

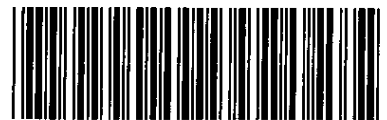
Inspired Education Holdings Limited

Annual Report and Consolidated Financial Statements

For the year ended 31 August 2021

Registered number: 10392529

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Inspired Education Holdings Limited

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Inspired Education Holdings Limited

Officers and professional advisers

Directors

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N Nsouli
C Parkin
A Sarma
I Stoyanov
R Rishani

Secretary

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Solicitors

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Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Inspired Education Holdings Limited

Strategic report

This strategic report has been prepared for Inspired Education Holdings Limited and its subsidiary undertakings ('the Group') as a whole and therefore gives greater emphasis to those matters which are significant to the Group when viewed as a whole.

Principal activity

The principal activity of the Group is to provide private education services across the world.

Review of the business

The Consolidated statement of comprehensive income is set out on pages 15 and 16.

The Directors are delighted with the underlying performance of the Group, particularly in light of the continued impact of the COVID-19 pandemic, with enrolments increasing 10%; revenue increasing 10%; EBITDA before highlighted items increasing 10%, and Adjusted EBITDA increasing 14% year on year.

Revenue for the year ended 31 August 2021 was €528.4 million (2020: €479.4 million; 2019: €332.6 million) and profit before tax was €39.9 million (2020: €16.0 million; 2019: €2.0 million). These numbers do not include the full year impact of acquisitions completed during the year, and are prior to the adjustment of highlighted items.

Notwithstanding the growth noted above, the COVID-19 pandemic resulted in a short-term loss of enrolments, restricted the ability of the Group to increase tuition fees in certain locations, and had an impact on the Group's ability to deliver ancillary services, especially when physical school sites were forced to close or social distancing measures were enforced.

While the year ended 31 August 2021 was significantly less disrupted by the pandemic than the previous year, the period saw sporadic school closures across the globe, including longer-term closures across Latin America. The majority of the enrolment impact of the pandemic was felt in Early Learning Schools (ELS), due to the challenges to deliver effective and value for money virtual education to the youngest years.

The Group used a number of estimates and management judgements to establish the estimated impact of COVID-19 on the operating results. The Group assessed the revenue impact of these items, when comparing actual performance to forecast / pre pandemic level, to be €46.7 million. The estimated revenue impact of the pandemic is expected to be short term.

In order to mitigate the adverse impact of this reduced revenue, the Group implemented significant cost reduction measures, including staff costs as well as operating expenses. Cost savings for the period versus forecast / pre pandemic level, that the Group consider to be COVID-19 related, were estimated to be €21.1 million. The net impact of COVID-19 on EBITDA for the year ended 31 August 2021 is therefore assessed to be €25.6 million.

The Group's net assets as at 31 August 2021 were €565.2 million (31 August 2020: €513.4 million; 31 August 2019: €542.0 million). The increase in reported net assets in the current year is a result of profit for the year, as well as a movement in foreign exchange rates against the Euro, which has increased the reported value of the Group's non-Euro denominated balances.

Financing activities

On 25 June 2021, the Group increased its Term Loan borrowing by €80 million, taking the total Term Loan outstanding to €795 million. The Group's committed revolving credit facility remains unchanged at €85 million. The proceeds from the additional borrowings were used to fund various acquisitions and provide additional liquidity to the business.

A number of small local loan facilities were also entered into during the year to fund local working capital and capital expenditure projects. Refer to note 18 for further detail.

Inspired Education Holdings Limited

Strategic report (continued)

Share capital movements

Issue of new shares

Inspired Education Holdings Limited ('the Company') issued the following ordinary shares during the year:

Date	Class of shares	Number of shares issued	Consideration
11 September 2020	G2	661,341	€0.0 million
11 September 2020	G3	688,467	€0.0 million
18 September 2020	G3	38,860	€0.0 million
7 October 2020	G3	42,641	€0.0 million
23 December 2020	G3	113,060	€0.0 million
4 March 2021	G3	272,595	€0.0 million
30 July 2021	G3	344,375 ¹	€0.0 million
30 July 2021	G4	1,056,830	€0.0 million

¹ Issued to the Employee Benefit Trust

Other transfers to the Employee Benefit Trust

On 23 December 2020, 53,983 G2 Class Ordinary shares were transferred by existing shareholders into the Employee Benefit Trust.

On 30 June 2021, 53,173 G2 Class Ordinary shares and 124,141 G3 Class ordinary shares were transferred by existing shareholders into the Employee Benefit Trust.

Business combinations

During the current year, the Group made the following acquisitions:

- On 13 November 2020, the Group acquired an additional 10% of the shares in O Parque – Ensino de Crianças, SA ('PaRK') for consideration of €4.9 million, taking the ownership to 100%.
- On 20 November 2020, the Group acquired 100% of the shares in A-Star-Education Schools SG Holdco Pte. Ltd., a Singapore domiciled holding company that owns and operates a school in Vietnam. Consideration paid was VND 555,099 million (€20.2 million).
- On 23 December 2020, the Group acquired an additional 10% of the shares in King's College Latvia S.A. for consideration of €0.2 million, taking the ownership to 100%.
- On 28 December 2020, the Group acquired 99.4% of the shares of Kensington School SA, a business operating a school in Spain, for total consideration of €28.3 million.
- On 1 March 2021, the Group acquired 100% of the school and associated assets, rights and interests of Remuera Discovery Express, a business operating a pre-school in New Zealand, for total consideration of NZD 5.0 million (€3.0 million).
- On 6 May 2021, the Group acquired 100% of the shares in Ostaz Holdings SAL, a business operating an online tutoring platform, and simultaneously issued a 39.8% minority interest in the newly incorporated holding company to the vendors. Consideration paid was USD 7.0 million (€5.9 million).
- On 25 May 2021, the Group acquired 100% of the shares in Wey Education plc, a business operating an online school, for total consideration of GBP £70.4 million (€81.4 million).
- On 12 July 2021, the Group acquired an additional 6% of the shares in Socieduca – Sociedade De Educacao, SA ('St Peters') for consideration of €2.5 million, taking the ownership to 55% (total consideration for 55% €30.2 million).
- On 28 July 2021, the Group acquired an additional 10% of the shares in PT Awal Cakrawala Gemilang for consideration of IDR 14,564,000,000 (€0.8 million), taking the ownership to 100%.

Inspired Education Holdings Limited

Strategic report (continued)

Key performance indicators

The Group uses a range of key performance indicators (KPIs) to monitor performance and progress towards strategic objectives. The principal KPIs include: Revenue; Earnings before interest, tax, depreciation and amortisation (EBITDA); EBITDA before highlighted items; Adjusted EBITDA; and pupil enrolments. Management review segment results on the basis of EBITDA before highlighted items and central costs.

An analysis of these KPIs is provided in the table below:

	2021	2020	2019
Revenue €'000	528,356	479,388	332,576
EBITDA €'000	161,278	127,187	50,423
EBITDA before highlighted items €'000	166,935	151,723	66,678
Adjusted EBITDA €'000	129,791	113,817	66,678
Period end pupil enrolments	52,305	47,345	36,963

These numbers do not include the full year impact of acquisitions completed during each year.

The KPIs above reflect the continued growth of the Group during the year, including the full year impact of acquisitions made during 2020, part year impact of acquisitions made in 2021, and organic revenue growth achieved in developed markets benefiting from initial pandemic recovery (primarily in Europe and Asia Pacific).

EBITDA

EBITDA represents profit before tax, interest, depreciation, and amortisation. A reconciliation from profit before tax to EBITDA is provided below.

EBITDA before highlighted items

The Directors assess the profitability of the Group on a basis (as defined in the appendix) which excludes highlighted items (such as but not limited to pre-opening or start-up results for greenfield investments; acquisition-related transaction costs; and restructuring costs). The Group's 'EBITDA before highlighted items' for the year was €166.9 million (2020: €151.7 million; 2019: €66.7 million), or a Margin before highlighted items of 31.6% (2020: 31.8%; 2019: 20.2%), which represents growth of 10% versus 2020.

A reconciliation from profit / (loss) for the year to EBITDA before highlighted items is included below.

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Profit / (loss) for the year	25,649	13,799	(8,241)
Tax	14,227	2,239	10,290
Profit before tax	39,876	16,038	2,049
Net finance costs	53,468	48,565	22,146
Amortisation	19,076	16,534	10,789
Depreciation	48,858	46,050	15,439
EBITDA	161,278	127,187	50,423
Pre-opening/start-up operating loss	2,452	4,081	646
Acquisition and transaction related costs	7,632	5,851	9,932
Adjustment to acquisition purchase consideration paid	-	-	(592)
Costs incurred on the disposal or closure of a subsidiary	244	331	-
Restructuring and integration costs	3,393	14,273	6,269
Gain on disposal of associate through step-acquisition	(8,064)	-	-
EBITDA before highlighted items	166,935	151,723	66,678

Inspired Education Holdings Limited

Strategic report (continued)

Adjusted EBITDA

Adjusted EBITDA is calculated as EBITDA before highlighted items, less cash payments for property and other leases. A reconciliation to EBITDA before highlighted items is as follows:

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
EBITDA before highlighted items	166,935	151,723	66,678
Cash payments on leases	(37,144)	(37,907)	-
Adjusted EBITDA	129,791	113,816	66,678

The Group's adjusted EBITDA is monitored by the Directors as it is considered a key KPI for the Group's shareholders and lenders. The Group's Adjusted EBITDA for the year was €129.8 million (2020: €113.8 million; 2019: €66.7m), or an Adjusted margin of 24.6% (2020: 23.7%; 2019: 20.0%), which represents growth of 14% versus 2020.

Principal risks and uncertainties

The Group's operations expose it to a variety of business and financial risks. The Group has mechanisms in place that seek to limit the adverse impacts of these risks on the financial performance of the Group.

Market risk - enrolments

The Group's financial performance is dependent on new students enrolling, and re-enrolment of existing students. The Group actively looks to invest in, and improve, service quality and customer offerings which, together with established strong customer relationships, combine to mitigate pupil enrolment risk. Actual and forecast enrolments are monitored on a weekly basis. Continual investment and improvements are made in group, regional and local marketing and admissions processes and procedures.

As part of the Group's disaster recovery planning, the Group introduced a number of remote learning solutions to mitigate against the impact of any unforeseen closure of school premises, as was experienced as part of the COVID-19 pandemic. The provision of such solutions allows the Group to continue to deliver its primary principal activity of delivering education services.

Employee risk

The continued success of the Group is dependent on the quality of its teachers and staff. The Group continually reviews its HR practices, including personal development and reward structures, to improve the retention of key staff, and attract high quality new staff members.

Regulatory risk

The Group has to comply with various licence and other regulatory requirements to continue its operations. These requirements are continually monitored by local, regional and Group representatives from Health & Safety, Education and other operations to ensure continued compliance.

COVID-19 / Pandemic risk

The safety and well-being of our students and employees is our primary priority. Whilst any closure of physical school sites will have an impact on the level of ancillary income that the Group earns, the delivery of live streamed teacher led classes ensures that the schools continue to deliver tuition to all of our students. As outlined earlier in the Strategic Report, the Group implemented significant cost reduction measures, including staff costs as well as operating expenses, in order to mitigate the adverse impact of the reduced revenue.

Credit risk

Trade receivables consist of a widespread customer base, with no concentration of risk.

Liquidity risk

The Group actively manages its finances, including conducting regular cash flow forecasts, and ensuring availability of sufficient cash balances and sources of longer-term debt, to ensure that the Group has sufficient funds available for its operations.

Inspired Education Holdings Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Interest rate cash flow risk

The Group has both interest-bearing assets and liabilities. The interest-bearing assets and liabilities are principally cash balances and borrowings, subject to floating interest rates. Exposures to interest rate risk are continually monitored.

Foreign exchange risk

Much of the Group's foreign exchange exposure is mitigated through local currency denominated expenses providing a natural hedge to local currency denominated revenues. For the year ended 31 August 2021, no foreign exchange instruments were used to manage foreign exchange risk. The Directors keep these measures under constant review.

Corporate governance

The Group is committed to good governance appropriate for a Group of its size in order to run its business effectively and ensure it can manage risk appropriately.

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

Inspired has a clearly defined organic growth strategy, supported by accretive acquisitions. The strategy is supported through documented operational business goals and objectives that are communicated with employees and other relevant stakeholders.

