fee increases

The Group needs to be able to sustain fee increases going forward to cover increases in operational costs, provide continual improvements in the students learning and provide investment in the schools' facilities. Each school's ability to increase fees is dependent on several factors including local competition, quality of education at the school, local demographic and parent satisfaction.

#### Financial risks

The Group's activities expose it to a variety of financial risks: market risk (including cash flow, foreign currency, interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the Board of Directors. The Group's objective when managing capital is to safeguard its ability to continue as a going concern to provide returns to the shareholders and to maintain an optimal capital structure to reduce the cost of capital.

#### ***(a) Market Risk***

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### ***(a)(i) Foreign currency risk***

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchanges rates. The Group is mainly exposed to currency risk on purchases (accounting, audit and administrative services) that are denominated in a currency other than the functional currency. Foreign currency translation risk will continue to be significant given the diverse portfolio. A significant weakening of a currency in a region could adversely impact the value of future dividends from investments in that region. To mitigate foreign currency risk the Group holds bank accounts in all the currencies that the Group operates in. The Group acquired schools in two new countries during the year, Colombia and Peru further adding to foreign currency risk on repatriated earnings.

## Consolidated strategic report (continued)

### **Key risks and uncertainties (continued)**

#### ***(a)(ii) Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group manages its exposure to the interest rate risk implementing an interest rate swap to fix the interest on its borrowings from third parties. No hedge accounting is needed for this treatment.

#### ***(b) Credit Risk***

Credit risk is the risk that any counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group typically invoices customers in advance and has policies in place covering subsequent cash collection, which include regular review of outstanding receivables.

The carrying amount of current receivable represents the maximum credit exposure.

#### ***(c) Liquidity risk***

The Group manages liquidity risk by maintaining adequate cash balances and borrowing facilities, loans granted by the shareholders, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group also performs regular cash forecasting at the subsidiary level along with the funding required for central and local cost centres. Funding for new transactions, including due diligence and other pre-transaction costs, is assessed and drawn down on a case-by-case basis.

### **COVID-19**

The Group's activities in response to the COVID-19 are being managed by the Board of Directors. The safety and wellbeing of our students, colleagues and families is the top priority. The financial risks are being managed on a weekly basis in response to the unknown significance and nature of the disruption. Forecasting and budgets have been updated in response to the pandemic.

The adverse impact of COVID-19 is largely expected to have affected the Group's operational cashflows for the year ended 31 August 2020, due to loss of some early years students, subsidies to parents and some ancillary activities being unable to occur when expected. There is expected to be limited impact going forward as schools re-open fully or students adapt to distance learning. The impact going forward is expected to be around lower ancillary revenues and schools are mitigating this by eliminating operational expenditure linked to these services that are no longer occurring. These mitigating factors are expected to be the only effects on the business model of the Group.

### **Environmental matters**

The Group's activity has a minimal impact on the environment, however, the directors believe that good environmental practices support the broader strategy of enhancing the reputation of the Group as well as fostering staff, parents and students morale. The Group is committed to minimising Carbon emission as well as emission of other greenhouse gases and encourages energy and waste saving initiatives. The Group has committed to an initiative which will see it plant a tree for every student and employee using a reforestation specialist company, Tree Nation and is also looking at ways of increasing the use of solar power across its schools.

### **Greenhouse gas emissions, energy consumption and energy efficiency action**

The use of resources to supply educational services indirectly utilises finite global resources. The source of the raw materials and the supply of educational services is spread globally. We recognise, that our services indirectly utilise global resources some of which are limited in their nature.

<b>Carbon emissions in UK</b>	<b>Tonnes of CO<sub>2</sub>e in year ended 31 August 2020</b>
Scope 1 (gas)	203
Scope 2 (electricity)	294
<b>Total footprint in UK</b>	<b>497</b>

<b>Group chosen intensity measurement</b>	<b>€'000</b>
Turnover in UK	9,637
Emissions reported above per €'000 of turnover	0.05

The above has been calculated using information from suppliers for the applicable period and information within the consolidated financial statements.

## **Consolidated strategic report (continued)**

### **Greenhouse gas emissions, energy consumption and energy efficiency action (continued)**

Efforts are made to ensure that the footprint from the services we provide is minimised by reviews of inefficient operational practices and avoiding suppliers or regions where the employment or environmental practices are known to be below acceptable standards.

### **Human rights issues**

The Group ensures that its business activities are conducted with the objective of protecting human rights of both teachers and students. Staff are strongly encouraged to report abuse, either to their line manager or to other members of the managerial hierarchy. The qualities of respect and dignity constitute the foundation of the services we provide and the importance of human rights forms one of the foundations of our business.

### **International Schools Partnership and the community**

*The Group has grown by acquisition of geographically diverse entities, and we have benefitted from pre-existing relationships of our staff and teachers with the community. These relationships ensure staff and teachers and students lead happy, rewarding lives during their student years. Schools have direct involvement in a number of community based initiatives which help to enhance the Schools' relationships with local communities.*

### **Research and Development**

During the financial year, the Group has invested €1m (2019: €1m) in its proprietary learning and sharing platform (The Learning Hub) which is now available to 6,600 staff.

### **Acquisition of own shares**

During the financial year, International Schools Partnership Limited has not bought back any of its own shares.

### **Branches of the Company**

*During the financial year, the Company has not held any branches.*

### **Going concern**

Management have assessed that the Group is a going concern. Please refer to Note 1 for the detailed management assessment.

### **Future outlook**

Management are committed to growing their business, by investing in facilities, creating new capacity and improving the education provision at the existing schools as well as acquiring new schools.

*After the reporting date the Group has acquired 2 new schools and drawn down on more funding. See subsequent events, Note 28, for further information.*

## Consolidated strategic report (continued)

### Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Directors of International Schools Partnership Limited consider that they have behaved in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole (with regards to the stakeholders and matters set out in s172 (1) (a to f) of the Companies Act) in the decisions taken during the year ended 31 August 2020.

Specific matters detailed in s172 and the actions taken by the Directors with regards to these matters are summarised below:

<b>Matters</b>	<b>Actions</b>	<b>Consideration and engagement</b>
Likely consequences of any decision in the long term	Annually, the Board undertakes a review of the Company's strategy, including the budget for the forthcoming year and the plan for the next seven years. Once approved, the plan and strategy form the basis for financial budgets and resource and investment decisions. Both input to the budgets and output in terms of decision making involves both the Board and senior management. In making decisions concerning the business plan and future strategy, the Board has regard to the interests of various stakeholders and the consequences of its decisions in the long-term.	Annual budget, 7-year plan.
Interests of the Group's employees	Our employees are fundamental to the success of the business. We aim to be a responsible employer in our approach to the pay and benefits that our employees receive and ensure that we adhere to all statutory employee health and safety standards.	Employee reviews and appraisals. Exit surveys. Bonus schemes. Health and safety certification.
Need to foster the Company's business relationships with suppliers, customers and others	We are committed to securing strong working relationships with both our suppliers and customers in order to accentuate the performance of the Group, optimise the resources available to our employees and the experience of our pupils. We ensure that all companies within the Group ensure that suppliers adhere to acceptable employment, industry and environmental practices. Managing good customer relations is a key area of focus which is supported by regular feedback surveys.	Staff training. Customer surveys.
Impact of the Company's operations on the community and the environment	Recycling and reducing carbon footprint are widely encouraged throughout the Group and amongst employees. The Group has also implemented initiatives mentioned in 'Environmental matters', such as use of solar power and planting a tree for every student in the Group, to raise awareness of environmental matters and get students engaged in the issue.	Recycling. Green-house gas emissions review.
Desirability of the Group maintaining a reputation for high standards of business conduct	Our intention is to behave responsibly and ensure that management operate the business in a responsible manner and within high standards of business conduct and good governance.	Audit committees. Nonexecutive Director Board appointments.
Need to act fairly as between members of the Company	The Board is committed to openly engaging with our shareholders, whether with institutional investors or private shareholders. It is important that shareholders understand our strategy and objectives.	Director meetings with shareholders.

This report was approved by the board on 22 February 2021 and signed on its behalf.



Darren Mee  
Chief Financial Officer

## Consolidated Directors' report

The Directors present their report and the financial statements for the year ended 31 August 2020 for the Company and Group.

### **Proposed dividend**

The directors do not recommend the payment of a dividend (2019: €nil).

### **Directors**

The directors who held office during the year were as follows:

P D Brett

S D R Brown

A D Deakin

D Mee

R J Robson

C D Robinson (resigned on 16 September 2019)

### **Qualifying third party indemnity provisions**

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provisions remain in force as at the date of this report.

### **Political contributions**

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

### **Matters covered in the Strategic report**

As permitted by Paragraph 1A of schedule 7 to the large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report instead. These matters relate to business review, future developments, principal risks, and uncertainties and financial key performance indicators. In addition, the Strategic report includes a statement summarising how the directors have had regard to the need to foster the Group's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Group during the financial year.

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditors is aware of that information.

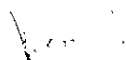
### **Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 5.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Darren Mee  
Chief Financial Officer



## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. *Under that law they have elected to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL SCHOOLS PARTNERSHIP LIMITED**

### **Opinion**

We have audited the financial statements of International Schools Partnership Limited ("the company") for the year ended 31 August 2020 which comprise the consolidated statement of comprehensive loss, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, the company balance sheet, the company statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL SCHOOLS PARTNERSHIP LIMITED (continued)**

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

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the group and 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 they 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**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.

*C. Anderson*

**Charlotte Anderson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
58 Clarendon Road  
Watford  
WD17 1DE  
22 February 2021

## Group consolidated statement of comprehensive loss from 1 September 2019 to 31 August 2020

		Year Ended 31 August 2020			Year Ended 31 August 2019		
	Note	Underlying	Non-Underlying	Total	Underlying	Non-Underlying	Total
(in €000's)							
Revenue	-2 & 6-	277,070	-	277,070	225,218	-	225,218
Cost of providing services	-7 & 8-	(207,250)	-	(207,250)	(201,619)	-	(201,619)
Other costs	-7 & 8-	(2,812)	-	(2,812)	(3,619)	-	(3,619)
Acquisitions and business explorations	-4-	-	(8,685)	(8,685)	-	(6,802)	(6,802)
Restructuring costs	-4-	-	(9,018)	(9,018)	-	(7,447)	(7,447)
<b>Adjusted EBITDA</b>		<b>67,008</b>	<b>(17,703)</b>	<b>49,305</b>	<b>19,980</b>	<b>(14,249)</b>	<b>5,731</b>
Depreciation and amortisation	-7-			(46,657)			(20,069)
<b>Operating profit / (loss)</b>				<b>2,648</b>			<b>(14,338)</b>
Finance income				286			118
Finance cost				(122,300)			(46,743)
Finance costs - net	-9-			(122,014)			(46,625)
<b>Loss before tax</b>				<b>(119,366)</b>			<b>(60,963)</b>
Tax charge	-10-			(5,002)			(1,472)
<b>Loss for the year</b>				<b>(124,368)</b>			<b>(62,435)</b>
<b>Attributable to</b>							
-Non-controlling interest				148			(757)
-Equity holders of the parent				(124,516)			(61,678)
<b>Other comprehensive loss, net of income tax</b>							
Differences on exchange of foreign operations				(16,309)			6,223
<b>Total comprehensive loss for the year</b>				<b>(140,677)</b>			<b>(56,212)</b>
<b>Attributable to</b>							
-Non-controlling interest				227			(1,024)
-Equity holders of the parent				(140,904)			(55,188)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated financial statements  
International Schools Partnership Limited  
Registered number 09817502

## Group consolidated statement of financial position as at 31 August 2020

(in €000's)	Note	31 August 2020	31-August 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets and goodwill	-11-	399,972	378,457
Property, plant and equipment	-12-	561,506	321,010
Investments		-	30
Deferred tax asset	-31-	15,171	11,103
<b>Total non-current assets</b>		<b>976,649</b>	<b>710,600</b>
<b>Current assets</b>			
Inventories		1,203	1,106
Trade and other receivables	-14-	35,952	21,877
Prepayments	-15-	9,471	34,677
Current tax assets		2,891	2,012
Cash and cash equivalents	-16-	77,641	56,372
<b>Total current assets</b>		<b>127,158</b>	<b>116,044</b>
<b>TOTAL ASSETS</b>		<b>1,103,807</b>	<b>826,644</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	-18.1-	2	2
Share premium	-18.1-	9,936	9,035
Translation reserves	-18.2-	(19,517)	(3,129)
Retained earnings		(310,366)	(130,304)
Equity attributable to owners of the company		(319,945)	(124,396)
Non-controlling interests	-18.3-	(3,779)	(4,006)
<b>Total Shareholders' equity</b>		<b>(323,724)</b>	<b>(128,402)</b>
<b>Non-current liabilities</b>			
Borrowings	-19-	1,095,512	653,652
Other financial liabilities	-22-	3,107	8,907
Deferred tax liabilities	-31-	44,738	32,997
<b>Total non-current liabilities</b>		<b>1,143,357</b>	<b>695,556</b>
<b>Current liabilities</b>			
Trade and other payables	-23-	42,106	45,488
Borrowings	-19-	143,094	122,137
Provisions	-20-	1,666	3,949
Term Deposits	-21-	18,366	12,477
Deferred revenue		68,721	58,848
Other financial liabilities	-22-	5,958	13,752
Current tax liability	-24-	4,263	2,839
<b>Total current liabilities</b>		<b>284,174</b>	<b>259,490</b>
<b>TOTAL LIABILITIES</b>		<b>1,427,531</b>	<b>955,046</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,103,807</b>	<b>826,644</b>

These financial statements were approved by the board of directors on 22 February 2021 and were signed on its behalf by:

**Darren Mee**  
Director

Company registered number: 09817502

The accompanying notes are an integral part of these consolidated financial statements.