Decisions made by the Directors during the year ended 31 August 2021 included the approval of acquisitions and school closures; approval of additional borrowings drawn; and approval of staff restructuring activities.

Our decisions are made to have a long-term beneficial impact on the Company and to contribute to the Company's success in delivering a better quality education for our students. Our decisions take into account the impact of the company's operations on the community and environment, and our wider societal responsibilities.

The Board of Directors consider that in the decisions taken during the year, they have acted in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, having regard to (amongst other matters):

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

The Board reviews material new contracts (such as acquisition agreements, refinance transactions), to ensure that the appropriate level of diligence has been performed in understanding the obligations, risks and terms. This enables the Group to protect the integrity and long-term sustainability of its business, to meet its strategic objectives and to create value for its shareholders, customers and suppliers.

Our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours.

Our employees are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business. The Group also has in place an equity ownership structure for certain senior management in the Group that aligns management's remuneration to the long-term sustainable success of the Company.

The Group operates a zero-tolerance approach to modern slavery and human trafficking. In 2021, we updated our Modern Slavery Act Statement and have stated how the Inspired Education Group of companies are working to prevent human trafficking and modern slavery in our business and our supply chains. Further information is available on our website.

Inspired Education Holdings Limited

Strategic report (continued)

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

We also aim to act responsibly and fairly in how we engage and co-operate with all of our other primary stakeholders - our customers, suppliers, communities, government regulators, debt providers, and shareholders - all of whom are integral to the success of the Group.

The Board is committed to social responsibility, community engagement and environmental sustainability. It achieves this through its commitment to a culture of ensuring the safety, health and wellbeing of everyone who works in the Group; creating positive environmental and social impact; and valuing and respecting all staff.

The Group's website (www.inspirededu.com), and social media channels provide extensive and up-to-date news on recent developments.

Future developments

The Directors expect the general level of activity to continue to increase in the forthcoming year. This is a result of continued growth in fee revenue; cost control; and the full year impact of new acquisitions made during the current year. Whilst the outbreak of COVID-19 has resulted in extreme global economic volatility, for the reasons noted elsewhere in the Strategic Report, the Directors consider that the Group remains well placed to mitigate against the risks arising from the continuation of the pandemic, and to benefit from any future rebounds in the macro-economic environment.

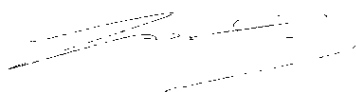
Post balance sheet events

On 6 September 2021, the Company issued 46,397 G4 Ordinary shares for consideration of €0.0 million.

On 25 October 2021, the Company issued 319,972 G4 Ordinary shares for consideration of €0.0 million.

On 14 December 2021, the Group acquired the remaining 45% of Socieduca – Sociedade De Educacao, SA ('St Peters') that was owned by non-controlling interests, for consideration of €20.0 million.

Approved by the Board and signed on its behalf by



N M Nsouli
Director

Date: 17 December 2021

Registered Office:
Sixth Floor
3 Burlington Gardens
London
W1S 3EP

Inspired Education Holdings Limited

Directors' report

The Directors present their annual report and audited financial statements for the year ended 31 August 2021.

The financial statements are for Inspired Education Holdings Limited ("the Company") and its subsidiary undertakings (together, "the Group").

Future developments

Details of future developments can be found in the Strategic report on page 3 and form part of this report by cross-reference.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in the Strategic report on page 7 and in Note 33 to the financial statements.

Financial risk management objectives and policies

Details of financial risk management objectives and policies are contained in the Strategic report on page 3 and in Note 32 to the financial statements.

Dividends

The Directors do not propose the payment of a dividend for the year (2020: €Nil; 2019: €Nil).

Going concern

Notwithstanding the uncertainty of the impact of the current COVID-19 pandemic, the Directors have reviewed the future forecast cash requirements of the Group; its ability to draw down on its loan facilities; and its ability to meet the debt covenants, and consider that there are no material uncertainties that may cast significant doubt about Group's ability to continue as a going concern. The Directors have therefore adopted the going concern basis in preparing the financial statements. Refer to Note 3 for further information.

Directors

The following Directors have, unless otherwise stated, held office throughout the year and up to the date of approval of this report:

N M Nsouli
C G Parkin
G R G Crawford
A Sarma
I Stoyanov
R Rishani (appointed 17 September 2020)

Directors' indemnities

The Group has made qualifying third party indemnity provisions for the benefit of its Directors and Directors of subsidiary entities, which were made during the year and remain in force at the date of this report.

Political contributions

No political donations were made during the year (2020: €Nil; 2019: €Nil).

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Inspired Education Holdings Limited

Directors' report (continued)

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings, and regular consultation with employee representatives on a wide range of matters affecting their current and future interests.

Greenhouse Gas Emissions Reporting

In accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations"), the Group reports the following information on its greenhouse gas emissions.

The Group recognises its responsibilities to conserve resources and is committed to continuous improvement in the environmental impact of its operations. Due to the nature of our business, the Group does not have a high environmental impact. Our principal impact comes from the energy we use across our school building facilities. Our focus is on making our facilities more efficient and obtaining electricity from lower-emission sources.

We have reported greenhouse gas emissions for our UK schools. The Group head office building, and UK Online head office building have not been included as the utilities are provided by the landlord and included in an overall office rental charge, and therefore information on the exact amounts consumed at this site are not available.

Primarily, our greenhouse gas emissions arise from using natural gas, electricity, heating oil and water which are Scope 2 emissions and waste disposal which falls within Scope 3 emissions.

The table below shows the total emissions for the UK Group:

For the year ended 31 August 2021

Description	Unit	Total	Emissions factor	Total GHG Emissions (Tonnes CO ₂ e)
Annual Gas usage	kWh	2,239,136	0.1844	413
Annual Electricity usage	kWh	1,232,459	0.2123	262
Annual water usage	Cubic Metres	115,041	0.1490	17
Waste disposal	Tonnes	112	21.2936	2
Heating oil	Litres	-	-	-
Total GHG Emissions (Tonnes CO ₂ e)				694

For the year ended 31 August 2020

Description	Unit	Total	Emissions factor	Total GHG Emissions (Tonnes CO ₂ e)
Annual Gas usage	kWh	1,894,258	0.1839	348
Annual Electricity usage	kWh	1,428,642	0.2331	333
Annual water usage	Cubic Metres	106,953	0.3440	37
Waste disposal	Tonnes	84	21.3167	2
Heating oil	Litres	23,267	3.1832	74
Total GHG Emissions (Tonnes CO ₂ e)				794

Comparative information was not required for the year ended 31 August 2019

Intensity ratio

We consider GHG Emissions (expressed in Tonnes of CO₂e) per € million of revenue as the most appropriate KPI for the Group. The Group's intensity ratio is the percentage of total GHG emissions to UK school sales revenue (excluding online revenue). For the year to 31 August 2021 the ratio was 27 (31 August 2020 – 29).

Inspired Education Holdings Limited

Directors' report (continued)

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor of the Group and a resolution to reappoint will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



N M Nsouli
Director

Date: 17 December 2021

Registered Office:
Sixth Floor
3 Burlington Gardens
London
W1S 3EP

Inspired Education Holdings Limited

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the Directors are required to:

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

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

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

Inspired Education Holdings Limited

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

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Inspired Education Holdings Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2021, 31 August 2020 and 31 August 2019 and of the group's profit or loss for the years 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 and International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 47.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

Conclusions relating to going concern

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

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

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

Inspired Education Holdings Limited

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Inspired Education Holdings Limited

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

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Acquisition accounting – valuation of identified intangible assets:
 - assessment of the competence, independence and methodology of management's valuation expert; and
 - assessment of the identification and valuation of the intangible assets through verification of third-party evidence, benchmark market data and the involvement of our internal valuation specialists.
- Impairment of goodwill:
 - challenge of management prepared forecasts through comparison with historical performance, market trends and recent performance; and
 - assessment of the key inputs and assumptions through benchmarking to independent market data.
- Revenue recognition – accuracy of revenue deferred:
 - for a sample of transactions close to the year end, verification of fee invoices, payments and evidence of the student's placement at the school to evaluate the amount of revenue deferred.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Inspired Education Holdings Limited

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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 respect of these matters.

Use of our report

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

Kate Darlison

Kate Darlison, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

17 December 2021

Inspired Education Holdings Limited

Consolidated statement of comprehensive income For the year ended 31 August 2021

	Note	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Revenue	5	528,356	479,388	332,576
Operating expenses		(444,029)	(415,356)	(308,124)
Share of results of associates		953	571	(257)
Operating profit		85,280	64,603	24,195
Gain on disposal of associate through step-acquisition	5	8,064	-	-
Finance income	8	758	1,205	1,356
Finance costs – other	8	(30,426)	(26,833)	(23,502)
Finance costs – lease liability	8	(23,800)	(22,937)	-
Profit before tax		39,876	16,038	2,049
Tax	9	(14,227)	(2,239)	(10,290)
Profit / (loss) for the year	6	25,649	13,799	(8,241)
Attributable to:				
Owners of the Company		25,929	13,582	(8,630)
Non-controlling interests		(280)	217	389
		25,649	13,799	(8,241)

Inspired Education Holdings Limited

Consolidated statement of comprehensive income (continued) For the year ended 31 August 2021

	Note	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Profit / (loss) for the year		25,649	13,799	(8,241)
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of net defined benefit liability	30	1,435	883	(766)
Income tax relating to items that will not be reclassified subsequently to profit or loss		(203)	-	(189)
		1,232	883	(955)
Items that may be reclassified subsequently to profit or loss:				
Exchange gains / (losses) on translation of foreign operations		16,054	(42,815)	(125)
		16,054	(42,815)	(125)
Other comprehensive income / (loss) for the year, net of tax		17,286	(41,932)	(1,080)
Total comprehensive income / (loss) for the year		42,935	(28,133)	(9,321)
Total comprehensive income / (loss) attributable to:				
Owners of the Company		43,215	(28,350)	(9,710)
Non-controlling interests		(280)	217	389
		42,935	(28,133)	(9,321)

Inspired Education Holdings Limited

Consolidated balance sheet

At 31 August 2021

	Note	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Non-current assets				
Goodwill	10	813,520	686,075	562,345
Other intangible assets	11	283,067	237,462	156,060
Property, plant and equipment	13	543,409	472,658	401,149
Right of use assets	14	280,782	271,984	-
Deferred tax assets	19	18,514	9,425	4,088
Investment in associate	12	-	18,675	18,104
Other non-current assets	12	112	50	284
		<u>1,939,404</u>	<u>1,696,329</u>	<u>1,142,030</u>
Current assets				
Inventories	16	1,830	1,309	668
Trade and other receivables	17	86,291	80,113	73,898
Cash and bank balances		111,865	95,512	121,898
		<u>199,986</u>	<u>176,934</u>	<u>196,464</u>
Total assets		<u>2,139,390</u>	<u>1,873,263</u>	<u>1,338,494</u>
Current liabilities				
Trade and other payables	20	(76,818)	(53,584)	(46,212)
Current tax liabilities		(5,043)	(5,434)	(5,485)
Obligations under finance leases	35	-	-	(555)
Borrowings	18	(22,170)	(8,870)	(5,391)
Lease obligations	14	(17,005)	(24,499)	-
Provisions	21	(4,226)	(3,405)	(4,955)
Deferred consideration and consideration payable for non-controlling interests	22	(26,252)	(7,215)	(22,152)
Deferred revenue	31	(208,765)	(191,249)	(181,140)
		<u>(360,279)</u>	<u>(294,256)</u>	<u>(265,890)</u>
Net current liabilities		<u>(160,293)</u>	<u>(117,322)</u>	<u>(69,426)</u>
Non-current liabilities				
Borrowings	18	(824,075)	(716,473)	(464,168)
Lease obligations	14	(288,838)	(266,678)	-
Retirement benefit obligations	30	(2,143)	(3,319)	(4,002)
Long-term provisions	21	(1,386)	(1,335)	(3,819)
Deferred consideration and consideration payable for non-controlling interests	22	(5,075)	(2,190)	(3,666)
Deferred revenue	31	(63)	(91)	(108)
Deferred tax liabilities	19	(92,336)	(75,503)	(53,099)
Obligations under finance leases	35	-	-	(1,745)
		<u>(1,213,916)</u>	<u>(1,065,589)</u>	<u>(530,607)</u>
Total liabilities		<u>(1,574,195)</u>	<u>(1,359,845)</u>	<u>(796,497)</u>
Net assets		<u>565,195</u>	<u>513,418</u>	<u>541,997</u>

Inspired Education Holdings Limited

Consolidated balance sheet (continued) At 31 August 2021

	Note	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Equity				
Share capital	23	10,992	10,992	10,992
Share premium account	24	575,993	575,993	575,999
Common control reserve	25	(25,849)	(25,849)	(25,849)
Translation reserve	25	(35,275)	(51,329)	(8,514)
Other reserves	25	(36,461)	(20,347)	(17,112)
Retained earnings		39,837	12,676	(1,789)
Equity attributable to owners of the Company		529,237	502,136	533,727
Non-controlling interests	26	35,958	11,282	8,270
Total equity		565,195	513,418	541,997

The Group applied IFRS 16 Leases effective from 1 September 2019 using the modified retrospective approach; see Note 14 for further details.

The financial statements of Inspired Education Holdings Limited (registered number: 10392529) were approved by the Board of Directors and authorised for issue on 17 December 2021.

They were signed on its behalf by:



N M Nsouli
Director

Inspired Education Holdings Limited

Consolidated statement of changes in equity For the year ended 31 August 2021

Equity attributable to equity holders of the Company

Note	Share capital €'000	Share premium account €'000	Common control reserve €'000	Translation reserve €'000	Other reserves €'000	Retained earnings €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
	23	24	25	25	25			26	
At 1 September 2018	8,988	341,209	(25,849)	(8,389)	(16,324)	9,309	308,944	11,798	320,742
Profit/(loss) for the year	-	-	-	-	-	(8,630)	(8,630)	389	(8,241)
Other comprehensive income/(expense)	-	-	-	(125)	-	(955)	(1,080)	-	(1,080)
Total comprehensive income/(loss) for the year	-	-	-	(125)	-	(9,585)	(9,710)	389	(9,321)
Issue of share capital	2,004	-	-	-	-	-	2,004	-	2,004
Issue of share premium	-	238,997	-	-	-	-	238,997	-	238,997
Cost of share premium issue	-	(4,207)	-	-	-	-	(4,207)	-	(4,207)
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	3,740	3,740
Adjustment as a result of the adoption of IFRS 15	-	-	-	-	-	(1,677)	(1,677)	-	(1,677)
Transfers	-	-	-	-	(164)	164	-	-	-
Premium of share buy-back	-	-	-	-	(1,250)	-	(1,250)	-	(1,250)
Purchase of non-controlling interest	-	-	-	-	6,799	-	6,799	(6,799)	-
Recognition of gross obligations under option to purchase non-controlling interest	-	-	-	-	(9,028)	-	(9,028)	-	(9,028)
Payment of dividend to non-controlling interest	-	-	-	-	-	-	-	(171)	(171)
Additional non-controlling interest	-	-	-	-	2,855	-	2,855	(603)	2,252
Exchange differences	-	-	-	-	-	-	-	(84)	(84)
At 31 August 2019	10,992	575,999	(25,849)	(8,514)	(17,112)	(1,789)	533,727	8,270	541,997

Inspired Education Holdings Limited

Consolidated statement of changes in equity For the year ended 31 August 2021

	Equity attributable to equity holders of the Company						Retained earnings €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
	Share capital €'000	Share premium account €'000	Common control reserve €'000	Translation reserve €'000	Other reserves €'000					
Note	23	24	25	25	25	25				
At 1 September 2019	10,992	575,999	(25,849)	(8,514)	(17,112)	(1,789)	533,727	8,270	541,997	
Profit/(loss) for the year	-	-	-	-	-	13,582	13,582	217	15,799	
Other comprehensive income/(expense)	-	-	-	(42,815)	-	883	(41,932)	-	(41,932)	
Total comprehensive income/(loss) for the year	-	-	-	(42,815)	-	14,465	(28,350)	217	(28,133)	
Cost of share premium issue	-	(6)	-	-	-	-	(6)	-	(6)	
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	3,373	3,373	
Purchase of non-controlling interest	-	-	-	-	(3,235)	-	(3,235)	(614)	(3,849)	
Exchange differences	-	-	-	-	-	-	-	36	36	
As at 31 August 2020	10,992	575,993	(25,849)	(51,329)	(20,347)	12,676	502,136	11,282	513,418	
At 1 September 2020	10,992	575,993	(25,849)	(51,329)	(20,347)	12,676	502,136	11,282	513,418	
Profit for the year	-	-	-	-	-	25,929	25,929	(280)	25,649	
Other comprehensive income	-	-	-	16,054	-	1,232	17,286	-	17,286	
Total comprehensive income for the year	-	-	-	16,054	-	27,161	43,215	(280)	42,935	
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	28,479	28,479	
Purchase of non-controlling interest	-	-	-	-	(17,224)	-	(17,224)	(3,523)	(20,747)	
Share based payments	-	-	-	-	1,110	-	1,110	-	1,110	
As at 31 August 2021	10,992	575,993	(25,849)	(35,275)	(36,461)	39,837	529,237	35,958	565,195	

Inspired Education Holdings Limited

Consolidated cash flow statement For the year ended 31 August 2021

	Note	Year ended 31 August 2021 €'000	Year ended 31 August Restated 2020 €'000	Year ended 31 August Restated 2019 €'000
Net cash from operating activities	28	94,115	65,272	48,043
Investing activities				
Interest received		711	1,233	1,275
Proceeds on disposal of property, plant and equipment		1,331	2,813	52
Purchases of property, plant and equipment		(50,989)	(51,150)	(61,370)
Cost of internally developed intangible assets		(4,832)	(856)	-
Deferred consideration payments		(2,049)	(19,701)	(927)
Acquisition of business, net of cash acquired	27	(111,437)	(252,547)	(388,534)
Acquisition of investment in associates		-	-	(18,061)
Proceeds from sale of business, net of cash disposed		-	318	8,738
Net cash used in investing activities		(167,265)	(319,890)	(458,827)
Financing activities				
Drawdown of borrowings		113,487	250,166	539,873
Repayments of borrowings		(5,992)	(2,793)	(284,173)
Repayments of lease obligations		(13,344)	(14,983)	(4,309)
Acquisition of non-controlling interests		(6,033)	-	(8,882)
Proceeds on issue of shares, net of share issue costs		-	124	236,792
Dividends paid to non-controlling interests		-	1	(171)
Net cash from financing activities		88,118	232,515	479,130
Net increase/(decrease) in cash and cash equivalents		14,968	(22,103)	68,346
Cash and cash equivalents at beginning of year				
Cash at beginning of year		95,512	121,898	53,811
Effect of foreign exchange rate changes		1,385	(4,283)	(259)
Cash and cash equivalents at end of year		111,865	95,512	121,898

The prior year comparative for 31 August 2020 has been restated to reclassify €15.0 million of capital repayments of lease obligations from operating activities to financing activities. The interest element remains in operating cashflows and there is no net overall impact to the net increase /(decrease) in cash and cash equivalents.

The prior year comparative for 31 August 2019 has been restated to reclassify €8.9 million of acquisition of non-controlling interests from investing activities to financing activities. There is no net overall impact to the net increase /(decrease) in cash and cash equivalents

Inspired Education Holdings Limited

Notes to the consolidated financial statements For the year ended 31 August 2021

1. General information

Inspired Education Holdings Limited (the “Company”) is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the Company’s registered office is:

Sixth Floor
3 Burlington Gardens
London
W1S 3EP

The principal activity of the Company and its subsidiaries (the “Group”) is to provide private education services across the world.

These financial statements are presented in Euros and all values are rounded to the nearest thousand Euros (€’000) except where otherwise indicated, because that is the currency of the primary economic environment in which the Group operates.

2. Adoption of new and revised Standards

In the current year, the Group adopted the following new IFRS standards and amendments issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IAS 1 and IAS 8	<i>Definition of Material</i>
Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
The Conceptual Framework for Financial Reporting	

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IAS 1	<i>Presentation of financial statements on classification of liabilities</i>
IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 16	<i>Property, Plant and Equipment—Proceeds before Intended Use</i>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS Standards 2018-2020 Cycle	<i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture</i>
IFRS 10 and IAS 28 (amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

3. Significant accounting policies

The principal accounting policies adopted are set out below.

Basis of accounting

The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 August each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

3. Significant accounting policies (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. *Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.*

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* when applicable, or the costs on initial recognition of an investment in an associate or a joint venture.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

3. Significant accounting policies (continued)

Employee Benefit Trust

Inspired Education Holdings Limited Employee Benefit Trust ('EBT') is accounted for under IFRS 10 and is consolidated on the basis that the Company has control, thus the assets and liabilities of the EBT are included on the consolidated balance sheet of the Company.

The shares held by the EBT are treated as a deduction from shareholders' funds in the financial statements. Other assets and liabilities of the trusts are consolidated in the Company's financial statements as if they were assets and liabilities of the Company.

Common control accounting

The Company consolidated the results of the Group entities it acquired on 30 November 2016 under common control accounting, on the basis that both the Company and the entities it acquired were ultimately controlled by the same party both before and after the combination. The Income Statement effect of common control accounting was to combine the post acquisition results of the acquired companies with the results of the Company. The Balance Sheet was recognised in the consolidation at book values, rather than fair value. No goodwill was recognised under this method of accounting. The surplus of consideration over the acquired net assets was recognised directly in equity within the Common Control reserve account.

Going concern

The Group meets its day-to-day working capital requirements through various bank facilities in place. After reviewing the future forecast cash requirements of the Group in the context of the Group's performance, profits and cash flows, ability to draw down on its loan facilities, and forecast future covenant compliance, the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

In considering the forecast trading performance of the Company and the Group, the Directors have considered the impact of the COVID-19 pandemic. This assessment recognises the inherent uncertainty associated with any forecasting, and, whilst the Directors believe that trading performance will remain robust, the scenarios prepared have included consideration of the impact on the Group's forecast trading performance and resulting cash flows of closure of school premises as required by regional or national level lockdowns in the countries in which Inspired's schools are located.

In assessing the appropriateness of the going concern assumption, the Directors have considered the ability of the Group to meet the debt covenant and maintain adequate liquidity through the forecast period. At 31st August 2021, the Group has cash of €111.9 million. At the date of signing these financial statements the Group has access to committed undrawn loan facilities of €85 million. The principal loan facilities in the group are not repayable until 2025 and 2026. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is able to operate comfortably within the level of its current facilities and meet its debt covenant obligation.

Sensitivities have been modelled to understand the impact of the various risks outlined above on the Group's cash headroom. Given the ability of the group to deliver its core tuition services remotely if required, at the date of this report, the assumptions in these sensitivities, when taking into account the factors set out above, are considered to be highly unlikely to lead to a shortage of available cash.

The Directors have considered the net current liability position of the Group, which is driven by the significant deferred revenue balances. As this will not result in a cash funding requirement, the Directors consider that the Group is able to meet its liabilities as they fall due.

On this basis, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements and that it remains appropriate to continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

3. Significant accounting policies (continued)

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interest in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from its interest in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income is reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

3. Significant accounting policies (continued)

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) or Group of CGUs expected to benefit from the synergies of the combination. CGUs or Groups of CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the CGU or Group of CGUs is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition and deferred income

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue is only recognised when a written contract is in place that identifies each party's rights and performance obligations regarding the goods or services to be transferred; payment terms are set; and it is considered probable that the consideration to which the Group is entitled under the contract will be collected.

The vast majority of the Group's revenue is from contracts with customers relating to annual school tuition fee income and other related fees from ancillary sources including examinations, school trips, boarding fees, bus transportation and catering fees. Further revenue is derived from the sales of school uniforms and other academic goods.

The Group considers that the performance obligations relating to tuition and boarding fees, and other regular services are fulfilled over the course of the academic year and are recognised as such. Online tuition fees are recognised in the same manner. Fees relating to examinations and school trips are recognised at the point in time that the examination or trip takes place as at this point the performance obligation is satisfied. Revenue from the sale of school goods is recognised at the point of sale as at this point the control of the assets have transferred from the Group to the customer. Annual registration fees are considered to represent an additional instalment of tuition fees and are therefore recognised on the same basis as tuition fees. One-off placement / admission fees are deferred to the first academic year a student attends the school and are recognised over that academic year. The Group has applied a judgement that this represents the contractual period and hence are recognised in this first year.

Tuition fees are typically billed in advance and can vary across the Group from monthly to annual billing. There are no financing elements to the contract. The Group only recognises deferred revenue to the extent that payment has been made or the right to receive payment is unconditional.