## Group consolidated statement of cash flows for the period from 1 September 2019 to 31 August 2020

(in €000's)	Notes	2020	2019
<b>Cash flows from operating activities</b>			
Loss for the year		(124,368)	(62,435)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	-11, 12-	46,657	20,069
Foreign exchange (gain) / losses		48,584	(1,296)
Finance income	-9-	(286)	(118)
Finance expense	-9-	92,155	49,445
Loss on sale of property, plant and equipment	-12-	1,105	5,849
Gain on purchase of subsidiary		(266)	-
Taxation		5,002	1,472
Revision of balances due to adoption of new IFRS standard		-	8,177
Increase in trade and other receivables	-14-	(8,070)	(9,474)
Increase in inventories		(97)	(222)
Increase in trade and other payables, other financial liabilities, provisions, term deposits and deferred revenue	-20, 21, 22, 23-	(11,075)	(17,720)
Cash generated from operating activities		49,341	(6,253)
Tax paid		(12,927)	(8,625)
<b>Net cash from operating activities</b>		<b>36,414</b>	<b>(14,878)</b>
<b>Cash flows from investing activities</b>			
Interest received		286	118
Acquisition of subsidiary, net of cash acquired		(81,973)	(189,728)
Acquisition of property, plant and equipment	-11, 12-	(39,544)	(41,669)
Revision of other intangibles and PPE		-	8,348
<b>Net cash from investing activities</b>		<b>(121,231)</b>	<b>(222,931)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital and share premium	-19-	901	36
Proceeds from new bank loan	-19-	175,699	439,386
Interest paid	-19-	(42,341)	(128,157)
Loan arrangement fees	-19-	(4,679)	(10,910)
Repayment of borrowings	-19-	(1,829)	(33,063)
Payment of lease liabilities	-19-	(18,154)	-
<b>Net cash from financing activities</b>		<b>109,597</b>	<b>267,292</b>
<b>Net increase in cash and cash equivalents</b>	-16-	<b>24,780</b>	<b>29,483</b>
Cash and cash equivalents at 1 September		56,372	26,447
Effect of exchange rate fluctuations on cash held		(3,511)	442
<b>Cash and cash equivalents at 31 August</b>	-16-	<b>77,641</b>	<b>56,372</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Group consolidated statement of changes in equity from 1 September 2019 to 31 August 2020

Note	Attributable to the owners of the Company					Total Equity €000's
	Ordinary shares €000's	Share premium €000's	Translation reserves €000's	Retained earnings €000's	Total €000's	
<b>Balance as at 31 August 2018</b>	1	8,999	(9,619)	(76,803)	(77,422)	(80,404)
Adjustment on initial application of IFRS 15	-	-	-	8,177	8,177	8,177
<b>Adjusted balance as at 31 August 2018</b>	1	8,999	(9,619)	(68,626)	(69,245)	(72,227)
<b>Transactions with owners, recorded directly in equity</b>						
Share capital and share premium increase	18.1-	36	-	-	37	37
<b>Total contribution by and distributions to owners</b>	1	36	-	-	37	37
<b>Total comprehensive income for the period</b>						
Result for the period	-	-	-	(61,678)	(61,678)	(62,435)
Other comprehensive income	-	-	6,490	-	6,490	6,223
<b>Total comprehensive income for the period</b>	-	-	6,490	(61,678)	(55,188)	(56,212)
<b>Balance as at 31 August 2019</b>	2	9,035	(3,129)	(130,304)	(124,396)	(128,402)
Adjustment on initial application of IFRS 16	-33-	-	-	(55,546)	(55,546)	(55,546)
<b>Adjusted balance as at 1 September 2019</b>	2	9,035	(3,129)	(185,850)	(179,942)	(183,948)
<b>Transactions with owners, recorded directly in equity</b>						
Share capital and share premium increase	18.1-	901	-	-	901	901
Arising on acquisition	-	-	-	-	-	-
<b>Total contribution by and distributions to owners</b>	-	901	-	-	901	901
<b>Total comprehensive income for the period</b>						
Result for the year	-	-	-	(124,516)	(124,516)	148
Other comprehensive income	-	-	(16,388)	-	(16,388)	79
<b>Total comprehensive income for the period</b>	-	-	(16,388)	(124,516)	(140,904)	227
<b>Balance as at 31 August 2020</b>	2	9,936	(19,517)	(310,366)	(319,945)	(323,724)

The accompanying notes are an integral part of these consolidated financial statements.

## Notes to the consolidated financial statements

### NOTE 1 - GENERAL INFORMATION

International Schools Partnership Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 09817502 and the registered address is 101 Wigmore Street, London, W1U 1QU. The ultimate controlling party is Partners Group Princess Learning IC Limited by virtue of its shareholding in the immediate parent company, Permotio International Learning S.à r.l. The consolidated financial statements of the Company for the year ended 31 August 2020 comprise the Company and its subsidiaries (together referred to as "International Schools Partnership Group" or "the Group").

The core activity of the Group is kindergarten through to twelfth grade (K-12) education and the Company is acquiring, through its subsidiaries, schools around the world to create a global Group with schools having an international outlook and which are or can become the school of choice in their local area. At the year-end date the Group owned and operated 46 (2019: 42) schools with around 44,500 children (2019: 39,500) from 2-18 years of age studying in the United Kingdom, Spain, Mexico, Malaysia, Costa Rica, the USA, Qatar, the United Arab Emirates, Ecuador, Peru, Colombia and Chile. The schools offer a diverse and enriching educational experience spanning British, Malaysian, International, Mexican, US, Costa Rica, Peruvian, Chilean, Columbian and Spanish curricula.

The Group may borrow in any form except by way of public offer and proceed by private placement only to the issue of bonds, notes, debentures or any kind of debt or equity securities.

The Group may lend funds, including without limitation, resulting from any borrowings of the Group and/or from the issue of any equity or debt securities of any kind, to its subsidiaries, affiliated companies and/or any other companies or entities it deems fit.

The Group may further guarantee, grant security in favour of or otherwise assist the companies in which it holds a direct or indirect participation or which form part of the same Group. The Group may further give guarantees, pledge, transfer or encumber or otherwise create security over some or all its assets to guarantee its own obligations and those of any other company, and generally for its own benefit and that of any other company or person. For the avoidance of doubt, the Group may not carry out any regulated activities of the financial sector without having obtained the required authorisation.

The Group may further act as a general or limited member with unlimited or limited liability for all debts and obligations of partnerships or similar entities.

The Group may use any techniques and instruments to efficiently manage its investments and to protect itself against credit risks, currency exchange exposure, interest rate risks and other risks. These consolidated financial statements state the results and position of the Group in the year ended 31 August 2020.

The financial statements have been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future. Notwithstanding net liabilities of €323,724,000 as at 31 August 2020, a loss for the year then ended of €124,368,000 and operating cash inflows for the year of €36,414,000 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

Management maintain a 7-year and COVID-19 impacted cashflow forecast which is drawn up based on expected working capital requirements, as well as future acquisitions and capital projects. The Group's activities in response to COVID-19 is being managed by the Board of Directors. The safety and wellbeing of our students, colleagues and families is the top priority. The financial risks are being managed on a weekly basis in response to the unknown significance and nature of the disruption. Forecasting and budgets have been updated in response to the pandemic and a reasonable plausible downside of all schools being closed until September is being utilised in connection with the going concern of the Group.

The adverse impact that COVID-19 is expected to have on the Group is that operational cashflows are to be reduced for the year ended 31 August 2021, this is due to school closures and some ancillary activities being unable to occur when expected. To mitigate the impact, cash outflows on capital expenditure and acquisitions are to be reduced and where possible deferred to the next financial year, operational expenditure linked to services that are no longer occurring or are being deferred will be challenged and the Group has implemented a subsidy scheme



## Notes to the consolidated financial statements

### NOTE 1 - GENERAL INFORMATION (continued)

for parents connected with re-enrolment for the next financial year. These mitigating factors are expected to be the only effects on the business model of the Group.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides noted above, the Company will have sufficient funds, through its currently available banking facilities, to meet its liabilities as they fall due for that period. The forecasts indicate that the Group will have sufficient cash to operate with a satisfactory level of headroom against the covenants in the loan facilities.

Those forecasts are dependent on the Company's immediate parent company, Permotio International Learning S.à r.l, not seeking repayment of the amounts currently due to the Group, which at 31 August 2020 amounted to €248,971,000. Permotio International Learning S.à r.l has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## Notes to the consolidated financial statements (continued)

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Group have been prepared in accordance with international accounting standards in conformity with the Companies Act 2006 ("IFRS").

The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 68 to 77.

#### **2.1 Basis of preparation and consolidation**

The consolidated financial statements are presented in Euro ("€"), which is the Group presentation and Company's functional currency. The consolidated financial statements are prepared on a historical cost basis except for financial assets held at fair value through profit or loss.

The consolidated financial statements are rounded to the nearest thousand Euro ("€000's").

The consolidated financial statements incorporate the financial statements of the Company and of the entities controlled by the Group.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements.

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

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value subsequently becomes the initial carrying amount for the purposes of accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

International Schools Partnership Limited has provided a guarantee for the purposes of exemption from audit of individual company accounts under section 479A of the Companies Act 2006 for the following companies: PIL UK Holdings 2 Limited, ISP Ecuador Limited, ISP Chile Limited, ISP Peru Limited, ISP Colombia Limited, PIL Brazil Holdings 2 Limited, PIL Mexico Holdings 2 Limited, PIL Mexico Holdings 1 Limited, PIL UK Holdings 1 Limited, PIL Europe Holdings Limited, PIL Middle East Holdings Limited, ISP Malaysia Limited, International Schools Partnership Services Limited, Temple Cambridge Ltd, Oaks International School Limited, ISP Costa Rica Limited, ISP Vietnam Limited and PIL US Holdings Limited.

The following are the significant accounting policies adopted by the Group:

#### **2.2 Use of estimates**

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of increases and decreases in net assets attributable to shareholders during the reporting year. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3. Management believes that the underlying assumptions are appropriate and that the Group's consolidated financial statements therefore present the financial position and results fairly.

## Notes to the consolidated financial statements (continued)

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.3 Foreign currency translation

##### *(i) Functional and presentational currency:*

Items included in the consolidated financial statements are presented in Euro, which is the Group presentation and Company's functional currency.

##### *(ii) Foreign currency transactions and balances:*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences are recognised in the consolidated statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

##### *(iii) Subsidiaries*

The results and financial position of the consolidated subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;
- (b) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- (c) all resulting exchange differences are recognized in the consolidated statement of comprehensive income within other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Group are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

#### 2.4 Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity.

The business combination is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Costs attributable to the business combination are immediately expensed in the consolidated statement of comprehensive loss. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date.

Non-controlling interests (NCI) in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. NCI consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. For acquisitions from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

## Notes to the consolidated financial statements (continued)

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.4 Subsidiaries (continued)

The interest of NCI in the acquiree is initially measured at the minority's proportionate share of the acquired entity's net identifiable assets, proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Where the Group increases its interest in an entity such that control is achieved, previously held identifiable assets, liabilities and contingent liabilities of the acquired entity are revalued to their fair value at the date of acquisition, being the date at which the Group achieves control of the acquiree. The movement in fair value is taken to the asset revaluation surplus.

The Group accounts for business combinations in line with IFRS 3 *Business Combinations*. IFRS 3 requires that all business combinations be accounted for using the acquisition method.

#### 2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

#### 2.6 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

#### 2.7 Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables that are known to be uncollectible are written off by reducing the carrying amount directly.

#### 2.8 Financial assets

##### 2.8.1 Classification

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investments in subsidiaries are carried at cost less impairment, accounted for using the equity method.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

## Notes to the consolidated financial statements (continued)

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.8.2 Subsequent measurement

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### 2.9 Financial liabilities and equity

##### 2.9.1 Classification

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

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

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

##### 2.9.2 Subsequent measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### 2.10 Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full after investigation.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

## Notes to the consolidated financial statements (continued)

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.10 Impairment (continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

#### 2.11 Borrowings

Borrowings are recognised initially at fair value, net of direct transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

When borrowings are including floor or cap rates which are defined as closely related embedded derivatives, they are not separated from the host contract.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### 2.12 Trade and other payables

Trade and other payables due within 12 months are considered as current liabilities and are recognised at fair value.

## Notes to the consolidated financial statements (continued)

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.13 Income tax expense

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income.

##### *Current income tax*

Current income tax assets and liabilities are measured at the reporting date at the amount expected to be recovered from or paid to taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the consolidated statement of financial position date. Certain subsidiaries are subject to foreign taxes in respect to their net income and capital gains in their country of operation.

##### *Deferred income tax*

Deferred income tax assets and liabilities are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill, or of an asset, or liability in a transaction that is not a business combination that at the time of the transaction affects neither the accounting nor taxable income or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Deferred tax assets are only recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred tax assets are only recognised on three years of tax losses, if appropriate.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply to the year when the related asset is realised, or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the consolidated statement of financial position date.

#### 2.14 Property, plant and equipment

Property, plant and equipment are all stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised to write off the cost less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is included in cost of providing services.

Property, plant and equipment are depreciated using the following criteria:

	Depreciation method	Estimated years of useful economic life
Land	Not depreciated	
Buildings	Straight-line	19 – 50
Fixtures, fittings and equipment	Straight-line	10 – 20
Construction in progress	Not depreciated until asset is in use	
Other Assets	Straight-line	4 – 10

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

## Notes to the consolidated financial statements (continued)

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.15 Intangible Assets

##### *Goodwill*

Goodwill arising on acquisition is recognised as an intangible asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

##### *Acquired intangible assets*

Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Intangibles with finite useful lives are carried at cost and are amortised on a straight-line basis over their estimated useful lives as follows:

	Depreciation method	Estimated years of useful economic life
Student registry	Straight-line	10

#### 2.16 Finance income and expenses

Finance income and expenses comprise interest income and expenses and are recognised using the effective interest rate method, except for borrowing costs relating to qualifying assets. General and specific borrowing costs that are directly attributable to the acquisition of a qualifying asset are capitalised during the period that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale.

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

#### 2.17 Administrative expenses

Expenses are recognised in the consolidated statement of comprehensive income in the year in which they are incurred and are mainly comprised of marketing expenses, leasing fees, professional fees, service charge expenses, legal fees, management fees, advisory fees and other operating expenses. Foreign currency gains and losses are reported on a net basis and are included within other losses.

#### 2.18 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

#### 2.19 Leases

The Group has applied IFRS 16 using the modified retrospective with cumulative effect method as defined by the Standard, and therefore the comparative information has not been restated and continues to be reported under IAS 17.

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.



## Notes to the consolidated financial statements (continued)

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.19 Leases (continued)

##### *Leases (policy applicable to 31 August 2019)*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

##### *The Group as lessee*

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

If lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

##### *Leases (policy applicable from 1 September 2019)*

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise,
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

## Notes to the consolidated financial statements (continued)

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.19 Leases (continued)

*Leases (policy applicable from 1 September 2019) (continued)*

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

#### *Short-term leases and leases of low-value assets*

The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### 2.20 Fair value estimate

Some of the Group's accounting policies require the measurement of the fair value. The Group has established a control framework with respect of the measurement of the fair values.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods, such as recent price transaction, estimated discounted cash flows, EBITDA or enterprise value multiples and makes assumptions that are based on market conditions existing at the date of financial position. The nominal value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

For instruments for which there is no active market, the Group may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The carrying value of trade and other receivables, cash and cash equivalents and trade and other payables are assumed to approximate their fair values, due to their respective short-term nature.

The Group recognises transfers between levels of the fair value hierarchy at the end of each reporting period during which the change has occurred.

#### 2.21 Revenue

Revenue comprises the fair value of consideration received or receivable in the ordinary course of the Group's activities. It comprises tuition fee income and income from ancillary sources including examinations, school trips and bus transportation.

Sales of services which have been invoiced but not yet recognised as revenue are included on the consolidated statement of financial position as deferred income.

Revenue recognition criteria by revenue type are as follows:

## Notes to the consolidated financial statements (continued)

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.21 Revenue

##### *Tuition Fee Income*

Tuition Fee Income is recorded as deferred income liability on the consolidated statement of financial position and released to the consolidated statement of comprehensive loss in the tuition fees account in the academic year to which it relates, provided all monies have been received in full or the child is in attendance at the school. The release is done evenly over ten months.

##### *Enrolment Fee Income*

Enrolment Fee Income is recorded immediately in the consolidated statement of comprehensive loss when the underlying performance indicator has occurred.

##### *Other Income*

Revenue from ancillary sources is amortised evenly over the period covered by the payment in a similar way to Tuition Fees. The unamortised balance is held on the consolidated statement of financial position and classified as Deferred Income. Other income includes amounts paid for school lunches, transport and other extra-curricular activities.

#### 2.22 Current and non-current classification

Current assets are assets expected to be realised or consumed in the normal course of the Group's operating cycle (normally within one year). All other assets are classified as non-current assets.