Discounts are provided for scholarships, sibling discounts, staff discounts or hardship grants and are allocated to the contract price in accordance with the relative fair value of the service provided. No judgements are required to allocate discounts as the contracts are explicit which service they linked with. Discounts are recognised concurrently with the service that they are related to.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

3. Significant accounting policies (continued)

Leased assets

The Group as a lessee

For any new contracts entered into on or after 1 September 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right of use asset and a lease liability on the balance sheet. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right of use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Group also assesses the right of use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset, or profit and loss if the right of use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients as allowed by IFRS 16. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right of use assets have been included in Property, plant and equipment and lease liabilities have been included in Borrowings.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

3. Significant accounting policies (continued)

Leased assets (continued)

Leased assets prior to 1st September 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.

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 balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as 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 more 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.

In the event that 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.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 August 2021

3. Significant accounting policies (continued)

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Euros, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks where hedge accounting applied (see below under financial instruments); and
- exchange differences on monetary items receivable from or payable to a foreign operation within the consolidated group for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in a separate component of equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. 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, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest become a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is 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 recognised in other comprehensive income.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

3. Significant accounting policies (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses; the effect of the asset ceiling (if applicable); and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet, with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Past service cost is recognised in profit or loss in the period of scheme amendment. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs within Operating expenses in its consolidated income statement (see Note 30). Curtailments gains and losses are accounted for as past-service cost.

Net interest expense or income is recognised within finance costs (see Note 8).

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the Group's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19:70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

3. Significant accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current tax assets and liabilities on a net basis.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

3. Significant accounting policies (continued)

Current tax and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of property, plant and equipment, less their residual values, over their useful lives, using the straight-line method, on the following bases:

Buildings	8 - 50 years
Leasehold improvements	5 - 50 years
Fixtures & fittings	3 - 10 years
Computer equipment	1 - 5 years
Other equipment	1 - 10 years
Motor vehicles	3 - 8 years

Freehold land and assets under construction are not depreciated.

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.

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. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Costs associated with the development of identifiable software are recognised as intangible assets. Costs are capitalised from the point that the asset first meets the recognition criteria, and are reviewed for impairment until the asset is completed, after which point the costs are amortised over their estimated useful lives.

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives, on the following bases:

Customer relationships	5 - 15 years
Brand	10 years to indefinite life
Software	3 - 5 years

A number of Brands are considered to have an indefinite useful life, and accordingly are not subject to amortisation but are reviewed annually for impairment.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

3. Significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Investments in associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, an investment in an associate is recognised initially in the Consolidated Balance Sheet at cost, and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment.

Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

3. Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using first in first out method. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

3. Significant accounting policies (continued)

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Provision for impairment is made when there is objective evidence that the Group will not be able to recover balances in full. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales over a historic period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information. Balances are written off when the possibility of recovery is assessed as being remote.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

3. Significant accounting policies (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or at amortised cost.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in Note 32.

Financial liabilities at amortised cost

All financial liabilities which do not meet the criteria to be recognised as FVTPL are classified as financial liabilities at amortised cost. These liabilities are initially recognised at fair value less any transaction costs that are directly attributable to the acquisition or issue of the financial liability. Subsequent recognition charges the effective rate of interest as a finance cost with any cash payments diminishing the liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 32.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

3. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that 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 balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with IFRS 15 Revenue from Contracts with Customers.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants that are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value excludes the effect of non-market-based conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the estimated vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Recognition of deferred tax losses

The Group recognises deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, unused tax losses and unused tax credits. Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available against which those unused tax losses, unused tax credits or deductible temporary differences can be utilised. Judgements are required in assessing whether sufficient future taxable profits will be made to recognise the benefit of deferred tax assets accumulated at the Balance Sheet date. Changes in the judgements which underpin the Group's forecasts could have an impact on the amount of future taxable profits and could have an impact on the period over which the deferred tax asset would be recovered. Details of the deferred tax assets, recognised and unrecognised, are set out in Note 19.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of cash-generating units (CGUs) or Group of CGUs to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the CGU or Group of CGUs, and a suitable discount rate in order to calculate present value.

Future cash flows are based on approved budgets, five year plans and assumptions of terminal growth rates. Refer to Note 10 for further detail, including sensitivity analysis.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 August 2021

5. Segmental reporting

The Board of Directors has determined that the Group's business activities are split into six segments. Five segments are based on geographical areas. The Online segment is considered to represent a different service provision and is reported on a global basis given the global location of its customers. These divisions constitute the basis on which information is reported to the Group's Chief Operating Decision Maker, which has been determined to be the Group's Board of Directors. There are no un-disclosed or other operating segments.

The segment result is the measure used for the purposes of performance assessment and represents profit earned by each segment, but before central costs; highlighted items; net finance costs; depreciation; amortisation; and taxation.

Each segment derives its revenues from the provision of education and related services. The accounting policies applied in preparing the management information for each of the reportable segments are the same as the Group's accounting policies described in Note 3.

An analysis of the results of the period by reportable segment is as follows:

	Year ended 31 August 2021	
	Revenue	Segment result
	€'000	€'000
South Africa	61,575	23,346
Europe	260,650	74,785
Middle East and North Africa	48,100	22,060
Latin America	37,850	16,604
Asia Pacific	116,136	48,143
Online	4,045	(104)
Total	528,356	184,834

	Year ended 31 August 2020	
	Revenue	Segment result
	€'000	€'000
South Africa	61,921	23,367
Europe	223,890	54,773
Middle East and North Africa	55,091	25,943
Latin America	46,110	16,181
Asia Pacific	92,376	43,722
Total	479,388	163,986

The Revenue balances for South Africa, and Middle East and North Africa for the year ended 31 August 2020 have been reclassified to reflect the updated regional segmentation that is provided to the Group's Chief Operating Decision Maker. The previously disclosed regions were Africa and Middle East, with disclosed revenues in 2020 of €77.0 million and €40.0 million respectively. There is no change in the total revenue reported for the year ended 31 August 2020.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

5. Segmental reporting (continued)

	Year ended 31 August 2019	
	Revenue €'000	Segment result €'000
South Africa	62,731	13,770
Europe	168,966	30,003
Middle East and North Africa	47,001	16,488
Latin America	29,455	5,224
Asia Pacific	24,423	6,637
Total	332,576	72,122

The Revenue balances for South Africa, and Middle East and North Africa for the year ended 31 August 2019 have been reclassified to reflect the updated regional segmentation that is provided to the Group's Chief Operating Decision Maker. The previously disclosed regions were Africa and Middle East, with disclosed revenues in 2019 of €80.0m and €29.7m respectively. There is no change in the total revenue reported for the year ended 31 August 2019. Segment result was not previously disclosed by reportable segment.

No segmental analysis of assets and liabilities is provided, as this is not information which is regularly provided to the Group's Chief Operating Decision Maker.

Reconciliation from Aggregate segment result to profit/loss for the year:

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Aggregate segment result	184,834	163,986	72,122
Central costs	(17,899)	(12,263)	(5,444)
Pre-opening/start-up operating loss	(2,452)	(4,081)	(646)
Acquisition and transaction related costs	(7,632)	(5,851)	(9,932)
Adjustment to acquisition purchase consideration paid	-	-	592
Costs incurred on the disposal or closure of a subsidiary	(244)	(331)	-
Restructuring and integration costs	(3,393)	(14,273)	(6,269)
Gain on disposal of associate through step-acquisition	8,064	-	-
Depreciation	(48,858)	(46,050)	(15,439)
Amortisation	(19,076)	(16,534)	(10,789)
Net finance costs	(53,468)	(48,565)	(22,146)
Profit before tax	39,876	16,038	2,049
Tax	(14,227)	(2,239)	(10,290)
Profit / (loss) for the year	25,649	13,799	(8,241)

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 August 2021

5. Segmental reporting (continued)

Pre-opening/start-up operating loss

Start-up revenues, operating costs, finance costs and finance costs relating to lease liabilities related to the operating results of new schools, including online school operations, started by the Group. The profile of revenue and costs in start-up schools is different to that of more mature operations within the Group and hence the Directors consider that separate disclosure is helpful for users of the financial statements. From 2021, the results of start-up operations for new schools will cease to be included within this category once they become consistently profitable before net finance costs; depreciation; amortisation; and taxation; or after three years of operation where the property is owned or four years of operation where the property is leased, whichever is earlier. In 2020 and 2019, the results of start-up operations for new schools ceased to be included within this category once they become consistently profitable before net finance costs; depreciation; amortisation; and taxation; or after two years of operation. From 2021 start-up operations are being built in new countries with different market and competitive dynamics. As a result this change in timeframe reflects the increase in expected time for a school to develop into sufficient scale such that its financial performance can be considered reflective of its underlying performance. The change has no impact on either the current year or prior year comparatives.

Acquisition and transaction related costs

Costs incurred in relation to acquisitions and other corporate transactions, including legal and advisory fees, fees, and the revaluation of the present value of gross obligations under written put options over non-controlling interests.

Adjustment to acquisition purchase consideration

Payment/(receipt) of purchase price consideration adjustments subsequent to the end of the provisional accounting measurement period that are recognised in the consolidated income statement.

Loss incurred on the disposal or closure of a subsidiary

In 2021 this related to the accounting loss arising on the closure of Kings College International SL, Elche and Kings College Frankfurt. In 2020 this related to the accounting loss arising on disposal of EPM Espace Pédagogique Montreux Sarl, a business operating a school in Switzerland, which was disposed of on 30 July 2020.

Restructuring and integration costs

Costs incurred in the completion of cost-saving and right-sizing initiatives, including the recognition of material onerous contracts; severance payments incurred as part of a restructuring plan; and associated legal fees. Restructuring costs are only excluded from results if they constitute an initial restructure post acquisition, or a significant restructuring of the school's ongoing operations. In the year ended 31 August 2020, this included significant restructuring expenses incurred to reduce staff numbers in Spain and Italy, as a direct consequence of COVID-19. Restructuring costs in 2020 also included all costs associated with closure of King's College St Michael's and Reddam House Somerset.

Integration costs comprise of staff costs of individuals dedicated to initial integration activities post acquisition; recruitment costs for new school heads hired post acquisition; and initial recruitment costs of new executive Group management positions.

Gain on disposal of associate through step-acquisition

Accounting gain arising on the gaining of control of Socieduca – Sociedade De Educacao, SA, following the acquisition of an additional 6% equity ownership interest during the year. In accordance with IFRS, the transaction has been accounted for as a disposal of the previously held investment an associate, and acquisition of controlled subsidiary at fair value. The gain represents the difference between the consideration transferred to obtain control, plus the fair value of non-controlling interest, plus the fair value of the previously held equity interest; less the fair value of the identifiable net assets of Socieduca – Sociedade De Educacao, SA that were acquired.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

5. Segmental reporting (continued)

Revenue by country

The following countries had revenues from external customers that constituted 10 per cent or more of the Group's total revenue.

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Spain	112,534	76,206	31,799
Italy	70,192	69,047	65,687
South Africa	61,575	61,921	62,731

There are no individual customers that constitute 10 per cent or more of the Group's revenues.

Revenue by category

An analysis of the Group revenue by category is as follows:

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
School and other related fees	526,826	478,321	331,941
Sales of goods	1,530	1,067	635
Revenue	528,356	479,388	332,576

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

6. Profit for the year

(a) Profit for the year has been arrived at after charging:

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Net foreign exchange losses/(gains)	335	(1,494)	1,367
Depreciation of property, plant and equipment	24,318	23,063	15,439
Depreciation of right of use asset	24,540	22,987	-
Loss on disposal of property, plant and equipment	1,268	2,972	1,412
Amortisation of acquired intangible assets	16,646	15,676	10,530
Amortisation of other intangible assets	2,430	858	259
Operating lease rentals	-	-	28,971
Short term and low value leases	2,159	1,047	-
Staff costs (see Note 7)	245,523	229,115	163,636

In accordance with IFRS 16, operating lease rentals in 2021 and 2020 represent short term (i.e. < 1 year) leases, and leases with a value of < €5,000.