Current liabilities are liabilities expected to be settled by use of cash generated in the normal course of the Group's operating cycle (normally within one year) or liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

#### 2.23 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business.

#### 2.24 Adoption of new and revised IFRS

All IFRS's that are currently applicable have been applied in the preparation of these consolidated financial statements. New standards, amendments and interpretations are adopted, if applicable to the Group, when they become effective.

##### *Adoption of IFRS 16*

During the year ended 31 August 2020 the Group has implemented IFRS 16 'Leases' and has applied IFRS 16 in these consolidated financial statements. The Group has adopted the IFRS 16 using the modified retrospective with cumulative effect method and inline with the Standard the comparative 2019 results under this methodology are not restated on application at 1 September 2019. The impact of IFRS 16 is to align the presentation of leased assets more closely to owned assets which results in historic operating leases being brought onto the Balance Sheet and part of what was previously reported as operating lease costs being recorded as a finance interest expense. The cost of operating leases previously disclosed as operating lease rentals under IAS 17 are replaced by depreciation and interest expenses. Over the life the lease the cost recognised in the Income Statement will remain unchanged by the new standard, with the Right-of-Use assets being depreciated on a straight line basis over the life of the lease and interest charged on the outstanding lease liability being front-loaded, higher in the earlier years and then decreasing over the life of the lease. Upon application of the new standard a Right-of-Use asset and lease liability have been disclosed on the Balance Sheet. The lease liability is recognised at the present value of future lease payments and the Right-of-Use asset has been matched in value to the lease liability at inception subject to any rent-free or lease inducements. However, the assets and liabilities have been charged/(credited) independently over the life of the lease. The Group has adopted the option not to recognise right-of-use assets and liabilities for short-term property leases that have a remaining lease term of less than twelve months and low-value asset leases. Where leases have variable rents, (where rent is subject to turnover), the cost has been expensed to the Income Statement, as these leases remain outside the scope of IFRS 16. Whilst IFRS 16 has no impact on the daily operations or cash flows of the Group, there has been a material impact on the presentation of the financial statements including the Income Statement, Balance Sheet and Cash Flow Statement as disclosed in more detail in Note 33.

## Notes to the consolidated financial statements (continued)

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.24 Adoption of new and revised IFRS

The Group has applied all IFRS that are currently applicable. All new standards, amendments and interpretations will be adopted, if applicable, when they become effective.

The directors consider that there is no significant financial impact on the Group financial statements of the following new standards, amendments and interpretations that are in issue and mandatory for the financial year ending 31 August 2020:

- IFRS 9 Financial Instruments (Amendment): Prepayment Features with Negative Compensation;
- IFRIC 23 Uncertainty over Income Tax Treatments;
- IAS 19 Employee Benefits (Amendment): Plan Amendment, Curtailment or Settlement;
- IAS 28 Investments in Associates and Joint Ventures (Amendment): Long-term Interests in Associates and Joint Ventures; and
- Annual Improvements to IFRSs (2015 – 2017 Cycle).

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment): Definition of Material;
- IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures (Amendments): Interest Rate Benchmark Reform;
- Conceptual Framework (Amendment): Amendments to References to the Conceptual Framework in IFRS Standards;
- IFRS 3 Business Combinations (Amendment): Definition of a Business;
- IFRS 17 Insurance Contracts; and
- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current.

There are no other standards, amendments or interpretations that are in issue but not yet effective that are expected to have a significant impact on the consolidated financial statements

## Notes to the consolidated financial statements (continued)

### NOTE 3 – CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The estimates and judgments made by Management are re-examined continuously and are based on historical data and expectations about future events which are considered reasonable in light of current circumstances.

#### 3.1 Judgements

In the process of applying the Group's accounting policies, which are described in Note 2, Management has made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

##### 3.1.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions about the development of future events. Those estimates and assumptions which entail a significant risk of substantive adjustments in the book value of assets and liabilities over the next 12 months pertain to the following:

#### *Assumptions*

##### *a) Control assessment*

A Group controls an entity when it has power over the entity; is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power can arise from voting rights the Group holds in the investee or contractual arrangements. The power to direct the relevant activities of the investee do not need to be exercised. The Group invests in its subsidiaries by acquiring the majority of the voting rights (share capital) of the subsidiaries (see Note 13).

##### *b) Income tax*

During normal operation of the business, many transactions and calculations take place, for which the accurate calculation is uncertain. In the case that the final taxes after audit are different than the amounts initially posted, these differences will affect income tax and provisions for deferred tax during the year when the determination of tax differences took place.

#### *Accounting estimates*

##### *c) Fair value of financial assets and financial liabilities*

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of the discounted cash flow and sensitivity analysis.

Changes in assumptions about these factors could affect the reported fair value of financial instruments in the consolidated statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument when available. To assess the significance of a particular input to the entire measurement, the Group performs sensitivity analysis or stress testing techniques.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

The Group held no financial assets or liabilities measured at fair value at 31 August 2020 or 31 August 2019.

During the year ended 31 August 2020 and 31 August 2019, there were no reclassifications in or out of the Level 3 fair value category.

## Notes to the consolidated financial statements (continued)

### NOTE 3 – CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

#### *d) Presentation currency*

The Group has elected to use the Euro as the presentation currency for these financial statements. The vast majority of the Group's transactions are denominated in Euro. The Euro is consequently an appropriate choice for presentation currency in these financial statements. As more subsidiaries are acquired it is likely that these will transact business in other currencies. At this time, the Group will continue to use the Euro as its presentation currency but will provide further information to explain the expected economic effects of a rate change on its cash flows and equity in cases where, in the opinion of management, there is a material risk of exchange rate volatility.

#### *e) Impairment of Intangibles*

The Group has recognised intangible assets in relation to Goodwill and the valuation of student registry arising on the acquisition of subsidiaries. The assets were tested for impairment by reviewing the budgeted EBITDA of the underlying operations and the expected exit multiple. The key assumptions used in the estimation of the recoverable amount are variables that impact the budgeted normalised EBITDA for the next 12 months and the multiple used. Where the recoverable amount of the CGU was expected to be higher than the carrying amount of intangibles, no impairment was required. Where impairment was required, this expense was recognised in Other Costs in the statement of comprehensive loss.

#### *f) De facto control*

Although the Group owns less than half of the shares of Al Nibras International Private School LLC, Aspen Heights British School LLC, Aspen Heights Educational Facilities Management Sole Proprietorship LLC, PIL (Dubai) SPC 1 Ltd, The Aquila School Owned by Shaikh Mohammed Maktoum Juma Al Maktoum One Person Company LLC, Promouvoir Management Consultancy LLC, Reach British School LLC, RBS AD1 SPC Limited and The Hamilton International School LLC, management has determined that the Group controls these entities. This is by virtue of agreement with the above listed companies' other shareholders whereby the Group exercises management control over the entities and is entitled to 100% of the profit or loss of the entities.

#### *g) Cash Generating Units (CGUs)*

The Group has the following distinct divisions, which are its CGUs. The Group's chief executive officer reviews the internal management reports of each division monthly.

<b>Cash Generating Unit</b>	<b>Location</b>
Al Nibras International Private School	UAE
Asia Pacific School	Malaysia
Colegio Internacional Aravaca	Spain
Baton Rouge International School	USA
Bellevue Children's Academy	USA
British Education Management (St George)	Spain
Claremont School	UK
Colegios Laude	Spain
Colegios Pedro de Valdivia	Chile
Instituto Thomas Jefferson Group	Mexico
Kehoe-France School	USA
Liceo Panamericano & Colegio La Moderna	Ecuador
La Colina	Colombia
Montessori Academy of Broward	USA
Park House English School	Qatar
Reach British School	Abu Dhabi
St Jude School	Costa Rica
St George's College	Peru
Tenby Group	Malaysia
Tomás Alva Edison School	Mexico

## Notes to the consolidated financial statements (continued)

### NOTE 4 – NON-UNDERLYING ITEMS

(in €000's)	Year Ended 31 August 2020	Year Ended 31 August 2019
Acquisitions and business explorations	8,685	6,802
Restructuring costs	9,018	7,447
	<u>17,703</u>	<u>14,249</u>

Non-underlying items are income or expenditure which for the board of directors and financial statement reporting purposes are disclosed separately because in management's judgement, due to their nature, size or incidence, they distort an understanding of the Group's financial performance and comparability between periods. The items of expenditure which management designate as being non underlying include acquisition and business exploration cost, business restructuring costs, impairment of assets and gains and losses on disposal of all fixed assets.

Acquisition and business exploration costs are expenses incurred to seek out and acquire new schools or expansion opportunities including future business development into new countries and regions. These include any legal and due diligence fees relating to potential or actual acquisitions as well as losses incurred prior to the opening of a new school. Although costs relating to projects can span multiple financial years, key components of expenditure for specific projects are non-recurring, for example financial due diligence, legal and market surveys. These costs have no relation to the operational results of existing schools and are split out to enable the reader of the financial statements to gain greater clarity of the underlying business performance.

Business restructuring costs mainly relate to employment cessation and associated legal costs. Costs of this nature are incurred annually, but relate to different projects and are, therefore, considered non-underlying.

### NOTE 5 - FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency and interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the Board of Directors. The Group's objective when managing capital is to safeguard its ability to continue as a going concern to provide returns to the shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital, issue new shares or sell assets to reduce debt. The capital, as defined and managed by the Group, consists of the amounts of equity as presented in the consolidated statement of financial position.

#### *(a) Market Risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

## Notes to the consolidated financial statements (continued)

### NOTE 5 - FINANCIAL RISK MANAGEMENT (continued)

#### (b) Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is mainly exposed to currency risk on purchases (accounting, audit and administrative services) that are denominated in a currency other than the functional currency. Foreign currency translation risk has become more significant in the year with new operations in Peru and Colombia. A significant weakening of a currency in a region could adversely impact the value of future dividends from investments in that region.

As at 31 August 2020 the currency risk is shown in the table below:

Effect in €000's	Net Assets		Profit and Loss	
	Strengthening	Weakening	Strengthening	Weakening
GBP (10% movement against EUR)	(11,595)	11,595	6,427	(6,427)
AED (10% movement against EUR)	(5,403)	5,403	2,186	(2,186)
QAR (10% movement against EUR)	(4,209)	4,209	459	(459)
MXN (10% movement against EUR)	935	(935)	560	(560)
USD (10% movement against EUR)	(1,558)	1,558	1,153	(1,153)
CRC (10% movement against EUR)	379	(379)	(34)	34
MYR (10% movement against EUR)	5,415	(5,415)	(148)	148
CLP (10% movement against EUR)	1,234	(1,234)	83	(83)
COP (10% movement against EUR)	662	(662)	78	(78)
PEN (10% movement against EUR)	377	(377)	(111)	111

#### (b) Foreign currency risk (continued)

As at 31 August 2019 the currency risk is shown in the table below:

Effect in €000's	Net Assets		Profit and Loss	
	Strengthening	Weakening	Strengthening	Weakening
GBP (10% movement against EUR)	(7,796)	7,796	1,217	(1,217)
AED (10% movement against EUR)	502	(502)	(115)	115
QAR (10% movement against EUR)	(143)	143	595	(595)
MXN (10% movement against EUR)	(4,485)	4,485	(771)	771
USD (10% movement against EUR)	818	(818)	611	(611)
CRC (10% movement against EUR)	(426)	426	(80)	80
MYR (10% movement against EUR)	(189)	189	23	(23)
CLP (10% movement against EUR)	(659)	659	203	(203)

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The bank loans and bond, noted in Note 19, are the only borrowings at a variable interest rate. The bond is already at the interest rate floor so the impact on profit of the interest rate were to decrease by 1% is solely due to the change in bank loan interest which is also nearing its floor.

The following table presents impact on profits as if interest rates on variable borrowings at 31 August 2020 had been 1% lower or 1% higher:

(in €000's)	Impact on profit	
	Decrease in rate by 1%	Increase in rate by 1%
Borrowings	4,145	(6,733)
Total impact on consolidated statement of comprehensive loss	4,145	(6,733)



## Notes to the consolidated financial statements (continued)

### NOTE 5 - FINANCIAL RISK MANAGEMENT (continued)

#### (c) Interest rate risk (continued)

The following table presents impact on profits as if interest rates on loans and receivables and borrowings at 31 August 2019 had been 1% higher/lower:

(in €000's)	Impact on profit	
	Decrease in rate by 1%	Increase in rate by 1%
Borrowings	2,683	(4,257)
Total impact on consolidated statement of comprehensive loss	<b>2,683</b>	<b>(4,257)</b>

#### (d) Credit Risk

Credit risk is the risk that any counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's accounting policies for financial assets is consistent with the requirement of IFRS 9. The schools within the Group recognise provisions and impairments based on the expected credit losses over the next 12 months. The assessments are based primarily on the age of the assets to assess the likelihood of recovery.

To minimise the credit risk the schools within the Group invoice customers in advance and has policies in place covering subsequent cash collection, which include regular review of outstanding debt. Individual school policy is either to invoice at the beginning of each term or the beginning of each month. Due to this it is deemed that the credit risk within the Group is low. There were no significant impairments of trade and other receivables during the current or prior year.

The carrying amount of financial assets and cash and cash equivalents represents the maximum credit exposure.

The maximum exposure to credit risk at 31 August 2020 and 2019 was:

(in €000's)	31 August 2020	31 August 2019
Trade and other receivables		
- Current	31,074	20,816
- Past due and not yet paid	4,878	1,061
Short-term portion of long term loans issued	-	79
Cash and cash equivalents	77,641	56,372
<b>Total</b>	<b>113,593</b>	<b>78,328</b>

The following table is an analysis of the Group's trade and other receivables allowance provision by geographical market in FY20 and FY19 respectively:

(in €000's)	Europe	Americas	Middle East	Asia	Other	Total
Year ended 31 August 2020	572	1,834	-	472	2,000	4,878
Year ended 31 August 2019	529	1,871	2	513	-	2,915

There are no significant other receivables past due at the current or prior year end. No further disclosure is required on the location of the receivables or the nature of the receivables, as all the receivables are of the same nature and the directors do not believe that the location of the receivables has a significant impact on the credit risk, due to the similar nature of the controls apparent at the schools to mitigate the risk.

#### Cash and cash equivalents

Credit risk with respect to balances at bank is limited because the counter parties are reputable banks.

## Notes to the consolidated financial statements (continued)

### NOTE 5 - FINANCIAL RISK MANAGEMENT (continued)

#### *(e) Liquidity risk (continued)*

The Group manages liquidity risk by maintaining adequate cash balances and banking facilities, loans granted by the shareholders, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group also performs regular cash forecasting at the subsidiary level along with the funding required for central and local cost centres. Funding for new transactions, including due diligence and other pre-transaction costs, is assessed and drawn down on a case by case basis.

The Group has borrowings with its shareholders that mature in 2054, while its current receivables are callable on demand.