(b) The analysis of the auditor's remuneration is as follows:

Fees payable to the company's auditor and their associates for the statutory audit of the Company and Consolidated financial statements:

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Audit of the Company's annual accounts	570	437	235
Audit of the Company's subsidiaries	1,250	1,013	881
Total audit fees	1,820	1,450	1,116

Non-audit fees payable to the company's auditor and their associates:

- Taxation compliance services	-	-	9
- Other assurance services	-	-	10
- Other services	114	1	1
Total non-audit fees	114	1	20

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

7. Staff costs

The average monthly number of employees (including Executive Directors) was:

	2021 Number	2020 Number	2019 Number
Teaching staff	4,063	4,446	3,579
Non-teaching staff	2,990	2,723	1,506
	<u>7,053</u>	<u>7,169</u>	<u>5,085</u>

Their aggregate remuneration comprised:

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Wages and salaries	208,730	196,826	140,450
Social security costs	29,124	26,249	18,961
Other pension costs	6,569	6,039	4,225
Share based payment	1,100	-	-
	<u>245,523</u>	<u>229,114</u>	<u>163,636</u>

8. Finance costs and income

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Bank interest expense	26,876	24,074	17,617
Amortisation of loan fees	3,236	2,759	5,607
Lease liability interest	23,800	22,937	-
Finance lease interest expense	-	-	278
Other interest expense	314	-	-
	<u>54,226</u>	<u>49,770</u>	<u>23,502</u>
Bank interest income	(758)	(1,205)	(1,356)
	<u>53,468</u>	<u>48,565</u>	<u>22,147</u>

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

9. Tax

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Corporation tax:			
Current year	20,124	16,354	10,952
Adjustments in respect of previous years	1,907	(188)	106
	<u>22,031</u>	<u>16,166</u>	<u>11,058</u>
Deferred tax (see Note 20)	(7,804)	(13,927)	(768)
	<u>14,227</u>	<u>2,239</u>	<u>10,290</u>

UK corporation tax is calculated at 19% (2020: 19%; 2019: 19%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Effective 10 June 2021, the Finance Bill received Royal Assent and became the Finance Act 2021, resulting in an increase to the UK Corporate Income Tax rate from 19% to 25% effective 1 April 2023 instead of the original enactment of a reduction in the Corporate Income Tax rate to 17% in 2020. At 31 August 2021, UK deferred tax balances were remeasured at this future tax rate, resulting in an increase in unrecognised deferred tax assets of €2.1 million. A deferred tax asset was not recognised due to uncertainty in future recoverability.

The charge for the year can be reconciled to the profit in the income statement as follows:

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Profit before tax	39,876	16,038	2,049
Tax at the UK corporation tax rate of 19% (2020: 19%; 2019: 19%)	7,576	3,047	389
Adjustments in respect of previous years	1,907	(188)	208
Expenses that are not deductible in determining taxable profit	5,253	4,350	4,552
Income not taxable in determining taxable profit	(5,087)	(175)	(2,703)
Utilisation of tax losses not previously recognised	(1,406)	(2,153)	-
Impact of change in tax rate	-	(1,714)	-
Impact of change in tax legislation	-	(7,935)	-
Change in unrecognised deferred tax assets	2,411	4,322	2,985
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,811	2,685	4,859
Non-creditable or refundable withholding taxes on dividend/interest/royalty receipts	762	-	-
Tax expense for the year	<u>14,227</u>	<u>2,239</u>	<u>10,290</u>

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income:

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

9. Tax (continued)

Deferred tax:

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of net defined benefit liability	(203)	-	189
Total income tax recognised in other comprehensive income	(203)	-	189

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

10. Goodwill

	Year ended August 2021 €'000	Year ended August 2020 €'000	Year ended August 2019 €'000
Cost			
Balance at beginning of year	686,075	562,345	291,642
Recognised on acquisition of a business	113,597	142,337	270,684
Adjustment to provisional accounting in the prior period	(1,085)	1,858	-
De-recognised on disposal of a subsidiary	-	(651)	-
Exchange differences	14,933	(19,814)	19
Total	813,520	686,075	562,345

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) or Group of CGUs that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
South Africa	26,881	23,234	27,775
Kenya	8,462	8,462	9,637
Italy	112,035	112,035	112,053
Switzerland	16,537	16,597	17,225
Belgium	4,113	4,113	4,113
UK	19,837	19,055	17,113
Colombia	9,055	9,097	10,641
Australia	10,969	12,018	600
Spain	141,868	134,062	34,269
Bahrain	78,162	77,483	84,193
Peru	779	889	1,080
Costa Rica	1,994	2,064	2,065
Portugal	37,870	9,565	9,565
New Zealand	110,320	102,036	86,130
Vietnam	141,989	122,616	141,737
Indonesia	2,216	2,148	3,054
Mexico	1,057	1,267	1,095
Panama	14,860	14,725	-
Latvia	5,521	5,521	-
Oman	9,169	9,088	-
Online	59,826	-	-
	813,520	686,075	562,345

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

10. Goodwill (continued)

The Group tests goodwill annually for impairment.

The recoverable amounts of the CGUs or Group of CGUs are determined from value in use calculations.

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to operating costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs or Group of CGUs. The growth rates and operating cost forecasts are based on financial budgets approved by the Directors covering a five-year period, and a variable terminal growth rate of between 0.9% and 5.0% thereafter. This rate does not exceed the average long-term growth rate for the relevant markets.

The Board has considered various alternative performance scenarios for each CGU or Group of CGUs, including sensitising all of the key assumptions noted above. The Board have not identified any reasonably possible changes which would give rise to an impairment.

The principal sensitivity in assessing value in use is the level of forecast future enrolment growth. The value in use calculations assume growth in enrolments over the forecast period. It is noted that any adverse change in forecast enrolment numbers may result in the carrying value of CGUs or Group's of CGUs to exceed the estimated value in use calculation.

The pre-tax rate used to discount the forecast cash flows for each CGU or Group of CGUs is as follows:

	2021 %	2020 %	2019 %
South Africa	15.3	16.7	21.5
Kenya	20.0	21.4	23.6
Italy	9.7	10.5	14.5
Switzerland	6.0	6.5	8.7
Belgium	8.0	9.2	12.8
UK	8.7	9.3	12.1
Colombia	11.4	15.4	18.7
Australia	8.6	10.0	14.3
Spain	8.7	9.3	12.7
Bahrain	11.0	14.5	15.5
Peru	9.9	12.1	14.9
Costa Rica	15.0	17.9	20.7
Portugal	8.4	8.9	13.9
New Zealand	8.3	9.7	13.9
Vietnam	12.2	13.9	15.6
Indonesia	10.0	14.0	16.7
Mexico	13.6	15.7	18.6
Panama	8.7	8.7	-
Latvia	7.5	8.1	-
Oman	12.4	14.1	-
Online	8.7	-	-

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

10. Goodwill (continued)

The terminal growth rate for each CGU or Group of CGUs is as follows:

	2021 %	2020 %	2019 %
South Africa	4.5	4.5	5.5
Kenya	5.0	5.0	5.0
Italy	1.3	1.4	1.7
Switzerland	1.0	1.0	1.0
Belgium	1.8	1.6	2.0
UK	2.0	2.0	1.9
Colombia	3.0	3.0	3.0
Australia	2.4	2.4	2.5
Spain	1.7	1.7	1.9
Bahrain	2.2	2.2	2.2
Peru	2.0	2.0	2.0
Costa Rica	3.1	3.0	3.0
Portugal	1.6	1.6	2.1
New Zealand	2.2	0.5	2.0
Vietnam	4.0	4.0	4.0
Indonesia	2.9	3.0	3.0
Mexico	3.0	3.0	3.0
Panama	2.0	2.0	-
Latvia	2.2	2.2	-
Oman	0.9	2.5	-
Online	2.0	-	-

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

11. Other intangible assets

	Brands €'000	Customer relations €'000	Software development €'000	Other €'000	Total €'000
Cost					
At 31 August 2018	22,735	79,708	1,007	34	103,484
Recognised on acquisition of a business	42,498	33,187	35	511	76,231
Additions from internal development	-	-	856	208	1,064
Exchange difference	560	1,472	23	15	2,070
At 31 August 2019	65,793	114,367	1,921	768	182,849
Recognised on acquisition of a business	64,637	36,910	648	-	102,195
Adjustment to provisional accounting	-	(2,588)	-	-	(2,588)
Additions from internal development	-	-	2,339	939	3,278
Disposals	-	-	(92)	(20)	(112)
Exchange difference	(3,152)	(2,261)	(68)	(63)	(5,544)
At 31 August 2020	127,278	146,428	4,748	1,624	280,078
Recognised on acquisition of a business	19,715	41,460	1,232	743	63,150
Additions from internal development	-	-	4,659	150	4,809
Disposals	-	(597)	(124)	(37)	(758)
Exchange differences	3,306	(5,538)	34	29	(2,169)
At 31 August 2021	150,299	181,753	10,549	2,509	345,110

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

11. Other intangible assets (continued)

	Brands €'000	Customer relations €'000	Software development €'000	Other €'000	Total €'000
Amortisation and impairment					
At 31 August 2018	(2,370)	(12,787)	(619)	(30)	(15,806)
Amortisation expense	(26)	(10,470)	(218)	(75)	(10,789)
Exchange differences	(7)	(165)	(18)	(4)	(194)
At 31 August 2019	(2,403)	(23,422)	(855)	(109)	(26,789)
Amortisation expense	(17)	(15,659)	(519)	(339)	(16,534)
Disposals	-	-	92	1	93
Exchange differences	(14)	542	46	40	614
At 31 August 2020	(2,434)	(38,539)	(1,236)	(407)	(42,616)
Amortisation expense	(38)	(16,608)	(1,795)	(635)	(19,076)
Disposals	-	24	88	11	123
Exchange differences	(2)	(410)	(22)	(40)	(474)
At 31 August 2021	(2,474)	(55,533)	(2,965)	(1,071)	(62,043)
Carrying amount					
At 31 August 2021	147,825	126,220	7,584	1,438	283,067
At 31 August 2020	124,844	107,889	3,512	1,217	237,462
At 31 August 2019	63,390	90,945	1,066	659	156,060

Customer relations

Customer relations are amortised to the income statement on a straight-line basis over a 5 to 15 year period, reflecting the future duration of students at the schools, as at acquisition date, for the specific acquisition.

Other intangibles

Other intangibles represent land use rights and learning materials.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

11. Other intangible assets (continued)

Brands

With the exception of the online brands acquired, brands are projected to generate net cash inflows for the Group for the foreseeable future, and as such there is no limit to the assets' useful life, which is considered to be indefinite. Brands with an indefinite useful life are therefore not amortised but assessed for impairment whenever there is any indication that the asset may be impaired, or at a minimum on an annual basis. The recoverable amounts are determined from value in use calculations, consistent with those used in the goodwill recoverable amount testing disclosed in Note 10.

Brands acquired in the Online Group of CGUs are amortised over 10 years, which is considered to reflect the likely duration of use.

Brands acquired in a business combination are allocated, at acquisition, to the cash generating units (CGUs) or group of CGUs that are expected to benefit from that business combination. The carrying amount of brands had been allocated as follows:

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Kenya	4,223	4,070	4,818
South Africa	15,395	13,435	15,904
Indonesia	129	137	139
New Zealand	19,958	16,827	17,100
Vietnam	17,053	17,269	17,550
Australia	28,182	28,127	-
Italy	126	186	175
Latvia	399	399	-
Spain	34,283	32,846	-
Mexico	7,704	7,704	7,704
Portugal	1,394	-	-
Panama	3,256	3,492	-
Oman	326	351	-
Online	15,397	-	-
	<u>147,825</u>	<u>124,843</u>	<u>63,390</u>

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

12. Other non-current assets

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Investment in associate	-	18,675	18,104
Other non-current assets	112	50	284
	<u>112</u>	<u>18,725</u>	<u>18,388</u>

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Investment in associate			
Balance at beginning of year	18,675	18,104	-
Acquired during the year	-	-	18,361
Share of profits	953	571	(257)
Disposal resulting from change from associate to controlled subsidiary	(19,628)	-	-
Total	<u>-</u>	<u>18,675</u>	<u>18,104</u>

Details of the Group's associate at the end of the reporting period are as follows. Associates are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in Note 3.

Name of associate	Principal activity	Place of incorporation and principal place of business	2021	Proportion of ownership interest and voting rights held by the Group	2020	2019
Socieduca – Sociedade Educacao, SA	De Private education services	Portugal	¹	49%	49%	

¹ As a result of the acquisition of an additional 6% ownership in the year, the Group is considered to control Socieduca – Sociedade De Educacao, SA with effect from 12 July 2021, and accordingly is no longer recognised as an investment in associate at 31 August 2021.

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts in associate financial statements prepared in accordance with IFRS Standards.