The following are the contractual maturities of financial assets and liabilities, including future undiscounted interest payments as per 31 August 2020:

<b>(in €000's)</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>More than 5 years</b>
<b>Assets</b>					
Trade and other receivables	38,843	-	-	-	-
Cash and cash equivalents	77,641	-	-	-	-
<b>Total assets</b>	<b>116,484</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(in €000's)</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>More than 5 years</b>
<b>Liabilities</b>					
Borrowings	5,256	119,518	2,833	7,856	838,677
Lease Liabilities	4,554	13,766	23,772	71,355	151,019
Deferred consideration	-	5,958	1,585	1,522	-
Trade and other payables	42,106	-	-	-	-
<b>Total liabilities</b>	<b>51,916</b>	<b>139,242</b>	<b>28,190</b>	<b>80,733</b>	<b>989,696</b>

The following are the contractual maturities of financial assets and liabilities, including future undiscounted interest payments as per 31 August 2019:

<b>(in €000's)</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>More than 5 years</b>
<b>Assets</b>					
Trade and other receivables	21,877	-	-	-	-
Cash and cash equivalents	56,372	-	-	-	-
<b>Total assets</b>	<b>78,249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the consolidated financial statements (continued)

### NOTE 5 - FINANCIAL RISK MANAGEMENT (continued)

#### (e) Liquidity risk (continued)

(in €000's)	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
<b>Liabilities</b>					
Borrowings	118,651	3,015	860	2,695	642,859
Finance Lease Liabilities	249	222	239	857	6,141
Deferred consideration	-	13,752	5,841	3,066	-
Trade and other payables	45,488	-	-	-	-
<b>Total liabilities</b>	164,388	16,989	6,940	6,618	649,000

#### (f) Business Risk

The Group's Directors assess performance and business risk using regular reporting by each subsidiary and investment which includes monitoring against agreed budgets and a set of KPIs. The KPIs comprise financial and non-financial measures the latter including various ratios relating to student enrolments and staffing as well as information on academic results. Reporting also includes information on school improvement plans, marketing plans, compliance monitoring and health and safety.

### NOTE 6 – REVENUE

The following table is an analysis of the Group's revenue by geographical market in FY20 and FY19 respectively:

Year ended 31 August 2020	Europe	Americas	Middle East	Asia	Other	Total
Revenue (in €000's)	68,770	127,176	44,711	36,413	-	277,070
<b>Year ended 31 August 2019</b>	<b>Europe</b>	<b>Americas</b>	<b>Middle East</b>	<b>Asia</b>	<b>Other</b>	<b>Total</b>
Revenue (in €000's)	64,996	95,006	34,740	30,476	-	225,218

The split of Revenue in the year between Tuition Income and Other Income was as follows:

(in €000's)	Year ended 31 August 2020	Year ended 31 August 2019
Tuition income	246,377	189,092
Other Income	30,693	36,126
<b>Total</b>	<b>277,070</b>	<b>225,218</b>

## Notes to the consolidated financial statements (continued)

### NOTE 7 – BREAKDOWN OF COSTS OF PROVIDING SERVICES AND OTHER COSTS

Loss for the year has been arrived at after charging:

(in €000's)	Year ended 31 August 2020	Year ended 31 August 2019
<b>Costs of providing services and other costs</b>		
Staff costs (admin)	48,749	45,669
Staff costs (teaching)	102,496	77,616
Depreciation	33,923	11,805
Amortisation	12,734	8,057
Impairment of Intangibles	-	207
Legal & Professional Fees	4,814	2,456
Audit and assurance fees (see Note 8)	675	776
General Expenses	57,393	71,127
Other costs	13,638	21,843
	<u>274,422</u>	<u>239,556</u>

Other costs are mainly related to costs associated with acquiring subsidiaries and costs required to bring the acquired subsidiaries to the standard expected in the year.

The average number of total staff in the year was 6,642 (2019: 4,906) split out by admin staff of 2,208 (2019: 1,580) and teaching staff 4,434 (2019: 3,326).

### NOTE 8 – AUDIT AND PROFESSIONAL FEES FOR SERVICES PROVIDED BY KPMG

Audit and other professional fees for services provided by KPMG member firms of the network are noted in the table below:

(in €000's)	Year ended 31 August 2020	Year ended 31 August 2019
Audit fees	629	729
Audit related assurance services	11	-
Tax services	11	3
Other assurance services	24	44
	<u>675</u>	<u>776</u>

## Notes to the consolidated financial statements (continued)

### NOTE 9 – FINANCE COSTS – NET

	Year ended 31 August 2020	Year ended 31 August 2019
<b>(in €000's)</b>		
Bank interest income	286	118
Finance income	<b>286</b>	<b>118</b>
Bank interest expense and charges	(2,590)	(1,371)
Interest expense - Intercompany loans	(23,847)	(17,254)
Foreign Exchange (Losses)/gain - Net	(27,556)	2,705
Interest expense - Bank loans	(35,499)	(20,688)
Interest expense - Listed Bond	(2,891)	(2,498)
Interest expense - Other	(19,880)	(3,779)
Other finance costs	(10,037)	(3,858)
Finance costs	<b>(122,300)</b>	<b>(46,743)</b>
<b>Net finance costs</b>	<b>(122,014)</b>	<b>(46,625)</b>

### NOTE 10 – INCOME TAX EXPENSE

	Year ended 31 August 2020	Year ended 31 August 2019
<b>(in €000's)</b>		
Income tax (expense) in respect of the current period	(6,255)	(4,161)
Income tax (expense) in respect of the prior period	(7,212)	-
Deferred tax credit in respect of the current period	3,201	2,689
Deferred tax credit in respect of the prior period	5,264	-
<b>Total tax expense</b>	<b>(5,002)</b>	<b>(1,472)</b>
<b>Reconciliation of effective tax rate</b>		
Loss before tax	<b>119,366</b>	<b>60,963</b>
Tax calculated at domestic tax rate of 19%*	22,680	11,583
Effect of different tax rates on profits / losses in countries in which the Group operates	(6,399)	(2,056)
<b>Tax effect of:</b>		
Expenses not deductible for tax purposes	(4,471)	(7,289)
Utilisation of previously unrecognised tax losses	1,147	377
Tax losses for which no deferred tax asset was recognised**	(16,924)	(4,087)
Prior period differences	(1,948)	-
Other differences	913	-
<b>Tax charge</b>	<b>(5,002)</b>	<b>(1,472)</b>

\* Applicable tax rate in United Kingdom.

\*\*No deferred tax asset has been recognised in some CGU's due to uncertainty in recoverability of this asset. The Group's policy is to recognise deferred tax asset for three years of tax losses if appropriate. Tax losses carried forward on which no deferred tax asset is recognised is €40.0 million (2019: €20.8 million)

## Notes to the consolidated financial statements (continued)

### NOTE 10 – INCOME TAX EXPENSE (continued)

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020 reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the Group's future current tax charge accordingly. The deferred tax asset and liabilities at 31 August 2020 have been calculated at 19% (2019: 17%).

### NOTE 11 – INTANGIBLE ASSETS AND GOODWILL

	Goodwill	Other Intangible Assets	Total
Cost	€000's	€000's	€000's
<b>At 1 September 2018</b>	181,216	91,653	272,869
Acquisition of subsidiaries	101,805	22,913	124,718
Additions	-	1,683	1,683
Disposal of subsidiary	(3,549)	-	(3,549)
Exchange difference	3,820	1,718	5,538
<b>At 31 August 2019</b>	283,292	117,967	401,259
Finalisation of prior acquisitions**	2,747	-	2,747
	286,039	117,967	404,006
Acquisition of subsidiaries*	32,887	31,068	63,955
Additions	-	2,478	2,478
Exchange difference	(23,011)	(14,188)	(37,199)
<b>At 31 August 2020</b>	295,915	137,325	433,240
<b>Amortisation and impairment</b>			
<b>At 1 September 2018</b>	(3,340)	(14,501)	(17,841)
Charge for the year	-	(8,057)	(8,057)
Impairment	(207)	-	(207)
Disposal of subsidiary	3,549	-	3,549
Exchange difference	(2)	(244)	(246)
<b>At 31 August 2019</b>	-	(22,802)	(22,802)
Charge for the year	-	(12,734)	(12,734)
Impairment	-	-	-
Disposal of subsidiary	-	-	-
Exchange difference	-	2,268	2,268
<b>At 31 August 2020</b>	-	(33,268)	(33,268)
<b>Carrying amount</b>			
At 31 August 2020	295,915	104,057	399,972
At 31 August 2019	283,292	95,165	378,457

\*The intangibles acquired in the year include the amounts included on acquisition as set out in Note 30.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

\*\* The Goodwill arising on the acquisitions in 2019 was updated in the year due to finalisation of the balance sheet as at the date of acquisition during the measurement period permitted by IFRS 3.

## Notes to the consolidated financial statements (continued)

### NOTE 11 – INTANGIBLE ASSETS AND GOODWILL (continued)

The recoverable amount of the CGUs is based on fair value less costs to sell. Fair value is determined by multiplying the budgeted EBITDA for the next 12 months, by a market driven multiple. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The CGUs for the purpose of impairment testing of Goodwill are analysed by school/group of schools and are listed below.

- Al Nibras International Private School LLC (As at 31 August 2020 the carrying amount of goodwill of €26,967,000 & as at 31 August 2019 it amounted to €29,152,000);
- Asia Pacific Schools (As at 31 August 2020 the carrying amount of goodwill of €34,820,000 & as at 31 August 2019 it amounted to the carrying amount of goodwill of €36,887,000)
- Baton Rouge International School (As at 31 August 2020 the carrying amount of goodwill of €3,286,000 & as at 31 August 2019 the carrying amount of goodwill of €2,364,000)
- Bellevue Children's Academy (As at 31 August 2020 the carrying amount of goodwill of €13,261,000 & as at 31 August 2019 the carrying amount of goodwill of €13,805,000)
- British Education Management, S.L. (As at 31 August 2020 the carrying amount of goodwill of €26,878,000 & as at 31 August 2019 the carrying amount of goodwill of €26,878,000);
- Claremont School (St Leonard's) Limited (As at 31 August 2020 the carrying amount of goodwill of €24,565,000 & as at 31 August 2019 it amounted to €24,228,000);
- Colegios Privados Internacionales, S.L. and Tambay Aravaca, S.L. (As at 31 August 2020 the carrying amount of goodwill of €nil)
- Colegios Laude SA (As at 31 August 2020 & 2019 the goodwill amounts to €nil);
- Colegios Pedro De Valdivia (As at 31 August 2020 the carrying amount of goodwill of €18,646,000 & as at 31 August 2019 the carrying amount of goodwill of €21,420,000);
- Instituto Thomas Jefferson (As at 31 August 2020 the carrying amount of goodwill of €10,432,000 & as at 31 August 2019 it amounted to €12,253,000);
- Kehoe-France (As at 31 August 2020 the carrying amount of goodwill of €4,559,000 & as at 31 August 2019 it amounted to €4,925,000);
- La Colina School (As at 31 August 2020 the carrying amount of goodwill of €4,061,000);
- Liceo Panamericano and Colegio La Moderna (As at 31 August 2020 the carrying amount of goodwill of €19,678,000 & as at 31 August 2019 the carrying amount of goodwill of €21,469,000);
- Montessori Academy of Broward (As at 31 August 2020 the carrying amount of goodwill of €5,381,000 & as at 31 August 2019 it amounted to €5,159,000);
- Park House English School (As at 31 August 2020 the carrying amount of goodwill of €15,192,000 & as at 31 August 2019 it amounted to €16,402,000);
- Reach British School LLC (As at 31 August 2020 the carrying amount of goodwill of €2,348,000 & as at 31 August 2019 it amounted to €2,539,000);
- St Jude School (As at 31 August 2020 the carrying amount of goodwill of €3,565,000 & as at 31 August 2019 it amounted to €4,021,000);
- St George's School (As at 31 August 2020 the carrying amount of goodwill of €25,884,000)
- Tenby Schools (As at 31 August 2020 the carrying amount of goodwill of €42,010,000 & as at 31 August 2019 it amounted to €44,900,000); and
- Tomás Alva Edison School (As at 31 August 2020 the carrying amount of goodwill of €14,380,000 & as at 31 August 2019 it amounted to €16,890,000).

Other intangible assets relate to student registry which is amortised over 10 years.

## Notes to the consolidated financial statements (continued)

### NOTE 11 – INTANGIBLE ASSETS AND GOODWILL (continued)

Goodwill on acquisition of subsidiaries in the year ending 31 August 2020 was allocated as per the below table.  
See Note 30 for calculations of goodwill per acquisition.

	€000's
Colegios Privados Internacionales, S.L. and Tambay Aravaca, S.L. School	-
La Colina School	4,949
St George's College	27,938
<b>Total</b>	<u><u>32,887</u></u>

Goodwill on acquisition of subsidiaries in the year ending 31 August 2019 was allocated as per the below table.

	€000's
Baton Rouge International School	2,254
Montessori Academy of Broward	4,956
Asia Pacific Schools	36,858
Bellevue Children's Academy	14,103
Colegios Pedro de Valdivia	22,385
Liceo Panamericano and Colegio La Moderna	21,249
<b>Total</b>	<u><u>101,805</u></u>



## Notes to the consolidated financial statements (continued)

### NOTE 11 – INTANGIBLE ASSETS AND GOODWILL (continued)

#### Impairment review

The recoverable amount of goodwill is assessed on an annual basis for impairment. The recoverable amount of the CGUs is based on fair value less costs to sell. Fair value is determined by multiplying the budgeted EBITDA for the next 12 months, by a market driven multiple.

Recoverable amounts per CGU:

	2020	2019
<b>(in €000's)</b>		
Al Nibras International Private School	35,088	69,265
Asia Pacific Schools	48,720	53,520
Baton Rouge International School	5,160	15,312
Bellevue Children's Academy	74,376	60,900
British Education Management (St George)	42,804	67,773
Oaks International School	-	-
Claremont School	44,232	43,056
Colegios Laude	220,836	151,428
Colegios Pedro De Valdivia	73,368	61,128
Instituto Thomas Jefferson Group	196,536	187,056
Kehoe-France School	11,712	8,508
Liceo Panamericano and Colegio La Moderna	64,680	59,676
Montessori Academy of Broward	26,676	27,084
Park House English School	43,272	50,340
Reach British School	37,188	39,960
St Jude School	32,076	30,216
Tenby Group	97,704	84,216
Tomás Alva Edison School	68,592	73,164
Colegio La Colina	23,364	N/A
St George's College	65,760	N/A
Colegio Internacional Aravaca	17,436	N/A

The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used. The key assumptions used in the estimation of the recoverable amount are variables that impact the budgeted normalised EBITDA for the next 12 months and the multiple used.

Budgeted normalised EBITDA for FY21 was estimated considering experience, adjusted as follows:

- Revenue growth was projected considering the expected change in enrolments and tuition fees considering the initial investment case and the local regulations; and
- Estimated significant one-off costs and inflationary increases.

The estimated recoverable amount of the CGU's exceeded its carrying amount by approximately €593,000,000 (2019: €800,296,000). Management has identified that a reasonable possible change in the exit multiple assumption could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which the exit multiple assumption would need to change individually for the estimate recoverable amount to be equal to the carrying amount.

In percent	2020	2019
Exit multiple	193%	284%

## Notes to the consolidated financial statements (continued)

### NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

The Group's property, plant and equipment of €561,506,000, (2019: €321,010,000) consists of owned assets of €354,701,000 (2019: €321,010,000) and right-of-use assets of €206,805,000 (2019: €nil).

The table below shows the movements in property, plant and equipment in the year to 31 August 2020, including additions, transfers from construction in progress ("CIP"), disposals, effect of movements in exchange rates and acquisitions.