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Current assets	-	9,549	8,980
Non-current assets	-	11,329	11,566
Current liabilities	-	(5,001)	(3,952)
Non-current liabilities	-	(8,677)	(10,751)
Net assets	<u>-</u>	<u>7,200</u>	<u>5,843</u>
Revenue	-	11,590	285
Profit/(loss) for the year	<u>-</u>	<u>1,965</u>	<u>(516)</u>

No dividends were received from the associate during the current or prior year.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

12. Other non-current assets (continued)

A reconciliation from the net assets of the associate disclosed in the associate financial statements to the Group's investment is disclosed below:

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Net assets of associate	-	7,200	5,843
		49%	49%
Proportion of the Group's ownership interest in the associate		3,528	2,863
Goodwill		15,147	15,241
Carrying amount of the Group's ownership interest in the associate		18,675	18,104

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

13. Property, plant and equipment

Cost	Assets under construction €'000	Land and buildings €'000	Fixtures and fittings €'000	Computer equipment €'000	Other equipment €'000	Leasehold improvements €'000	Motor vehicles €'000	Total €'000
At 31 August 2018	7,265	167,557	20,242	11,280	10,030	28,479	2,492	247,345
Recognised on acquisition of a business	1,945	136,990	3,307	2,124	6,833	4,096	77	155,372
Additions	26,067	22,137	4,883	3,303	3,227	1,594	366	61,577
Disposals	-	(9,198)	(544)	(190)	(764)	(330)	(192)	(11,218)
Transfers	(9,889)	9,185	-	-	-	704	-	-
Impairment	-	(339)	-	-	-	-	-	(339)
Exchange differences	(6)	220	334	217	162	816	21	1,764
At 31 August 2019	25,382	326,552	28,222	16,734	19,488	35,359	2,764	454,501
Recognised on acquisition of a business	2,828	39,411	3,732	1,731	1,502	25,383	379	74,965
Additions	22,597	8,573	4,332	3,026	4,339	5,027	156	48,050
Disposals	(475)	(8,715)	(1,391)	(2,228)	(1,418)	179	(484)	(14,532)
Transfers	(30,806)	20,411	632	350	(285)	9,698	-	-
Reclassification to right of use asset	-	-	-	-	(2,275)	(102)	-	(2,377)
Exchange differences	(571)	(16,626)	(3,184)	(1,653)	(543)	(2,320)	(304)	(25,200)
At 31 August 2020	18,955	369,606	32,343	17,960	20,808	73,224	2,511	535,407
Recognised on acquisition of a business	2,070	34,591	1,039	452	98	1,242	22	39,514
Additions	21,927	13,636	4,149	3,364	463	7,900	273	51,712
Disposals	(289)	(783)	(3,539)	(3,521)	(1,748)	(1,347)	(205)	(11,432)
Transfers	(22,165)	5,812	1,278	270	56	14,729	20	-
Impairment	-	(487)	(164)	(39)	(31)	-	(11)	(732)
Exchange differences	415	4,715	1,713	705	237	2,994	78	10,857
At 31 August 2021	20,913	427,090	36,819	19,191	19,883	98,742	2,688	625,326

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

13. Property, plant and equipment (continued)

	Assets under construction €'000	Land and buildings €'000	Fixtures and fittings €'000	Computer equipment €'000	Other equipment €'000	Leasehold improvements €'000	Motor vehicles €'000	Total €'000
Depreciation								
At 31 August 2018	-	(9,945)	(9,389)	(7,684)	(5,281)	(4,420)	(1,385)	(38,104)
Disposals	-	115	163	152	625	45	72	1,172
Charge for the year	-	(4,830)	(2,589)	(2,324)	(2,537)	(2,840)	(319)	(15,439)
Exchange differences	-	(125)	(208)	(161)	(143)	(329)	(15)	(981)
At 31 August 2019	-	(14,785)	(12,023)	(10,017)	(7,336)	(7,544)	(1,647)	(53,352)
Disposals	-	1,800	1,203	1,443	1,041	1,361	323	7,171
Charge for the year	-	(6,691)	(4,227)	(3,907)	(2,960)	(4,965)	(313)	(23,063)
Exchange differences	-	1,844	1,587	1,116	684	1,040	224	6,495
At 31 August 2020	-	(17,832)	(13,460)	(11,365)	(8,571)	(10,108)	(1,413)	(62,749)
Disposals	-	32	3,036	3,468	1,425	216	190	8,367
Charge for the year	-	(6,778)	(4,957)	(4,059)	(2,146)	(6,029)	(349)	(24,318)
Exchange differences	-	(309)	(1,054)	(533)	(193)	(1,066)	(62)	(3,217)
At 31 August 2021	-	(24,887)	(16,435)	(12,489)	(9,485)	(16,987)	(1,634)	(81,917)
Net book value								
At 31 August 2021	20,913	402,203	20,384	6,702	10,398	81,755	1,054	543,409
At 31 August 2020	18,955	351,774	18,883	6,595	12,237	63,116	1,098	472,658
At 31 August 2019	25,382	311,767	16,199	6,717	12,152	27,815	1,117	401,149

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) **For the year ended 31 August 2021**

13. Property, plant and equipment (continued)

Assets pledged as security

The Group's obligations under certain bank loans are secured by the lenders title to fixed assets held, which have a carrying amount of €37.7 million (2020: €9.4 million; 2019: €10.0 million) and are recognised within Land and buildings.

Adoption of IFRS 16

On the adoption of IFRS 16 at 1st September 2019, €2.4 million of Property, Plant and Equipment was re-allocated to Right of Use Assets.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

14. Leases

Leases that fall within the scope of IFRS16 are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Group.

Leases: Right of use asset	Land & Buildings €'000	Other leases €'000	Total €'000
Cost			
At 1 September 2019	240,098	1,079	241,177
Recognised on acquisition of a business	49,701	-	49,701
Additions	4,601	-	4,601
Transfer from fixed assets	2,377	-	2,377
Exchange differences	(2,868)	(18)	(2,886)
At 1 September 2020	293,909	1,061	294,970
Recognised on acquisition of a business	11,378	15	11,393
Additions	1,918	1,419	3,337
Transfer between classes	(2,377)	2,377	-
Disposals	(1,268)	(938)	(2,206)
Modifications and remeasurements	6,818	(3)	6,815
Exchange differences	12,818	10	12,828
At 31 August 2021	323,196	3,941	327,137
Depreciation			
At 1 September 2019	-	-	-
Charge for the year	(22,644)	(343)	(22,987)
At 1 September 2020	(22,644)	(343)	(22,987)
Charge for the year	(23,392)	(1,148)	(24,540)
Transfers between classes	425	(425)	-
Disposals	1,158	523	1,681
Exchange differences	(504)	(5)	(509)
At 31 August 2021	(44,957)	(1,398)	(46,355)
Net book value			
At 31 August 2021	278,239	2,543	280,782
At 31 August 2020	271,265	719	271,984

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

14. Leases (continued)

Leases: Liabilities	2021 €'000	2020 €'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	40,167	40,557
One to five years	158,372	165,600
More than five years	362,031	333,312
Total undiscounted lease liabilities at 31 August	560,570	539,469
Lease liabilities included in the statement of financial position		
Current	17,005	24,499
Non-current	288,838	266,678
Total at 31 August	305,843	291,177
	2021 €'000	2020 €'000
Amounts recognised in the income statement		
Interest on lease liabilities	23,800	22,937
Depreciation on right of use assets	24,540	22,987
	2021 €'000	2020 €'000
Amounts recognised in the statement of cash flows		
Repayment of lease obligations	37,144	37,906

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

14. Leases (continued)

The impact of the initial implementation of IFRS 16 on the opening total assets and liabilities as at 1 September 2019 is shown in the table below.

	Carrying amount at 31 August 2019 €'000	IFRS 16 adjustment €'000	Carrying amount at 1 September 2019 €'000
Assets			
Right of use assets	-	241,177	241,177
Total assets	1,338,494	241,177	1,579,671
Liabilities			
Lease obligations	-	(241,177)	(241,177)
Total liabilities	(796,497)	(241,177)	(1,037,674)
Net assets (Equity)	541,997	-	541,997

	€'000
Total operating lease commitments disclosed at 31 August 2019	580,758
Recognition exemptions:	
Leases of low value assets	(820)
Leases with remaining lease term of less than 12 months	(874)
Change in lease extension assumptions	(102,408)
Operating lease liabilities before discounting	476,656
Discounted using incremental borrowing rate	(237,582)
Operating lease liabilities after discounting	239,074
Finance lease obligations	2,103
Total lease liabilities recognised under IFRS 16 at 1 September 2019	241,177

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 August 2021

15. Subsidiaries

The Group consists of a parent company, Inspired Education Holdings Limited, incorporated in the UK and a number of subsidiaries and associates held directly and indirectly by Inspired Education Holdings Limited, which operate and are incorporated around the world. Note 40 to the company's separate financial statements lists details of the interests in subsidiaries and information about the composition of the Group at the end of the reporting period is as follows:

The table below shows details of non-wholly owned subsidiaries of the Group that have non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 31 August 2021	Profit / (loss) allocated to non-controlling interests 31 August 2021 €'000	Accumulated non-controlling interests 31 August 2021 €'000
O Parque – Ensino de Crianças SA	Portugal	-	42	-
Inspired Education (Oman) Limited	UK	25.0%	(4)	2,972
Socieduca – Sociedade De Educacao, SA	Portugal	45.0%	(453)	24,978
Ostaz Holdings Limited	UK	39.8%	(29)	2,898
Inspired Education (Egypt) S.A.E	Egypt	49.0%	-	-
Kensington School SA	Spain	0.6%	(2)	118
King's College Latvia, S.A.	Latvia	-	(44)	-
SLS Properties Srl	Italy	49.0%	4	4,224
PT Awal Cakrawala	Indonesia	-	121	-
Bergamo International Studies Srl	Italy	40.0%	85	768
Total			(280)	35,958

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 31 August 2020	Profit / (loss) allocated to non-controlling interests 31 August 2020 €'000	Accumulated non-controlling interests 31 August 2020 €'000
O Parque – Ensino de Crianças SA	Portugal	10.0%	134	646
Inspired Education (Oman) Limited	UK	25.0%	75	2,976
King's College Latvia, S.A.	Latvia	10.0%	(8)	464
SLS Properties Srl	Italy	49.0%	(42)	4,220
PT Awal Cakrawala	Indonesia	20.0%	98	2,293
Bergamo International Studies Srl	Italy	40.0%	(40)	683
Total			217	11,282

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

15. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 31 August 2019	Profit / (loss) allocated to non-controlling interests 31 August 2019 €'000	Accumulated non-controlling interests 31 August 2019 €'000
O Parque – Ensino de Crianças SA	Portugal	21%	151	1,126
Cambridge College Lima Srl	Peru	-	38	-
SLS Properties Srl	Italy	49%	(66)	4,262
PT Awal Cakrawala	Indonesia	20%	26	2,159
Bergamo International Studies Srl	Italy	40%	59	723
Total			<u>208</u>	<u>8,270</u>

The reconciliation of non-controlling interests in Note 26 includes an analysis of the profit or loss allocated to non-controlling interests of each subsidiary where the non-controlling interest is material.

There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities.

Disposals

On 30 July 2020, the Group signed an agreement to sell its 100% ownership of EPM Espace Pédagogique Montreux Sàrl ('EPM'). The transaction completed on 30 July 2020 for a total consideration of CHF 0.8 million (€0.7 million). The disposal resulted in a loss on disposal of €0.3 million.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 August 2021

16. Inventories

	As at 31 August 2021	As at 31 August 2020	As at 31 August 2019
	€'000	€'000	€'000
Finished goods - school uniform	1,860	1,380	697
Allowance for impairment	(30)	(71)	(29)
	<u>1,830</u>	<u>1,309</u>	<u>668</u>

17. Trade and other receivables

	As at August 2021	As at August 2020	As at August 2019
	€'000	€'000	€'000
Amount receivable for the rendering of services	74,903	77,195	66,759
Allowance for doubtful debts	(10,542)	(9,194)	(7,372)
Trade receivables	<u>64,361</u>	<u>68,001</u>	<u>59,387</u>
Prepayments	8,037	8,989	6,813
Corporation tax receivable	4,635	-	-
Other receivables	9,258	3,123	7,698
	<u>86,291</u>	<u>80,113</u>	<u>73,898</u>

There are no customers who represent more than 5 per cent of the total balance of trade receivables.

The Group does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Amounts receivable can be analysed as follows:

	As at 31 August 2021	As at 31 August 2020	As at 31 August 2019
	€'000	€'000	€'000
Amount receivable not past due	47,655	61,970	44,576
Amount receivable past due but not impaired	27,248	15,225	22,183
Amount receivable impaired (gross)	<u>(10,542)</u>	<u>(9,194)</u>	<u>(7,372)</u>
Total	<u>64,361</u>	<u>68,001</u>	<u>59,387</u>

No receivables from other debts are past due or impaired in the current year or prior years.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

17. Trade and other receivables (continued)

Ageing of past due but not impaired receivables

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
< 30 days overdue	13,056	3,533	11,231
31-60 days	7,144	9,238	3,503
61-90 days	4,927	1,254	4,715
91-120 days	678	453	1,248
Over 120 days overdue	1,443	747	1,486
Total	27,248	15,225	22,183

Movement in the allowance for doubtful debts

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Balance at the beginning of the year	(9,194)	(7,372)	(5,019)
On acquisition of a business	(1,539)	(1,292)	(595)
Impairment losses recognised from contracts with customers	(2,205)	(4,630)	(1,927)
Written off as uncollectable	2,559	3,333	236
Impairment losses reversed	158	89	46
Foreign exchange translation (losses) /gains	(321)	678	(113)
Total allowance for doubtful debts	(10,542)	(9,194)	(7,372)

The concentration of credit risk is limited due to the customer base being large and unrelated. The allowance for doubtful debts has increased in the current year as a result of the increase in gross receivables over 60 days due.

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

18. Borrowings

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Interest-bearing loans and borrowings			
Current			
Variable rate bank and other loans	22,170	8,870	5,391
	<u>22,170</u>	<u>8,870</u>	<u>5,391</u>
Non-current			
Variable rate bank loans	839,378	732,649	476,528
Loan fees	(16,145)	(17,016)	(12,936)
Fixed rate loans to non-controlling interests	842	840	576
	<u>824,075</u>	<u>716,473</u>	<u>464,168</u>
Total borrowings	<u>846,245</u>	<u>725,343</u>	<u>469,559</u>
	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Unsecured borrowing at amortised cost			
Loan to holders of non-controlling interests	842	840	576
Secured borrowing at amortised cost			
Bank loans	861,548	741,519	481,919
Loan fees	(16,145)	(17,016)	(12,936)
Total borrowings	<u>846,245</u>	<u>725,343</u>	<u>469,559</u>

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

18. Borrowings (continued)

	Euros €'000	New Zealand Dollar €'000	Colombian Peso €'000	Peruvian Sol €'000	Australian Dollar €'000	Omani Rial €'000	Total €'000
Analysis of borrowings by currency:							
Bank and other loans	835,060	5,509	-	2,822	2,012	-	845,403
Loans to non-controlling interests	576	-	-	-	-	266	842
At 31 August 2021	835,636	5,509	-	2,822	2,012	266	846,245

	Euros €'000	New Zealand Dollar €'000	Colombian Peso €'000	Peruvian Sol €'000	Australian Dollar €'000	Omani Rial €'000	Total €'000
Analysis of borrowings by currency:							
Bank and other loans	715,231	5,408	3,864	-	-	-	724,503
Loans to non-controlling interests	576	-	-	-	-	264	840
At 31 August 2020	715,807	5,408	3,864	-	-	264	725,343

	Euros €'000	New Zealand Dollar €'000	Colombian Peso €'000	Peruvian Sol €'000	Costa Rican Colon €'000	Mexican Peso €'000	Total €'000
Analysis of borrowings by currency:							
Finance lease liabilities	1,447	-	-	182	144	527	2,300
Bank and other loans	461,321	5,768	-	1,893	-	-	468,982
Loans to non-controlling interests	576	-	-	-	-	-	576
At 31 August 2019	463,344	5,768	-	2,075	144	527	471,858

The Group has the following principal bank loans as at 31 August 2021:

A loan of €795 million, repayable in full in May 2026. The loan is secured by a charge over the share capital of various subsidiary entities. The loan carries a variable interest rate of EURIBOR + margin, with the margin dependent on leverage.

The weighted average interest rate paid during the year was 3.3% (2020: 3.3%; 2019: 3.5%).

Unutilised facilities

As at 31 August 2021, the Group had unutilised committed loan facilities of €85 million available until May 2025 (2020: €85 million; 2019: €75 million).

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

19. Deferred tax

The following are the major classes deferred tax assets and liabilities and recognised by the Group during the current year and prior reporting period:

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Intangible assets	(75,398)	(64,626)	(37,069)
Accelerated tax depreciation	(8,059)	(7,468)	(17,418)
Provisions	4,044	4,897	2,285
Retirement benefit obligations	134	566	832
Deferred revenue	2,510	1,000	384
Tax losses	2,798	834	2,543
CIR disallowance credits	1,981	-	-
Other	(1,832)	(1,281)	(567)
Net deferred tax	(73,822)	(66,078)	(49,010)

	Intangible assets €'000	Accelerated tax depreciation €'000	Other €'000	Total €'000
At 31 August 2019	(37,069)	(17,418)	5,477	(49,010)
Credit to profit or loss	4,336	9,156	435	13,927
Acquisition of subsidiary	(32,564)	(59)	700	(31,923)
Exchange differences	671	853	(596)	928
At 31 August 2020	(64,626)	(7,468)	6,016	(66,078)
Credit to comprehensive income	3,354	5,146	1,141	9,641
Acquisition of business	(14,595)	(5,264)	3,715	(16,144)
Exchange differences	469	455	(125)	799
Impact of a tax rate change	-	(928)	(1,112)	(2,040)
At 31 August 2021	(75,398)	(8,059)	9,635	(73,822)

The movement in deferred tax during the current reporting year was as follows:

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Balance at beginning of year	(66,078)	(49,010)	(19,244)
Credit to profit or loss	7,804	13,927	768
(Credit) / debit to other comprehensive income	(203)	-	189
Acquisition of business	(16,144)	(31,923)	(31,518)
Exchange differences	799	928	795
Total	(73,822)	(66,078)	(49,010)

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

19. Deferred tax (continued)

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	As at 31 August 2021	As at 31 August 2020	As at 31 August 2019
	€'000	€'000	€'000
Deferred tax liabilities	(92,336)	(75,503)	(53,098)
Deferred tax assets	18,514	9,425	4,088
	<u>(73,822)</u>	<u>(66,078)</u>	<u>(49,010)</u>

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

At the balance sheet date, the Group has gross unused tax losses of €53.1 million (2020: €24.0 million; 2019: €18.4 million) available for offset against future profits. A deferred tax asset of €2.8 million has been recognised in respect of this balance. The remainder has not been recognised as it is not considered probable that there will be future taxable profits available. Included in unrecognised tax losses are losses of €3.1 million (2020: €0.4 million; 2019: €12.7 million) that will expire from 2022 to 2026. Other losses may be carried forward indefinitely.

At the balance sheet date, the Group has gross unused Corporate Interest Restriction disallowance of €24.0 million (2020: €18.2 million; 2019: €9.2 million) available for offset against future profits. A deferred tax asset of €2.0 million has been recognised in respect of this balance. The remainder has not been recognised as it is not considered probable that there will be future taxable profits available.

No deferred tax liability is recognised on temporary differences of €122.6 million (2020: €75.5 million; 2019: €32.6 million) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

20. Trade and other payables

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Trade payables	17,032	11,435	14,385
Taxes and social security costs	13,776	7,789	7,697
Accruals	17,987	14,259	11,757
Deposits	10,388	7,353	6,212
Other payables	17,635	12,748	6,161
	<u>76,818</u>	<u>53,584</u>	<u>46,212</u>

The Group and the Company have financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

21. Provisions

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Property provision	-	-	5,060
Employee benefits provision	5,115	4,554	3,562
Other	497	186	152
	<u>5,612</u>	<u>4,740</u>	<u>8,774</u>
Current	4,226	3,405	4,955
Non-current	1,386	1,335	3,819
	<u>5,612</u>	<u>4,740</u>	<u>8,774</u>

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

21. Provisions (continued)

	Property €'000	Employee benefits €'000	Other €'000	Total €'000
At 31 August 2018	4,087	1,524	25	5,636
<i>Additional provision in the year</i>	941	1,988	135	3,064
<i>Release of provision</i>	(36)	(346)	-	(382)
<i>Utilisation of provision</i>	(138)	(214)	(16)	(368)
<i>On acquisition of a business</i>	200	574	-	774
<i>Exchange difference</i>	6	36	8	50
At 31 August 2019	5,060	3,562	152	8,774
<i>Released on adoption of IFRS 16 - Leases</i>	(5,060)	-	-	(5,060)
<i>Additional provision in the year</i>	-	1,529	831	2,360
<i>Release of provision</i>	-	-	(422)	(422)
<i>Utilised during the year</i>	-	(1,885)	(725)	(2,610)
<i>On acquisition of a business</i>	-	1,459	145	1,604
<i>Exchange difference</i>	-	(111)	205	94
At 31 August 2020	-	4,554	186	4,740
<i>Additional provision in the year</i>	-	1,752	796	2,548
<i>Release of provision</i>	-	(32)	(643)	(675)
<i>Utilised during the year</i>	-	(832)	(59)	(891)
<i>On acquisition of a business</i>	-	24	178	202
<i>Exchange difference</i>	-	(351)	39	(312)
At 31 August 2021	-	5,115	497	5,612

Property provisions in 2019 represented the amounts to account for the straight lining of rental payments, rent free periods and lease incentives under the term of the lease. These were derecognised upon the implementation of IFRS 16.

Employee benefits include long service leave and end of service benefits payable to employees. The provision represents management's best estimate of the liability based on expected employee retention and remuneration levels.

Provisions are measured at the Directors' best estimate of expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

22. Deferred consideration and consideration payable for non-controlling interests

Deferred consideration liabilities include balances representing the fair value of consideration payable to settle liabilities under put arrangements to acquire non-controlling interests, as well as earn-out arrangements whereby the consideration payable includes a deferred element. In certain cases, this deferred element is contingent on the future financial performance of the acquired entity.

	As at 31 August 2021	As at 31 August 2020	As at 31 August 2019
	€'000	€'000	€'000
Deferred cash consideration	5,292	4,173	9,159
Consideration to settle put options for non-controlling interests	26,035	5,232	4,592
Contingent consideration	-	-	12,067
	<u>31,327</u>	<u>9,405</u>	<u>25,818</u>
Current	26,252	7,215	22,152
Non-current	5,075	2,190	3,666
	<u>31,327</u>	<u>9,405</u>	<u>25,818</u>

For Bergamo, a financial liability of €2.2 million (31 August 2020: €0.3 million; 31 August 2019: €1.4 million) is recognised for potential exercise of a put/call option over the non-controlling interest that can be exercised at any time between August 2023 and August 2025.

For St Peters, deferred consideration of €0.4m was paid in September 2021 relating to the 6% equity interest acquired during the year. In addition, a financial liability of €20.1 million was recognised at 31 August 2021 (31 August 2020: €Nil; 31 August 2019: €Nil) for the potential exercise of a put/call option over the non-controlling interest that can be exercised following the occurrence of certain events.

For Inspired Education Oman Limited, a financial liability of €0.9 million (31 August 2020: €Nil; 31 August 2019: €Nil) is recognised for the potential exercise of a put/call option over the non-controlling interest that can be exercised at any time between September 2021 and September 2026.

For the acquisition of Mirabal, deferred consideration of €2.2 million (31 August 2020: €3.2 million; 31 August 2019: €Nil) is payable in instalments to 2024.

For the acquisition of Kensington, deferred consideration of €2.6 million (31 August 2020: €Nil; 31 August 2019: €Nil) is payable in instalments to 2024.

For Ostaz Holdings Limited, a financial liability of €2.9 million (31 August 2020: €Nil; 31 August 2019: €Nil) is recognised for the potential exercise of a put/call option over the non-controlling interest that can be exercised at any time between September 2021 and September 2026.

For the acquisition of AIM, deferred consideration of MXN 26.0 million (€1.0 million) was recognised at 31 August 2020 (31 August 2019: €1.4 million). Following payment during the year, €Nil is recognised at 31 August 2021.

For the acquisition of PaRK, a financial liability of €4.9 million was recognised at 31 August 2020 (31 August 2019: €2.3 million) based on the estimated fair value of consideration that may be payable to acquire the remaining 10% non-controlling interest. Following payment during the year, €Nil is recognised at 31 August 2021.

For the acquisition of BSB, deferred consideration of BHD 5.0 million (€12.1 million) was recognised at 31 August 2019 based on the expected payment that will be made. Following payment during the year ended 31 August 2020, €Nil is recognised at 31 August 2020 and 31 August 2021.