	Land and Buildings	Fixtures, Fittings and Equipment	Other Assets	CIP	Total Fixed Assets
	€000's	€000's	€000's	€000's	€000's
<b>Cost at 1 September 2018</b>	131,346	19,353	4,121	45,707	<b>200,527</b>
<b>Finalisation of prior acquisitions*</b>	6,196	-	-	-	<b>6,196</b>
<b>Revised cost at 1 September 2018</b>	137,542	19,353	4,121	45,707	<b>206,723</b>
Additions	18,689	8,530	2,817	9,950	<b>39,986</b>
Acquisition of subsidiary	101,621	5,625	890	-	<b>108,136</b>
Transfer from CIP	25,709	4,537	1,415	(31,661)	<b>-</b>
Disposals	(6,647)	(689)	(538)	-	<b>(7,874)</b>
Exchange difference	3,477	(700)	(313)	(887)	<b>1,577</b>
<b>Cost at 31 August 2019</b>	280,391	36,656	8,392	23,109	<b>348,548</b>
<b>Cost at 1 September 2019</b>	280,391	36,656	8,392	23,109	<b>348,548</b>
<b>Adjustment following adoption of IFRS 16</b>	271,019	848	-	-	<b>271,867</b>
<b>Revised cost at 1 September 2019</b>	551,410	37,504	8,392	23,109	<b>620,415</b>
Additions	14,698	11,806	2,707	7,855	<b>37,066</b>
Acquisition of subsidiary	51,365	1,252	338	173	<b>53,128</b>
Transfer from CIP	376	-	-	(376)	<b>-</b>
Reclassification	(8,063)	8,370	8,961	(9,268)	<b>-</b>
Disposals	(547)	(1,583)	(164)	-	<b>(2,294)</b>
Exchange difference	(41,892)	(4,010)	(1,194)	(439)	<b>(47,535)</b>
<b>Cost at 31 August 2020</b>	567,347	53,339	19,040	21,054	<b>660,780</b>
<b>Depreciation at 1 September 2018</b>	(11,742)	(4,812)	(534)	(880)	<b>(17,968)</b>
Depreciation charge	(4,766)	(5,516)	(1,533)	10	<b>(11,805)</b>
Disposals	881	589	554	-	<b>2,024</b>
Exchange differences	(184)	276	104	15	<b>211</b>
<b>Depreciation at 31 August 2019</b>	(15,811)	(9,463)	(1,409)	(855)	<b>(27,538)</b>
<b>Depreciation at 1 September 2019</b>	(15,811)	(9,463)	(1,409)	(855)	<b>(27,538)</b>
<b>Adjustment following adoption of IFRS 16</b>	(39,579)	(211)	-	-	<b>(39,790)</b>
<b>Revised cost at 1 September 2019</b>	(55,390)	(9,674)	(1,409)	(855)	<b>(67,328)</b>
Depreciation charge	(21,956)	(8,080)	(3,887)	-	<b>(33,923)</b>
Disposals	695	(4,052)	3,691	855	<b>1,189</b>
Exchange differences	328	259	201	-	<b>788</b>
<b>Depreciation at 31 August 2020</b>	(76,323)	(21,547)	(1,404)	-	<b>(99,274)</b>
<b>NBV at 1 September 2018</b>	119,604	14,541	3,587	44,827	<b>182,559</b>
<b>NBV at 31 August 2019</b>	264,580	27,193	6,983	22,254	<b>321,010</b>
<b>NBV at 31 August 2020</b>	491,024	31,792	17,636	21,054	<b>561,506</b>

\* The fair value of property arising on the acquisitions in 2018 was updated in the year due to finalisation of the balance sheet as at the date of acquisition during the measurement period permitted by IFRS 3.

## Notes to the consolidated financial statements (continued)

### NOTE 12 – PROPERTY, PLANT AND EQUIPMENT (continued)

#### Right-of-use assets

From 1 September 2019, the Group has adopted IFRS 16 Leases. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year. The net book value at 1 September includes €4,887,759 in relation to finance leases already included within property, plant and equipment which have been reallocated to right of use assets on transition to IFRS 16.

	Land and Buildings	Fixtures, Fittings and Equipment	Total Right-Of-Use Asset
	€000's	€000's	€000's
Net book value at 1 September 2019	236,337	637	236,974
Additions	7	-	7
Depreciation charge	(13,677)	(290)	(13,967)
Exchange differences	(16,198)	(11)	(16,209)
<b>Net book value at 31 August 2020</b>	<b>206,469</b>	<b>336</b>	<b>206,805</b>

### NOTE 13 – SUBSIDIARIES

The Group consists of a parent company, International Schools Partnership Limited, incorporated in United Kingdom and several subsidiaries held directly and indirectly by International Schools Partnership Limited.

The ownership is the same in current and previous year, except for subsidiaries purchased in the year, please see Note 30 for further details.

Company name	Registered address	Percentage ownership of ordinary shares
Abastecedora Escolar TAE, S.A. de C.V.	Mexico City, Mexico	100%
Administradora de Colegios Pedro de Valdivia SpA	Santiago, Chile	100%
Al Nibras International Private School LLC **	Dubai, UAE	49%
Asia Pacific Schools Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Aspen Heights British School LLC **	Abu Dhabi, UAE	0%
Aspen Heights Educational Facilities Management Sole Proprietorship LLC **	Abu Dhabi, UAE	0%
British Education Management, S.L.	Malaga, Spain	100%
Centro Educacional Escuela Católica Activa, S.A.	Santa Ana, Costa Rica	95%

## Notes to the consolidated financial statements (continued)

### NOTE 13 – SUBSIDIARIES (continued)

Company name	Registered address	Percentage ownership of ordinary shares
Claremont School (St. Leonards) Limited	St Leonards-on-Sea, United Kingdom	100%
Colegios Laude, SA	Madrid, Spain	100%
Colegio San Jorge de Miraflores S.C.R.L.	Lima, Peru	100%
Colegio Pedro de Valdivia Las Condes SpA	Santiago, Chile	100%
Colegio Pedro de Valdivia Peñalolén SpA	Santiago, Chile	100%
Colegio Pedro de Valdivia Providencia SpA	Santiago, Chile	100%
Colegios Privados Internacionales SL	Madrid, Spain	100%
Corporación CLR S.A.C.	Lima, Peru	100%
Elementary School Thomas Jefferson, S.C.	Mexico City, Mexico	100%
Fondcare Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Formación, Educación Y Cultura, S.C.	Mexico City, Mexico	90%
France Family Partners LLP	Louisiana, United States	95%
High School Thomas Jefferson, S.C.	Mexico City, Mexico	100%
Ilmu Bijak Bestari Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Inmobiliaria de Mexico Mes, S.A. de C.V.	Mexico City, Mexico	100%
Inmobiliaria Emibu S.A.	Quito, Ecuador	100%
Inmobiliaria Panamericana C.A.	Quito, Ecuador	100%
Inmobiliaria Pel, S.A.	Guadalajara, Mexico	100%
Instituto Educativo Moderno De Guayaquil Inemoquil C. Ltda.	Quito, Ecuador	100%
Instituto Thomas Jefferson Guadalajara, S.C.	Guadalajara, Mexico	100%
Instituto Thomas Jefferson Company Querétaro, S.C.	Querétaro, Mexico	100%
Instituto Thomas Jefferson Valle Real, S.C.	Guadalajara, Mexico	100%
International Parents Trust, LLC	Louisiana, United States	100%
International Schools Partnership Services Limited *	London, United Kingdom	100%
Inversiones La Colina MCM, S.A.S.	Bogota, Colombia	100%
Ipoh International School Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
ISP Baton Rouge, Inc.	Louisiana, United States	100%
ISP Bellevue Inc.	Washington, United States	100%
ISP Broward Holdings LLC	Florida, United States	100%
ISP Broward LLC	Florida, United States	100%
ISP Chile Limited	London, United Kingdom	100%
ISP Chile SpA	Santiago, Chile	100%
ISP Colombia Limited (formerly ISP Dormant 3 Limited)	London, United Kingdom	100%
ISP Colombia SAS	Bogota, Colombia	100%
ISP Costa Rica Limited	London, United Kingdom	100%

## Notes to the consolidated financial statements (continued)

### NOTE 13 – SUBSIDIARIES (continued)

Company name	Registered address	Percentage ownership of ordinary shares
ISP Kehoe Holdings LLC	Louisiana, United States	95%
ISP Malaysia Limited	London, United Kingdom	100%
ISP Peru Limited (formerly ISP Dormant 2 Limited)	London, United Kingdom	100%
ISP US Holdings Inc	Delaware, United States	100%
ISP US Management Co.	Delaware, United States	100%
ISP Vietnam Limited	London, United Kingdom	100%
ISP West Coast Holdings Inc	Delaware, United States	100%
Jovial Learner S.à r.l	Luxembourg, Luxembourg	100%
Kehoe-France Inc.	Louisiana, United States	95%
Kehoe-France Day Camp, Inc.	Louisiana, United States	95%
Kindergarden Thomas Jefferson, S.C.	Mexico City, Mexico	100%
Kindergarden Thomas Jefferson Company Guadalajara, S.C.	Guadalajara, Mexico	100%
Hamilton International Development Limited (formerly known as Marlborough Group Limited)	Tortola, British Virgin Islands	100%
Liceo Panamericano LPSA S.A.	Quito, Ecuador	100%
Muntazeh English School SPC (Park House English School)	Doha, Qatar	100%
The Aquila School Owned by Shaikh Mohammed Maktoum Juma Al Maktoum One Person Company LLC (Aquila)**	Dubai, UAE	0%
Oaks International School Limited	London, United Kingdom	100%
Permotio Consultancy DWC LLC	Dubai, UAE	100%
Permotio Consultancy DWC Dubai Branch	Dubai, UAE	100%
PIL (Dubai) SPC 1 Ltd **	Dubai, UAE	0%
PIL Brazil Holdings 1 Limited	London, United Kingdom	100%
PIL Brazil Holdings 2 Limited	London, United Kingdom	100%
PIL Europe Holdings Limited	London, United Kingdom	100%
PIL Mexico Holdings 1 Limited	London, United Kingdom	100%
PIL Mexico Holdings 2 Limited	London, United Kingdom	100%
PIL Mexico SL	Mexico City, Mexico	100%
PIL Middle East Holdings Limited	London, United Kingdom	100%
PIL UK Holdings 1 Limited	London, United Kingdom	100%
PIL UK Holdings 2 Limited	London, United Kingdom	100%
PIL US Holdings Limited	London, United Kingdom	100%
Pink & Blue, S.C.	Mexico City, Mexico	100%
Promouvoir Management Consultancy LLC **	Abu Dhabi, UAE	49%
Reach British School LLC **	Abu Dhabi, UAE	49%
Red Wolf Wilderness Adventures, LLC	Louisiana, United States	100%
River Forest Partners LLC	Louisiana, United States	95%

## Notes to the consolidated financial statements (continued)

### NOTE 13 – SUBSIDIARIES (continued)

Company name	Registered address	Percentage ownership of ordinary shares
Rodríguez y Maulén Educacional SpA	Santiago, Chile	100%
Tambay Aravaca SL	Madrid, Spain	100%
Tecnologia Educativa S.A.C.	Lima, Peru	100%
Temple Cambridge Limited	London, United Kingdom	100%
Tenby Aman Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Tenby Ecohill Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Tenby Educare SDN. BHD.	Kuala Lumpur, Malaysia	100%
Tenby Education Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Tenby Labuan Foundation	Federal Territory of Labuan, Malaysia	100%
Tenby Rawang Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Tenby Southern Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Tenby World Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
The Hamilton International School LLC**	Doha, Qatar	49%
Thomas Jefferson Zona Esmeralda TJZE, S.C.	Mexico City, Mexico	100%
Tienda Cincuenta Aniversario, S.A.	Santa Ana, Costa Rica	95%
Torpequil Inmobiliaria Torpimob S.A.	Quito, Ecuador	100%

\* These entities are direct subsidiaries of the Company; all others are indirectly held.

\*\* Although the Company owns indirectly less than half of the shares of these entities, management has determined that the Company indirectly controls them. This is by virtue of agreement with the companies' other shareholders whereby the Company exercises management control over the entities. Please see Note 3(f) regarding the control of these companies by the Group.

### NOTE 14 – TRADE AND OTHER RECEIVABLES

(in €000's)	31 August 2020	31 August 2019
Trade Debtors	21,126	9,039
Intercompany Receivables	54	29
Other Receivables	6,164	5,539
Capex Advances	-	574
Deposits	8,608	6,696
<b>Total</b>	<b>35,952</b>	<b>21,877</b>

Other receivables do not contain any significant individual balances and the balances apparent are different in nature. The most significant balance relates to amounts owed from parties associated to a school.

The carrying amounts of trade and other receivables are considered to be the same as their fair values due to their short-term nature. Past due receivables and doubtful debts are provided for in full with costs going through other costs.

## Notes to the consolidated financial statements (continued)

### NOTE 15 – PREPAYMENTS

Short term prepayments

(in €000's)	<b>31 August 2020</b>	<b>31 August 2019</b>
Lease prepayment	-	8,724
Other prepayments	9,471	25,953
	<b>9,471</b>	<b>34,677</b>

Current and prior year other prepayments relate to standard operating expense prepayments.

### NOTE 16 - CASH AND CASH EQUIVALENTS

(in €000's)	<b>31 August 2020</b>	<b>31 August 2019</b>
Bank balances	77,641	56,372
<b>Total</b>	<b>77,641</b>	<b>56,372</b>

## Notes to the consolidated financial statements (continued)

### NOTE 17 - FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(in €000's)	Carrying amount		Fair value			
	loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Financial assets not measured at fair value						
Trade and other receivables	27,344	-	27,344	-	-	-
Cash and cash equivalents	77,641	-	77,641	-	-	-
	104,985	-	104,985			
Financial liabilities not measured at fair value						
Bank loans	-	569,268	569,268	-	569,268	-
Listed bond	-	146,771	146,771	-	146,771	-
Loans from related parties	-	248,971	248,971	-	-	248,971
Lease liability	-	264,467	264,467	-	264,467	-
Other loans	-	24,825	24,825	-	-	24,825
Trade and other payables	-	42,106	42,106	-	-	-
	-	1,296,408	1,296,408			



## Notes to the consolidated financial statements (continued)

### NOTE 18 - EQUITY

#### 18.1 Share capital and share premium

As at 31 August 2020, the Company had 136,787 A ordinary shares of €0.01 each, 114,715 A1 ordinary shares of shares of €0.0001 each, one ordinary share of £1, 3,054 B1 ordinary shares of €0.01 each, 240 B2 shares of €1.50 each, 13,550 C shares of €0.00001 each and 5,808 D ordinary shares of €0.00001 each. The issues in the year are consistent with the prices listed at the year-end.

During the year, 106,988 A1 ordinary shares were purchased in cash at a premium of €8.41 per share and 200 C shares were purchased in cash at a premium if €0.00 per share.

	A	B1	Ordinary	A1	B2	C	D
In shares							
On issue at 1 September 2019	136,787	3,054	1	7,727	240	13,350	5,722
Issued during the year	-	-	-	106,988	-	200	86
On issue at 31 August 2020	<b>136,787</b>	<b>3,054</b>	<b>1</b>	<b>114,715</b>	<b>240</b>	<b>13,550</b>	<b>5,808</b>

#### Capital management

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Group does this through both reinvesting in the business and seeking to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The Group monitors capital using an adjusted net leverage ratio which aligns with its largest external banking agreement.

As at 31 August 2020, Partners Group Princess Learning IC Limited is the ultimate parent undertaking, holding the majority share of the immediate parent company's share capital. The rights as per articles of incorporation attached to each class of issued shares remains unchanged.

	31 August 2020	31 August 2019
	€	€
<b>Allotted, called up and fully paid</b>		
Share premium	<b>9,935,821</b>	<b>9,034,822</b>
Ordinary shares	<b>1,760</b>	<b>1,759</b>

#### 18.2 Translation reserves

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (Euro "€"), are recognised directly in other comprehensive income and accumulated in the translation reserve.

#### 18.3 Non-controlling interest

The Group's subsidiaries with Non-Controlling Interests are as follows:

- ISP Kehoe Holdings LLC, Kehoe-France Inc., Kehoe-France Day Camp, Inc., River Forest Partners LLC, Red Wolf Wilderness Adventures, LLC and France Family Partners LLP which are all owned 95%.
- Tienda Cincuenta Aniversario, S.A. and Centro Educativo Escuela Católica Activa, S.A. which are both owned 95%.
- Formación, Educación Y Cultura, S.C. which is owned 90%.

The Group has not disclosed information relating to IFRS 12.10(a)(ii), 12, B10-11, as no Group subsidiaries have a material non-controlling interest.

## Notes to the consolidated financial statements (continued)

### NOTE 19 – BORROWINGS

(in €000's)	31 August 2020	31 August 2019
Bank Loans	569,268	433,878
Borrowing Costs	(15,696)	(14,561)
Listed Bond	146,771	110,041
Loans from related parties	248,971	226,473
Lease Liability	264,466	7,708
Other Loans	24,826	12,250
<b>Total</b>	<b>1,238,606</b>	<b>775,789</b>
Current	143,094	122,137
Non-current	1,095,512	653,652

The related party loans consist of several shareholder loans. The loans have various maturity dates, all exceeding 5 years, and charge interest of 10%.

There are four bank loans that are all Euro denominated.

- Term Loan 1 (€275m principal plus accrued interest of €2,120,000) is repayable in September 2024.
- Acquisition Facility (€260m principal plus accrued interest of €2,005,000) is repayable in September 2024.
- Revolving Credit Facility (€30m principal plus accrued interest of €143,000) is repayable in September 2023.
- Term Loan 2 (€6m principal plus accrued interest of €nil). This loan is repayable in April 2025 and is guaranteed by the Kingdom of Spain.

Included within the bank loan creditors are capitalised deal fees of €15,696,000.

The bonds are listed on the Guernsey stock exchange. They are repayable in 2024.

The interest rates on the bank loans and listed bond range from: Base rate + 2.25%-6.50%

## Notes to the consolidated financial statements (continued)

### NOTE 19 – BORROWINGS (continued)

#### Reconciliation of movements of liabilities to cash flows arising from financing activities

(in €000's)	Bank loans and borrowings	Share capital / premium
<b>Balance at 1 September 2019</b>	775,789	9,037
<b>Restatement due to IFRS 16</b>	276,624	-
<b>Revised balance at 1 September 2019</b>	1,052,413	9,037
<b>Changes from financing cash flows</b>		
Proceeds from borrowing	175,699	-
Repayment of borrowings	(1,829)	-
Repayment of leases	(18,154)	-
Capitalised borrowing costs	(4,679)	-
Interest paid	(42,341)	-
Issue of share capital	-	901
<b>Total changes from financing cash flows</b>	108,696	901
<b>Other changes</b>		
Exchange differences	(20,326)	-
Acquisition of subsidiaries	5,668	-
Interest expense	92,155	-
<b>Total other changes</b>	77,497	-
<b>Balance at 31 August 2020</b>	1,238,606	9,938

If the Group exceeded its leverage covenant (8.00:1 as at 31 August 2020) and is not cured (if capable of being cured) within 20 business days of the delivery of the compliance certificate, the term loan and acquisition facility would become repayable on demand. The Group did not exceed this leverage covenant as at 31 August 2020 and does not expect to over the going concern period, see note 1.

The shares of PIL Mexico Holdings 1 Limited, PIL US Holdings Limited, PIL Europe Holdings Limited, PIL Middle East Holdings Limited, PIL UK Holdings 1 Limited, Jovial Learner S.à r.l. and International Schools Partnership Limited have been pledged as security for the loan together with the bank accounts of International Schools Partnership Limited and PIL Middle East Holdings Limited.

The initial fair value of the liability portion of bonds and borrowings are determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liabilities are subsequently recognised on an amortised cost basis until extinguished on conversion or maturity.

When calculating the fair value of the borrowings consideration has been made to the market rate, maturity and significance of the borrowing.

(in €000's)	As at 31 August 2020		As at 31 August 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Listed Bond	146,771	146,771	110,041	111,979
Loans from related parties	248,971	248,971	226,473	230,463

## Notes to the consolidated financial statements (continued)

### NOTE 19 – BORROWINGS (continued)

#### Reconciliation of movements of liabilities to cash flows arising from financing activities

The bonds are Euro denominated and listed on the International Stock Exchange (Guernsey). They are repayable in 2024. The increased borrowings during the year have been used to fund the acquisitions made by the Group.

On 8 November 2019, International Schools Partnership Limited signed an amendment and restatement agreement with the main external financing party for the Group. The agreement increased the funding available to the group to €680 million. The purpose of increasing the facility is to finance future acquisitions within the group and improve facilities at existing schools held by the Group.

### NOTE 20 – PROVISIONS

(in €000's)	31 August 2020	31 August 2019
Deferred rent provision	-	1,806
Professional services rendered	1,666	2,143
<b>Total</b>	<b>1,666</b>	<b>3,949</b>

(in €000's)	Deferred rent provision	Professional services rendered
Brought forward - 1 September 2019	1,806	2,143
Utilised in year	-	(2,143)
Impact of adoption of IFRS 16	(1,806)	-
Charged in year	-	1,666
<b>Carried forward - 31 August 2020</b>	<b>-</b>	<b>1,666</b>

Professional services rendered provision in the prior and current year relate to legal, accounting and audit fees. The provision is current and there are no significant uncertainties or assumptions made in calculating the provision.

The deferred rent provision relates to the difference between accounting treatment of rental costs over the expected life of a lease and actual rental costs to date. The only significant assumption or uncertainty made during the calculation of the provision is the termination point of the lease.

### NOTE 21 – TERM DEPOSITS

(in €000's)	31 August 2020	31 August 2019
Term deposits	18,366	12,477
<b>Total</b>	<b>18,366</b>	<b>12,477</b>

The term deposits balance relates to a security deposit paid in advance of students joining a school.

## Notes to the consolidated financial statements (continued)

### NOTE 22 – OTHER FINANCIAL LIABILITIES

(in €000's)	31 August 2020	31 August 2019
Deferred Consideration	9,065	22,659
<b>Total</b>	<b>9,065</b>	<b>22,659</b>
Current	5,958	13,752
Non-Current	3,107	8,907
<b>Total</b>	<b>9,065</b>	<b>22,659</b>

The deferred consideration at 31 August 2020 consists of €6,369,000 relating to the acquisition of Tomás Alva Edison School, €500,000 relating to the acquisition of British Education Management, €2,089,000 relating to the acquisition of Bellevue Children's Academy and €107,000 in relation to the acquisition of Colegios Privados Internacionales, S.L. and Tambay Aravaca, S.L.

The deferred consideration at 31 August 2019 consists of €8,385,000 relating to the acquisition of Tomás Alva Edison School, €2,862,000 relating to the acquisition of Instituto Thomas Jefferson, €317,000 relating to the acquisition of Baton Rouge, €1,576,000 relating to the acquisition of British Education Management, €2,255,000 relating to the acquisition of Bellevue Children's Academy, €6,395,000 relating to the acquisition of Liceo Panamericano and Colegio La Moderna and € 869,000 relating to the acquisition of Kehoe France. See Note 30 for further details.

### NOTE 23 - TRADE AND OTHER PAYABLES

(in €000's)	31 August 2020	31 August 2019
Trade Creditors	7,155	8,813
Capex Creditor	1,510	2,258
Payroll Creditor	12,212	10,976
Other Creditors	2,460	4,205
Accruals	18,769	19,236
<b>Total</b>	<b>42,106</b>	<b>45,488</b>

The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

### NOTE 24 - CURRENT TAX LIABILITIES

(in €000's)	31 August 2020	31 August 2019
Payroll Taxes Creditor	4,263	2,527
VAT	-	312
<b>Total</b>	<b>4,263</b>	<b>2,839</b>

## Notes to the consolidated financial statements (continued)

### NOTE 25 – REMUNERATION OF KEY MANAGEMENT PERSONNEL

During the 2020 financial year, the Group paid €627,000 (2019: €876,000) to its key management personnel. Key management personnel are assessed as directors of International Schools Partnership Limited. The highest paid director received remuneration of €224,000 (2019: €248,000). The Group implemented a pension scheme for key management personnel in July 2017. During 2020 financial year each management personnel received €nil (2019: €nil) of pension benefit.

### NOTE 26 – RELATED PARTY TRANSACTIONS

Amounts outstanding at the year-end were as follows:

#### **Borrowings from related parties**

(in €000's)	31 August 2020	31 August 2019
Listed bond through related party	146,771	110,041
Loans from parent company	248,971	226,473
<b>Total</b>	<b>395,742</b>	<b>336,514</b>

#### **Trading balances with related parties**

(in €000's)	31 August 2020	31 August 2019
Trading balance with parent company's	(273)	28
<b>Total</b>	<b>(273)</b>	<b>28</b>

Listed bond through related party together with the associated interest are in respect of amounts due to Partners Group Princess Learning IC Limited as shareholder of the Parent Company. Although the bonds are listed, the debt is fully held by Partners Group Princess Learning IC Limited, which is why it is considered due to a related party.

Loans and trading balances with parent company are amounts held with Permotio International Learning S.à r.l., the immediate parent company of International Schools Partnership Limited.

During the year, interest payable on the Listed bond through related party was €2,891,000 (2019: €2,498,000). Interest payable on the Loans from parent company was €23,847,000 (2019: €17,254,000).

### NOTE 27 – OPERATING LEASE PAYMENTS

#### **The Group as a lessee**

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

(in €000's)	31 August 2019
Within one year	15,928
In the second to fifth years inclusive	59,719
After five years	286,636
	<b>362,283</b>

## Notes to the consolidated financial statements (continued)

### NOTE 28 - EVENTS AFTER THE DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS

On 1 December 2020, ISP Lynn-Rose Inc. (Canadian resident), which is a 100% owned subsidiary of ISP North America Limited (UK resident), which is a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Lynn-Rose Corp, Lynn-Rose College Inc. and Young Explorers Educational Services Inc. The companies were purchased for CAD 19,444,000.

On 3 December 2020, ISP Rowntree Inc. (Canadian resident), which is a 100% owned subsidiary of ISP North America Limited (UK resident), which is a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of 4039459 Canada Ltd and Rowntree Montessori Schools Inc. The companies were purchased for CAD 22,072,000.

On 25 November 2020, €27,500,000 was drawn down from the acquisition facility to facilitate the post year end acquisitions in Canada.

### NOTE 29 – ULTIMATE PARENT COMPANY

The ultimate controlling party is Partners Group Princess Learning IC Limited, by virtue of its shareholding in the immediate parent company, Permotio International Learning S.à r.l.

The largest group in which the results of the Company are consolidated is that headed by Permotio International Learning S.à r.l., registered address L-2453 Luxembourg, 6, rue Eugène Ruppert. The consolidated financial statements of these groups are available from Trade and Companies Register, web address <https://www.lbr.lu/mjres/jsp/IndexActionNotSecured.action?time=-1583404349962>.

## Notes to the consolidated financial statements (continued)

### NOTE 30 – ACQUISITIONS

Acquisitions have been consolidated using the purchase method of accounting with goodwill being recognised as an asset. The acquisitions have been included in the consolidated financial statements from the date that the control was obtained by the Group. Acquisitions are performed to strengthen and widen the presence of the Group. Unless otherwise stated, control is gained through the purchase of the share capital of the company. Details of the acquisitions and disposals along with adjustments to the valuation of goodwill recognised are detailed below. Acquisition costs are recognised in the statement of comprehensive loss in other costs.

#### Business combinations between 1 September 2019 and 31 August 2020

##### La Colina

On 15 November 2019, ISP Colombia Limited (UK resident) a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Inversiones La Colina MCM, S.A.S.

The goodwill on acquisition was calculated as follows:

	€000's*
Consideration**	10,991
Tangible assets	4,661
Current assets	122
Current liabilities	(737)
Cash	407
Deferred tax liabilities	(477)
Net assets attributable to owner	3,976
Intangible asset recognised on acquisition relating to the student registry	2,066
Goodwill	4,949

\*Converted using a foreign exchange rate of 3,697 COP/€.

\*\* Consideration on acquisition was cash and deferred consideration of COP 40,630,000,000.

The goodwill is attributable mainly to the synergies and opportunities that the Group will bring to the school through direct investment and improved learning.

The recoverable amount related to goodwill arising on acquisition is €23,364,000 at the balance sheet date.

The carrying value of trade receivables at the acquisition date was € 52,000. The gross contractual receivable was € 169,000. The provision for contractual cash flows not expected to be collected was € 116,000. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

CGU performance and acquisition costs:

(in €000's)	Post-acquisition	Year ended 31 August 2020
Revenue	1,887	3,048
Profit	65	237
Acquisition costs	45	2,375



## Notes to the consolidated financial statements (continued)

### NOTE 30 – ACQUISITIONS (continued)

#### St George's College (Peru)

On 17 December 2019, ISP Peru Limited (UK resident), which is a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Colegio San Jorge de Miraflores S.C.R.L.. The school was purchased for USD 72,439,638.

The goodwill on acquisition was calculated as follows:

	<b>€000's*</b>
Consideration**	65,580
Tangible assets	31,087
Current assets	773
Current liabilities	(2,654)
Cash	1,736
Long term liabilities	(6,402)
Deferred tax liabilities	(13,987)
Net assets attributable to owner	10,553
Intangible asset recognised on acquisition relating to the student registry	27,089
Goodwill	27,938

\*Converted using a foreign exchange rate of 1.1000 USD/€.

\*\* Consideration on acquisition was cash.

The goodwill is attributable mainly to the synergies and opportunities that the Group will bring to the school through direct investment and improved learning.

The recoverable amount related to goodwill arising on acquisition is €65,760,000 at the balance sheet date.

The carrying value of trade receivables at the acquisition date was €566,000. The gross contractual receivable was €822,000. The provision for contractual cash flows not expected to be collected was €255,000. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

CGU performance and acquisition costs:

(in €000's)	Post-acquisition	Year ended 31 August 2020
Revenue	6,672	12,012
Profit	1,128	3,004
Acquisition costs	797	1,056

## Notes to the consolidated financial statements (continued)

### NOTE 30 – ACQUISITIONS (continued)

#### **Colegio Internacional Aravaca**

On 5 February 2020, Colegios Laude S.L. (Spanish resident), which is a 100% owned subsidiary of PIL Europe Limited (UK resident), which is a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Colegios Privados Internacionales, S.L. and Tambay Aravaca, S.L..

The goodwill on acquisition was calculated as follows:

	€000's
Consideration*	7,560
Tangible assets	17,380
Current assets	1,225
Current liabilities	(5,643)
Cash	15
Long term liabilities	(3,982)
Deferred tax liabilities	(3,082)
Net assets attributable to owner	5,913
Intangible asset recognised on acquisition relating to the student registry	1,913
Goodwill	(266)

\* Consideration on acquisition was cash.

The carrying value of trade receivables at the acquisition date was €nil. The gross contractual receivable was €nil. The provision for contractual cash flows not expected to be collected was €nil. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

CGU performance and acquisition costs:

(in €000's)	Post-acquisition	Year ended 31 August 2020
Revenue	1,368	3,824
(Loss) / Profit	(61)	331
Acquisition costs	111	723

## Notes to the consolidated financial statements (continued)

### NOTE 30 – ACQUISITIONS (continued)

#### Business combinations between 1 September 2018 and 31 August 2019

##### Baton Rouge International School

On 11 October 2018, ISP Baton Rouge Inc (USA resident) a 100% owned subsidiary of ISP US Holdings Inc. (US resident), a 100% subsidiary of PIL US Holdings Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident) which is in turn a 78% owned subsidiary of Permotto International Learning S.à r.l., acquired the trade and assets of International Institute for Educational and Cultural Development, Inc.

The goodwill on acquisition was calculated as follows:

	€000's*
Consideration**	8,202
Tangible assets	7,728
Current assets	20
Current liabilities	(2,936)
Cash	5
Deferred tax liabilities	-
Net assets attributable to owner	4,817
Intangible asset recognised on acquisition relating to the student registry	-
Goodwill	3,385

\*Converted using a foreign exchange rate of 1.1575 USD/EUR.

\*\* Consideration on acquisition was cash and deferred consideration of €390,065.

The goodwill is attributable mainly to the synergies and opportunities that the Permotto Group will bring to the school through direct investment and improved learning.

The carrying value of trade receivables at the acquisition date was €nil. The gross contractual receivable was €35,000. The provision for contractual cash flows not expected to be collected was €35,000. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

## Notes to the consolidated financial statements (continued)

### NOTE 30 – ACQUISITIONS (continued)

#### Montessori Academy of Broward

On 31 January 2019, ISP Broward Holdings, LLC (USA resident) a 100% owned subsidiary of ISP East Coast Holdings Inc., a 100% owned subsidiary of ISP US Holdings Inc. (US resident), a 100% subsidiary of PIL US Holdings Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident) which is in turn a 78% owned subsidiary of Permotio International Learning S.à r.l., acquired the trade and assets of International Institute for Educational and Cultural Development, Inc.

The goodwill on acquisition was calculated as follows:

	€000's*
Consideration**	19,673
Tangible assets	14,375
Current assets	106
Current liabilities	(678)
Cash	-
Deferred tax liabilities	(695)
Net assets attributable to owner	13,108
Intangible asset recognised on acquisition relating to the student registry	981
Goodwill	5,584

\*Converted using a foreign exchange rate of 1.1488 USD/EUR.

\*\* Consideration on acquisition was cash.

The goodwill is attributable mainly to the synergies and opportunities that the Permotio Group will bring to the school through direct investment and improved learning.

The carrying value of trade receivables at the acquisition date was €106,000. The gross contractual receivable was €106,000. The provision for contractual cash flows not expected to be collected was €nil. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

## Notes to the consolidated financial statements (continued)

### NOTE 30 – ACQUISITIONS (continued)

#### Asia Pacific Schools

On 7 December 2018, ISP Malaysia Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident) which is in turn a 78% owned subsidiary of Permotio International Learning S.à r.l., acquired 100% of the share capital of Asia Pacific Schools SDN. BHD.

The goodwill on acquisition was calculated as follows:

	<b>€000's*</b>
Consideration**	53,759
Tangible assets	19,732
Current assets	1,245
Current liabilities	(8,932)
Cash	955
Deferred tax liabilities	(3,040)
Net assets attributable to owner	9,960
Intangible asset recognised on acquisition relating to the student registry	6,614
Goodwill	37,185

\*Converted using a foreign exchange rate of 4.6448 MYR/EUR.

\*\* Consideration on acquisition was cash.

The goodwill is attributable mainly to the synergies and opportunities that the Permotio Group will bring to the school through direct investment and improved learning.

The carrying value of trade receivables at the acquisition date was €768,000. The gross contractual receivable was €1,195,000. The provision for contractual cash flows not expected to be collected was €427,000. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

## Notes to the consolidated financial statements (continued)

### NOTE 30 – ACQUISITIONS (continued)

#### Bellevue Children's Academy

On 24 March 2019, ISP West Coast Holdings, INC. (USA resident), a 100% owned subsidiary of ISP US Holdings Inc. (USA resident), a 100% subsidiary of PIL US Holdings Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident) which is in turn a 78% owned subsidiary of Permotio International Learning S.à r.l., acquired 100% of the share capital of Shimizu International, INC.

The goodwill on acquisition was calculated as follows:

	€000's*
Consideration**	49,621
Tangible assets	38,115
Current assets	327
Current liabilities	(9,434)
Cash	6,330
Long term liabilities	(1,553)
Deferred tax liabilities	(2,463)
Net assets attributable to owner	31,322
Intangible asset recognised on acquisition relating to the student registry	3,690
Goodwill	14,609

\*Converted using a foreign exchange rate of 1.1187 USD/EUR.

\*\* Consideration on acquisition was cash and deferred consideration of €2,537,000

The goodwill is attributable mainly to the synergies and opportunities that the Permotio Group will bring to the school through direct investment and improved learning.

The carrying value of trade receivables at the acquisition date was €125,000. The gross contractual receivable was €125,000. The provision for contractual cash flows not expected to be collected was €nil. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

## Notes to the consolidated financial statements (continued)

### NOTE 30 – ACQUISITIONS (continued)

#### **Colegios Pedro De Valdivia Limitada**

On 22 November 2018, ISP Chile SpA (Chile resident), a 100% owned subsidiary of ISP Chile Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident) which is in turn a 78% owned subsidiary of Permotio International Learning S.à r.l., acquired 100% of the share capital of Colegio Pedro de Valdivia Penalolen SpA, Rodriguez y Maulen Educacional SpA, Colegios Pedro de Valdivia Providencia SpA, Celgio Pedro de Valdivia Las Condes SpA and Administradora de Colegios Pedro de Valdivia SpA.

The goodwill on acquisition was calculated as follows:

	€000's*
Consideration**	<u>31,242</u>
Tangible assets	1,601
Current assets	14,085
Current liabilities	(30,029)
Cash	7,014
Deferred tax asset	<u>4,275</u>
Net liabilities attributable to owner	<u>(3,054)</u>
Intangible asset recognised on acquisition relating to the student registry	<u>11,630</u>
Goodwill	<u><u>22,666</u></u>

\*Converted using a foreign exchange rate of 762.2100 CLP/EUR.

\*\* Consideration on acquisition was cash.

The goodwill is attributable mainly to the synergies and opportunities that the Permotio Group will bring to the school through direct investment and improved learning.

The carrying value of trade receivables at the acquisition date was €11,893,000. The gross contractual receivable was €13,192,000. The provision for contractual cash flows not expected to be collected was €1,299,000. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

## Notes to the consolidated financial statements (continued)

### NOTE 30 – ACQUISITIONS (continued)

#### Liceo Panamericano and Colegio La Moderna

On 31 May 2019, ISP Ecuador Limited and ISP Chile Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident) which is in turn a 78% owned subsidiary of Permotio International Learning S.à r.l., acquired 100% of the share capital of Instituto Educativo Moderno De Guayaquil Inemoquil C. Ltda., Torpequil Inmobiliaria Torpimob S.A., Liceo Panamericano LPSA S.A., Inmobiliaria Emibu S.A. and Inmobiliaria Panamericana C.A.

The goodwill on acquisition was calculated as follows:

	€000's*
Consideration**	41,915
Tangible assets	26,360
Current assets	2,022
Current liabilities	(5,850)
Cash	1,275
Long term liabilities	-
Deferred tax liabilities	(2,931)
Net liabilities attributable to owner	20,876
Goodwill	21,039

\*Converted using a foreign exchange rate of 1.1151 USD/EUR.

\*\* Consideration on acquisition was cash and deferred consideration.

The goodwill is attributable mainly to the synergies and opportunities that the Permotio Group will bring to the school through direct investment and improved learning.

The carrying value of trade receivables at the acquisition date was €1,296,191. The gross contractual receivable was €2,150,595. The provision for contractual cash flows not expected to be collected was €854,404. Carrying value of trade receivables is deemed a reasonable approximation of fair value.



## Notes to the consolidated financial statements (continued)

### NOTE 31 – DEFERRED TAX LIABILITIES

(in €000's)	31 August 2020	31 August 2019
Deferred Tax Liability	(44,738)	(32,997)
Deferred Tax Asset	15,171	11,103
<b>Total</b>	<b>(29,567)</b>	<b>(21,894)</b>
Current	-	-
Non-Current	(29,567)	(21,894)
<b>Total</b>	<b>(29,567)</b>	<b>(21,894)</b>

	1 September 2019 €000's	Recognised in Statement of Comprehensive Loss €000's	Acquired in business combinations and fair value uplifts on acquired fixed assets €000's	On adoption of IFRS 16 €000's	31 August 2020 €000's
Intangible assets	(30,312)	4,225	(17,700)	-	(43,787)
Tax value of losses carry forwards utilised	4,488	61	-	-	4,549
Other	3,930	4,179	(1,196)	2,758	9,671
	(21,894)	8,465	(18,896)	2,758	(29,567)

The Group has a deferred tax liability of €44.7million (2019: €33.0 million) arising from student registries and fair value uplifts on acquired fixed assets. The Group has recognised deferred income tax assets of €15.1 million (2019: €11.1 million) in respect of losses and temporary timing differences. No deferred tax asset has been recognised in respect of amounts recorded directly in other comprehensive income due to the uncertainty of their future recoverability.

A deferred tax asset has been recognised on losses that were apparent on acquisition of a subsidiary that had been previously unrecognised, this is due to an increase in the probability of the recoverability of these losses based on the post-acquisition performance of the Company.

The deferred tax liability has been calculated using the prevailing tax rate in the jurisdictions which the fair value uplifts have taken place and the rate at which the liability is expected to arise.

### NOTE 32 – CONTINGENT LIABILITIES

To our knowledge there are no contingent liabilities. We have fully provided for material taxes and associated taxes, but not related interest and fines.

## Notes to the consolidated financial statements (continued)

### NOTE 33 – CHANGE IN SIGNIFICANT ACCOUNTING POLICIES

The Group has applied IFRS 16 using the modified retrospective with cumulative effect method – i.e. by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 1 September 2019. Therefore, the comparative information has not been restated and continues to be reported under IAS 17. Additionally, the disclosure requirements in IFRS 16 have not been generally applied to comparative information. The details of the significant changes and quantitative impact of the changes are set out below.

The following tables summarise the quantitative impact of adopting IFRS 16 on the Group's financial statements for the year ending 31 August 2020.

	Impact of adoption of IFRS 16		
	Balances without adoption of IFRS 16 €000's	Adjustments €000's	As reported €000's
<b>Balance sheet</b>			
Property, plant and equipment	354,701	206,805	561,506
Prepayments	29,568	(20,097)	9,471
Deferred tax asset	12,413	2,758	15,171
Accruals	(28,161)	9,392	(18,769)
Lease liability	(7,640)	(256,827)	(264,467)
Retained profit brought forward	254,820	55,546	310,366
<b>Statement of profit or loss and other comprehensive income</b>			
Cost of providing services and other costs	281,947	(7,525)	274,422
Finance cost	107,743	14,557	122,300
Taxation expense	5,838	(836)	5,002
<b>Cash flow statement</b>			
Loss for the year	118,172	6,196	124,368

The following table summarises the impact, net of tax, of transition to IFRS 16 on retained earnings at 1 September 2019.

	Impact of adopting IFRS 16 €000's
<b>Retained earnings</b>	
Balance before adopting IFRS 16 at 1 September 2019	(130,304)
Recognition of IFRS 16	(55,546)
<b>Balance under IFRS 16 at 1 September 2019</b>	<u>(185,850)</u>

## Notes to the consolidated financial statements (continued)

### NOTE 33 – CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *33 (a) Definition of a lease*

Previously the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 2. On transition to IFRS 16, the Group elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 September 2019.

#### *33 (b) As a lessee*

The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Only finance leases were then recognised on the balance sheet.

Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

#### *Leases classified as operating leases under IAS 17*

On transition, for operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 September 2019.

Right-of-use assets were measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application.

The Group has used its assessment of whether leases are onerous applying IAS 37 at 31 August 2019 as an alternative to performing an impairment review of the recognised right-of-use assets on the date of transition. The Group has adjusted the right-of-use asset at the date of transition by the amount of provision in respect of onerous leases recognised at 31 August 2019.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular these were:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

The total expense relating to leases with a lease term within 12 months of the date of initial application, leases of low value assets and variable lease payments for the year ended 31 August 2020 is €1,143,075.

When measuring the lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 September 2019. The weighted-average rate applied is 6.58%.

#### *Leases classified as finance leases under IAS 17*

For these finance leases, the carrying amount of the right-of-use asset was determined at the carrying amount of the lease asset under IAS 17 at 31 August 2019. There was no change made to the lease liability.

## Notes to the consolidated financial statements (continued)

### NOTE 33 – CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (continued)

The following table summarises the difference between the operating lease commitments disclosed under IAS 17 at 31 August 2019 in the Group's financial statements and the lease liabilities recognised at 1 September 2019:

	As at 1 September 2019
	€000's
Operating lease commitments at 31 August 2019 as disclosed under IAS 17	362,283
Restatement of lease commitment*	261,167
Restated operating lease commitments at 31 August 2019 as disclosed under IAS 17	623,450
Finance lease liabilities recognised as at 31 August 2019	7,708
Discounted using the incremental borrowing rate at 1 September 2019	285,154
Recognition exemption for leases of low-value assets	(4)
Recognition exemption for leases with less than 12 months of lease term at transition	(818)
<b>Lease liabilities recognised as at 1 September 2019</b>	<b>284,332</b>

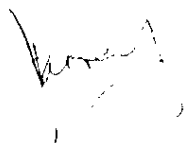
\*This restatement relates to leases being omitted and inaccurate maturity date information being used to compile the operating lease commitments at 31 August 2019 as disclosed under IAS 17.

## Company Balance Sheet as at 31 August 2020

	Note	31 August 2020 €000's	31 August 2019 €000's
<b>Fixed assets</b>			
Investments	3	288,522	164,967
Debtors: amounts falling due after more than one year	4	500,860	511,722
<b>Current assets:</b>			
Debtors: amounts falling due in less than one year	5	9,920	5,725
Cash at bank and in hand		<u>29,466</u> 39,386	<u>18,690</u> 24,415
<b>Creditors: Amounts falling due within one year</b>	6	<u>(137,152)</u>	<u>(129,100)</u>
<b>Net current liabilities</b>		<u>(97,766)</u>	<u>(104,685)</u>
<b>Creditors: Amounts falling due after more than one year</b>	7	<u>(834,736)</u>	<u>(651,862)</u>
<b>Net (Liabilities)</b>		<u>(143,120)</u>	<u>(79,858)</u>
<b>Capital and reserves</b>			
Called up share capital	8	2	2
Share Premium Account	8	9,936	9,035
Profit and loss account		<u>(153,058)</u>	<u>(88,895)</u>
<b>Shareholders' (deficit)</b>		<u>(143,120)</u>	<u>(79,858)</u>

The notes on pages 70 to 77 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 February 2021



**D Mee**  
**Director**

**Company statement of changes in equity**  
**from 1 September 2019 to 31 August 2020**

	Called up share capital €000's	Share Premium Account €000's	Profit and loss account €000's	Total €000's
<b>At 31 August 2018</b>	<u><b>1</b></u>	<u><b>8,999</b></u>	<u><b>(49,237)</b></u>	<u><b>(40,237)</b></u>
Share Split Between Permotio and Management	1	36	-	37
Loss for the year	-	-	(39,658)	(39,658)
<b>At 31 August 2019</b>	<u><b>2</b></u>	<u><b>9,035</b></u>	<u><b>(88,895)</b></u>	<u><b>(79,858)</b></u>
Share issue during the year	-	901	-	901
Loss for the year	-	-	(64,163)	(64,163)
<b>At 31 August 2020</b>	<u><b>2</b></u>	<u><b>9,936</b></u>	<u><b>(153,058)</b></u>	<u><b>(143,120)</b></u>

The notes on pages 70 to 77 form part of these financial statements.

## Notes to the Company financial statements

### 1. Accounting Policies

#### 1.1 Basis of preparation of financial statements

International Schools Partnership Limited (the “Company”) is a private company limited by shares incorporated, domiciled and registered in England in the UK. The registered number is 09817502 and the registered address is 101 Wigmore Street, London, W1U 1QU.

- The group financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”). The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 68 to 77. On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The Company has taken advantage of the following disclosure exemptions as permitted by FRS101:

- The Company has not prepared a cash flow statement and related notes
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.
- Disclosures in respect of transactions with wholly owned subsidiaries
- Disclosures of transactions with a management entity that provides key management personnel services to the Company

The financial statements are presented in Euro (€). The Company’s financial statements are rounded to the nearest thousand Euro (“€000’s”).

#### 1.2 Investment policy

Investments in subsidiaries are carried at cost less impairment to date.

### 2. Directors' remuneration

No director received remuneration, retirement or other benefits from the Company during either the current or prior year. Due to the nature of operations of the Group, the remuneration of the Directors for their services to International Schools Partnership Limited is not contained in the records of the Company. The directors are remunerated for their services to the group as a whole, which is disclosed in the consolidated financial statements of the parent company, Permotio International Learning Sarl (Luxembourg). Their services to this entity are minimal and a trivial amount of their remuneration is attributable to this entity. The financial statements of Permotio International Learning Sarl are publicly available from the Luxembourg Register of Trade and Commerce.

## Notes to the Company financial statements (continued)

### 3. Investments

<i>Company cost</i>	<b>Shares in group undertakings</b>
	€000's
<b>At 31 August 2018</b>	<b><u>96,924</u></b>
Acquired in period	68,510
Impairment	<u>(467)</u>
<b>At 31 August 2019</b>	<b><u>164,967</u></b>
Acquired in period	123,555
Impairment	<u>-</u>
<b>At 31 August 2020</b>	<b><u>288,522</u></b>

At 31 August 2020 the Company had interests in the ordinary shares in the following subsidiaries:

<b>Company name</b>	<b>Registered address</b>	<b>Percentage ownership of ordinary shares</b>
Abastecedora Escolar TAE, S.A. de C.V.	Mexico City, Mexico	100%
Administradora de Colegios Pedro de Valdivia SpA	Santiago, Chile	100%
Al Nibras International Private School LLC **	Dubai, UAE	49%
Asia Pacific Schools Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Aspen Heights British School LLC **	Abu Dhabi, UAE	0%
Aspen Heights Educational Facilities Management Sole Proprietorship LLC **	Abu Dhabi, UAE	0%
British Education Management, S.L.	Malaga, Spain	100%
Centro Educacional Escuela Católica Activa, S.A.	Santa Ana, Costa Rica	95%
Claremont School (St. Leonards) Limited	St Leonards-on-Sea, United Kingdom	100%
Colegio Pedro de Valdivia Las Condes SpA	Santiago, Chile	100%
Colegio Pedro de Valdivia Peñalolén SpA	Santiago, Chile	100%
Colegio Pedro de Valdivia Providencia SpA	Santiago, Chile	100%
Colegios Laude, SA	Madrid, Spain	100%
Elementary School Thomas Jefferson, S.C.	Mexico City, Mexico	100%
Fondcare Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Colegio San Jorge de Miraflores S.C.R.L.	Lima, Peru	100%
Colegios Privados Internacionales SL	Madrid, Spain	100%
Corporación CLR S.A.C.	Lima, Peru	100%
Formación, Educación Y Cultura, S.C.	Mexico City, Mexico	90%
France Family Partners LLP	Louisiana, United States	95%
High School Thomas Jefferson, S.C.	Mexico City, Mexico	100%
Ilmu Bijak Bestari Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Inmobiliaria de Mexico Mes, S.A. de C.V.	Mexico City, Mexico	100%



## Notes to the Company financial statements (continued)

### 3. Investments (continued)

Company name	Registered address	Percentage ownership of ordinary shares
Inmobiliaria Emibu S.A.	Quito, Ecuador	100%
Inmobiliaria Panamericana C.A.	Quito, Ecuador	100%
Inmobiliaria Pel, S.A.	Guadalajara, Mexico	100%
Instituto Educativo Moderno De Guayaquil Inemoquil C. Ltda.	Quito, Ecuador	100%
Instituto Thomas Jefferson Guadalajara, S.C.	Guadalajara, Mexico	100%
Instituto Thomas Jefferson Company Querétaro, S.C.	Querétaro, Mexico	100%
Instituto Thomas Jefferson Valle Real, S.C.	Guadalajara, Mexico	100%
International Parents Trust, LLC	Louisiana, United States	100%
International Schools Partnership Services Limited *	London, United Kingdom	100%
Inversiones La Colina MCM, S.A.S.	Bogota, Colombia	100%
Ipoh International School Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
ISP Baton Rouge, Inc.	Louisiana, United States	100%
ISP Bellevue Inc.	Washington, United States	100%
ISP Broward Holdings LLC	Florida, United States	100%
ISP Broward LLC	Florida, United States	100%
ISP Chile Limited (formerly PIL Brazil Holdings 1 Limited)	London, United Kingdom	100%
ISP Chile SpA	Santiago, Chile	100%
ISP Colombia Limited (formerly ISP Dormant 3 Limited)	London, United Kingdom	100%
ISP Colombia SAS	Bogota, Colombia	100%
ISP Costa Rica Limited	London, United Kingdom	100%
ISP Dormant 1 Limited	London, United Kingdom	100%
ISP East Coast Holdings Inc	Delaware, United States	100%
ISP Ecuador Limited	London, United Kingdom	100%
ISP Kehoe Holdings LLC	Louisiana, United States	95%
ISP Malaysia Limited	London, United Kingdom	100%
ISP Peru Limited (formerly ISP Dormant 2 Limited)	London, United Kingdom	100%
ISP US Holdings Inc	Delaware, United States	100%
ISP US Management Co.	Delaware, United States	100%
ISP Vietnam Limited	London, United Kingdom	100%
ISP West Coast Holdings Inc	Delaware, United States	100%
Jovial Learner S.à r.l	Luxembourg, Luxembourg	100%
Kehoe-France Inc.	Louisiana, United States	95%
Kehoe-France Day Camp, Inc.	Louisiana, United States	95%
Kindergarden Thomas Jefferson, S.C.	Mexico City, Mexico	100%

## Notes to the Company financial statements (continued)

### 3. Investments (continued)

Company name	Registered address	Percentage ownership of ordinary shares
Kindergarden Thomas Jefferson Company Guadalajara, S.C.	Guadalajara, Mexico	100%
Hamilton International Development Limited (formerly known as Marlborough Group Limited)	Tortola, British Virgin Islands	100%
Liceo Panamericano LPSA S.A.	Quito, Ecuador	100%
Muntazeh English School SPC (Park House English School)	Doha, Qatar	100%
The Aquila School Owned by Shaikh Mohammed Maktoum Juma Al Maktoum One Person Company LLC (Aquila)**	Dubai, UAE	0%
Oaks International School Limited	London, United Kingdom	100%
Permotio Consultancy DWC LLC	Dubai, UAE	100%
Permotio Consultancy DWC Dubai Branch	Dubai, UAE	100%
PIL (Dubai) SPC 1 Ltd **	Dubai, UAE	0%
PIL Brazil Holdings 1 Limited	London, United Kingdom	100%
PIL Brazil Holdings 2 Limited	London, United Kingdom	100%
PIL Europe Holdings Limited	London, United Kingdom	100%
PIL Mexico Holdings 1 Limited	London, United Kingdom	100%
PIL Mexico Holdings 2 Limited	London, United Kingdom	100%
PIL Mexico SL	Mexico City, Mexico	100%
PIL Middle East Holdings Limited	London, United Kingdom	100%
PIL UK Holdings 1 Limited	London, United Kingdom	100%
PIL UK Holdings 2 Limited	London, United Kingdom	100%
PIL US Holdings Limited	London, United Kingdom	100%
Pink & Blue, S.C.	Mexico City, Mexico	100%
Promouvoir Management Consultancy LLC **	Abu Dhabi, UAE	49%
Reach British School LLC **	Abu Dhabi, UAE	49%
Red Wolf Wilderness Adventures, LLC	Louisiana, United States	100%
River Forest Partners LLC	Louisiana, United States	95%
Rodríguez y Maulén Educacional SpA	Santiago, Chile	100%
Tambay Aravaca SL	Madrid, Spain	100%
Tecnologia Educativa S.A.C.	Lima, Peru	100%
Temple Cambridge Limited	London, United Kingdom	100%
Tenby Aman Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Tenby Ecohill Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Tenby Educare SDN. BHD.	Kuala Lumpur, Malaysia	100%
Tenby Education Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Tenby Labuan Foundation	Federal Territory of Labuan, Malaysia	100%

## Notes to the Company financial statements (continued)

### 3. Investments (continued)

Company name	Registered address	Percentage ownership of ordinary shares
Tenby Rawang Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Tenby Southern Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Tenby World Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
The Hamilton International School LLC**	Doha, Qatar	49%
Thomas Jefferson Zona Esmeralda TJZE, S.C.	Mexico City, Mexico	100%
Tienda Cincuenta Aniversario, S.A.	Santa Ana, Costa Rica	95%
Torpequil Inmobiliaria Torpinob S.A.	Quito, Ecuador	100%

\*These entities are direct subsidiaries of the Company; all others are indirectly held.

\*\* Although the Company owns indirectly less than half of the shares of these entities, management has determined that the Company indirectly controls them. This is by virtue of agreement with the companies' other shareholders whereby the Company exercises management control over the entities.

### 4. Debtors: amounts falling due after more than one year

	31 August 2020	31 August 2019
(in €000's)		
Due from group undertakings	500,860	511,722
	<u>500,860</u>	<u>511,722</u>

The debtors due from group undertakings are charged interest at 10.3313%.

### 5. Debtors: amounts falling due in less than one year

	31 August 2020	31 August 2019
(in €000's)		
Prepayments	875	1,058
Due from group undertakings	9,045	4,667
	<u>9,920</u>	<u>5,725</u>

The debtors due from group undertakings are charged interest at 10.3313%.

## Notes to the Company financial statements (continued)

### 6. Creditors: Amounts falling due within one year

	31 August 2020	31 August 2019
(in €000's)		
Trade creditors	55	385
3 <sup>rd</sup> party and bank loan accrued interest	4,839	2,452
3 <sup>rd</sup> party loans	2,542	2,862
Other creditors	-	6,395
Accruals	1,373	968
Amount owed to group undertakings	<u>128,343</u>	<u>116,038</u>
	<u>137,152</u>	<u>129,100</u>

The 3<sup>rd</sup> party loan is due to the vendor of Instituto Thomas Jefferson (ITJ) (a group of schools acquired by the Company in a prior period). The loan is due to be repaid by May 2021.

### 7. Creditors: Amounts falling due after more than one year

	31 August 2020	31 August 2019
(in €000's)		
Bond	146,200	109,500
Bank loans	549,304	417,499
Amounts owed to group undertakings	139,232	124,863
	<u>834,736</u>	<u>651,862</u>

There are three bank loans that are all Euro denominated.

- Term Loan (€275m principal plus accrued interest of €2,120,298) is repayable in September 2024.
- Acquisition Facility (€260m principal plus accrued interest of €2,004,646) is repayable in September 2024.
- Revolving Credit Facility (€30m principal plus accrued interest of €142,833) is repayable in September 2023

Included within the bank loan creditors are capitalised deal fees of €15,695,802 (2019: €14,503,993).

The bonds are listed on the Guernsey stock exchange. They are repayable in 2024.

The interest rates on the bank loans and listed bond range from: Base rate + 2.25%-6.50%

The amounts owed to group undertakings are charged interest at 10.3313%.

## Notes to the Company financial statements (continued)

### 8. Share capital and share premium

(in €000's)	31 August 2020	31 August 2019
<b>Allotted, called up and fully paid</b>		
Share Premium	9,936	9,035
Ordinary shares	<u>2</u>	<u>2</u>

As at 31 August 2020, the Company had 136,787 A ordinary shares of €0.01 each, 7,727 A1 ordinary shares of €0.0001 each, one ordinary share of £1, 3,054 B1 ordinary shares of €0.01 each, 240 B2 shares of €1.50 each, 13,350 C shares of €0.00001 each and 5,722 D ordinary shares of €0.00001 each. The issues in the year are consistent with the prices listed at the year-end.

During the year, the Company has issued 106,988 A1 ordinary shares of €0.0001 each, 200 C ordinary shares of €0.00001 each and 86 D ordinary shares of €0.00001 each.

	A	B1	Ordinary	A1	B2	C	D
In shares							
On issue at 1 September 2019	136,787	3,054	1	7,727	240	13,350	5,722
Issued during the year	-	-	-	106,988	-	200	86
<b>On issue at 31 August 2020</b>	<b>136,787</b>	<b>3,054</b>	<b>1</b>	<b>114,715</b>	<b>240</b>	<b>13,550</b>	<b>5,808</b>

### 9. Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Profit and loss account – includes all current and prior period retained profits and losses.

Share premium – this reserve represents the amount paid by the shareholders in excess of the Company's share capital nominal value.

### 10. Ultimate parent undertaking and controlling party

At 31 August 2020, the ultimate parent company and the next parent preparing consolidated financial statements is Permotio International Learning S.à r.l (6 Rue Eugene Ruppert, L-2453, Luxembourg). The consolidated financial statements will be available from the Luxembourg Trade and Companies Register.

Partners Group AG (Switzerland) is considered to be the ultimate controlling party by virtue of its controlling shareholding.

## **Notes to the Company financial statements (continued)**

### **11. Subsequent events**

On 1 December 2020, ISP Lynn-Rose Inc. (Canadian resident), which is a 100% owned subsidiary of ISP North America Limited (UK resident), which is a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Lynn-Rose Corp, Lynn-Rose College Inc. and Young Explorers Educational Services Inc. The companies were purchased for CAD 19,444,000.

On 3 December 2020, ISP Rowntree Inc. (Canadian resident), which is a 100% owned subsidiary of ISP North America Limited (UK resident), which is a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of 4039459 Canada Ltd and Rowntree Montessori Schools Inc. The companies were purchased for CAD 22,072,000.

On 25 November 2020, €27,500,000 was drawn down from the acquisition facility to facilitate the post year end acquisitions in Canada.