For the acquisition of INSDE, SL, deferred consideration of €7.0 million was payable in December 2019. A liability of €6.8 million was recognised at 31 August 2019. Following payment during the year ended 31 August 2020, €Nil is recognised at 31 August 2020 and 31 August 2021.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 August 2021

23. Share capital

	As at 31 August 2021 #	As at 31 August 2020 #	As at 31 August 2019 #	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Authorised, issued and fully paid:						
A ordinary shares	307,480	307,480	307,480	307	307	307
B ordinary shares	1,663,388	1,663,388	1,423,530	1,663	1,663	1,424
C1 ordinary shares	913,712	913,712	913,712	914	914	914
C2 ordinary shares	1,242,016	1,242,016	1,242,016	1,242	1,242	1,242
C3 ordinary shares	109,493	109,493	349,350	110	110	349
D ordinary shares	1,531,789	1,531,789	1,531,789	1,532	1,532	1,532
E ordinary shares	3,412,082	3,412,082	3,412,082	3,412	3,412	3,412
E2 ordinary shares	1,811,834	1,811,834	1,811,834	1,812	1,812	1,812
F ordinary shares	1,675,181	1,675,181	1,685,151	-	-	-
G ordinary shares	494,646	494,646	494,616	-	-	-
G2 ordinary shares	1,772,431	1,111,090	960,626	-	-	-
G3 ordinary shares	1,499,998	-	-	-	-	-
G4 ordinary shares	1,056,830	-	-	-	-	-
	<u>17,490,880</u>	<u>14,272,711</u>	<u>14,132,186</u>	<u>10,992</u>	<u>10,992</u>	<u>10,992</u>

A, B, C1, C2, C3, D, E and E2 ordinary shares have a par value of €1.00 each.

F, G, G2, G3 and G4 ordinary shares have a par value of €0.0001 each.

Each share ranks equally for any dividend declared and for any distribution made on a winding up provided that:

- F ordinary shares shall only entitle their holder to receive any dividend or assets on a winding up or return of capital from such time as Positive Cash Flows (as defined in the Company's Articles of Association) previously made from time to time to the Institutional Shareholders (as defined in the Company's Articles of Association) have exceeded Negative Cash Flows (as defined in the Company's Articles of Association), at which point the F ordinary shares shall be entitled to 15% of any such excess and to all such dividends and assets *pro rata* to the F ordinary shares held.
- G, G2, G3 and G4 ordinary shares shall not be entitled to receive any dividends, or assets on a winding-up or on a reduction or return of capital until such time as Positive Cash Flows (as defined in the Company's Articles of Association) previously made from time to time to the Institutional Shareholders (as defined in the Company's Articles of Association) have exceeded Negative Cash Flows (as defined in the Company's Articles of Association) plus a Preferred Return (as defined in the Company's Articles of Association). Following such time, the G, G2, G3 and G4 ordinary shareholders, in respect of their shares, shall be entitled to a defined level of any excess, and all such dividends and assets, *pro rata* to the shares held by them, in accordance with the agreed allocations noted in the Company's Articles of Association.

No shares are redeemable.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

23. Share capital (continued)

Issue of shares

Inspired Education Holdings Limited ('the Company') issued the following ordinary shares during the year:

Date	Class of Share	Number of shares issued	Consideration
11 September 2020	G2 Ordinary	661,341	€0.0 million
11 September 2020	G3 Ordinary	688,467	€0.0 million
18 September 2020	G3 Ordinary	38,860	€0.0 million
7 October 2020	G3 Ordinary	42,641	€0.0 million
23 December 2020	G3 Ordinary	113,060	€0.0 million
4 March 2021	G3 Ordinary	272,595	€0.0 million
30 July 2021	G3 Ordinary	344,375	€0.0 million
30 July 2021	G4 Ordinary	1,056,830	€0.0 million

Issue of shares subsequent to year end

On 6 September 2021, the Company issued 46,397 G4 Ordinary shares for consideration of €0.0 million.

On 25 October 2021, the Company issued 319,972 G4 Ordinary shares for consideration of €0.0 million.

Employee Benefit Trust

Inspired Education Holdings Limited Employee Benefit Trust ('EBT') was established on 27 February 2020 to facilitate the transfer of employee owned shares in Inspired Education Holdings Ltd.

On 23 December 2020, 53,983 G2 ordinary shares were transferred by existing shareholders into the Employee Benefit Trust. On 30 June 2021, 53,173 G2 ordinary shares and 124,141 G3 Ordinary shares were transferred by existing shareholders into the Employee Benefit Trust.

On 30 July 2021, 344,375 G3 Ordinary shares were issued by the Company to the Employee Benefit Trust.

As of 31 August 2021, the EBT owned 14,597 G ordinary shares in the Company; 252,496 G2 ordinary shares in the Company and 468,516 G3 ordinary shares in the Company. The consideration paid for the shares was €0.0 million.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

23. Share capital (continued)

Share based payments

As noted above, 661,341 G2 Ordinary shares, 1,499,998 G3 Ordinary shares and 1,056,830 G4 Ordinary shares in the Company were issued to key members of the Group's management team during the year.

As a result, the following share-based payment expense has been recognised within staff costs:

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Share based payment expense	1,100	-	-

The Group has calculated the estimated fair value of each class of share issued using the Black Scholes model, based on assumptions around the timing and value that may be realised by each class of share following an exit event (such as an IPO or sale of the Company).

In the event an employee leaves employment prior to an exit event, the Company may require the shares to be transferred to the Company, other employees, or the Employee Benefit Trust. The scheme is equity settled and consequently the amount to be settled is assessed using the grant date model; the terminal liability is adjusted only when shares are forfeited before vesting.

The following inputs and assumptions were used in the valuation:

Annualised volatility	30%
Exit event assumption date	August 2022
Risk free rate	0%
Dividend yield	0%
Annual attrition of employees	10%

24. Share premium account

	€'000
Balance at 31 August 2018	341,209
Premium arising on issue of equity shares	238,998
Expenses of issue of equity shares	(4,208)
Balance at 31 August 2019	575,999
Expenses of issue of equity shares	(6)
Balance at 31 August 2020 and 31 August 2021	575,993

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

25. Other reserves

Common control reserve

For business combinations which fall under the definition of a business combination under common control, the surplus of consideration over the acquired net assets has been recognised directly in equity within the Common Control Premium account.

Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the parent's functional currency, being Euro, are recognised directly in the translation reserve.

Other reserves

This balance includes amounts recognised for the purchase of non-controlling interests, the initial recognition of gross obligations under put options to purchase non-controlling interests, and the recognition of amounts expensed for share based payments.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

26. Non-controlling interests

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below.

The summarised financial information below represents amounts before intragroup eliminations, as at 31 August 2021.

2021	Inspired Education (Oman) Ltd £'000	Sociedade De -- Sociedade De Educacao, SA £'000	Bergamo International Studies Srl £'000	SLS Properties Srl £'000	Kensington School SA £'000	Inspired Education (Egypt) S.A.E £'000	Ostaz Holdings Limited £'000
Current assets	2,292	5,140	3,229	89	598	40	1,479
Non-current assets	1,351	19,118	5,328	12,954	5,780	-	2,292
Current liabilities	(3,132)	(6,151)	(5,038)	(679)	(1,196)	-	(272)
Non-current liabilities	(1,911)	(8,257)	(2,696)	(3,755)	(248)	-	(2,632)
Net assets	(1,400)	9,850	913	8,609	4,934	40	867
Revenue	4,322	289	3,800	745	6,116	-	41
Expenses	(4,161)	(1,551)	(3,600)	(689)	(6,505)	-	(114)
Tax credit / (expense)	(177)	256	11	(48)	(22)	-	-
Profit/(loss) for the year	(16)	(1,006)	211	8	(411)	-	(73)
Profit/(loss) attributable to owners of the Company	(12)	(553)	126	4	(409)	-	(44)
Profit/(loss) attributable to the non-controlling interests	(4)	(453)	85	4	(2)	-	(29)
Profit/(loss) after tax for the period	(16)	(1,006)	211	8	(411)	-	(73)
Net cash inflow/(outflow) from operating activities	273	83	1,323	603	(1,072)	-	(293)
Net cash (outflow) from investing activities	(246)	(145)	(157)	(1)	(129)	-	(49)
Net cash inflow/(outflow) from financing activities	92	(2,606)	(636)	(569)	(2,755)	40	1,290
Net cash inflow/(outflow)	119	(2,668)	510	33	(3,956)	40	948

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

26. Non-controlling interests (continued)

The summarised financial information below represents amounts before intragroup eliminations, as at 31 August 2020.

2020	Inspired Education (Oman) Ltd €'000	College Latvia S.A. King's €'000	Bergamo International Studies Srl €'000	SLS Properties Srl €'000	O Parque – Ensino de Crianças SA €'000	PT Awal Cakrawala Gemilang €'000
Current assets	4,737	3,730	2,498	55	1,569	1,239
Non-current assets	284	791	4,012	13,458	34,026	4,440
Current liabilities	(5,264)	(4,554)	(4,184)	(1,133)	(4,415)	(661)
Non-current liabilities	(1,060)	(1,962)	(1,569)	(3,779)	(96)	(442)
Net assets	(1,303)	(1,995)	757	8,601	31,084	4,576
Revenue	5,048	2,061	3,194	746	13,939	1,375
Expenses	(4,695)	(2,129)	(3,328)	(810)	(12,274)	(741)
Tax credit / (expense)	(53)	(12)	34	(21)	(329)	(145)
Profit/(loss) for the year	300	(80)	(100)	(85)	1,336	439
Profit/(loss) attributable to owners of the Company	225	(72)	(60)	(43)	1,202	331
Profit/(loss) attributable to the non-controlling interests	75	(8)	(40)	(42)	134	98
Profit/(loss) after tax for the period	300	(80)	(100)	(85)	1,336	439
Net cash inflow/(outflow) from operating activities	269	1,409	(188)	431	1,485	(82)
Net cash (outflow) from investing activities	(170)	(270)	(1,418)	-	(9,655)	(4)
Net cash inflow/(outflow) from financing activities	-	169	(9)	(552)	7,461	(73)
Net cash inflow/(outflow)	99	1,308	(1,615)	(121)	(709)	(165)

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

26. Non-controlling interests (continued)

2019	Bergamo International €'000	SLS Properties Srl €'000	O Parque – Ensino de €'000	PT Awal Cakrawala €'000
Current assets	3,961	177	3,922	940
Non-current assets	2,572	14,028	25,379	5,127
Current liabilities	(3,911)	(600)	(4,729)	(870)
Non-current liabilities	(1,766)	(4,919)	(1,835)	(598)
Net assets	856	8,686	22,737	4,599
Revenue	3,150	742	10,473	366
Expenses	(2,958)	(784)	(9,838)	(212)
Tax (expense)	(47)	(93)	(191)	(25)
Profit/(loss) for the year	145	(135)	444	129
Profit/(loss) attributable to owners of the Company	87	(69)	293	103
Profit/(loss) attributable to the non-controlling interests	58	(66)	151	26
Profit/(loss) after tax for the period	145	(135)	444	129
Net cash inflow/(outflow) from operating activities	1,186	254	(1,470)	13
Net cash (outflow) from investing activities	(1,750)	(31)	(23,720)	(33)
Net cash inflow/(outflow) from financing activities	1,500	(267)	24,511	(62)
Dividends paid to non-controlling interests	-	-	-	(171)
Net cash inflow/(outflow)	936	(44)	(679)	(253)

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

26. Non-controlling interests (continued)

2021	King's College Latvia, S.A. €'000	O Parque – Ensino de Crianças SA €'000	SLS Properties Srl €'000	PT Awal Cakrawala Gemilang €'000	Inspired Education (Oman) Ltd €'000	Bergamo Internationa l Studies Srl €'000	Kensington School SA €'000	Soci:duca – Sociedade De Educação, SA €'000	Inspired Education (Egypt) S.A.E €'000	Ostaz Holdings Limited €'000	Total €'000
Balance at 1 September 2020	464	646	4,220	2,293	2,976	683	-	-	-	-	11,282
On acquisition	-	-	-	-	-	-	119	25,433	-	132	25,684
Issue of new shares to non-controlling interest	-	-	-	-	-	-	-	-	-	2,795	2,795
Acquisition of non-controlling interest	(420)	(689)	-	(2,414)	-	-	-	-	-	-	(3,523)
Share of profit/(loss) for the year	(44)	43	4	121	(4)	85	(1)	(455)	-	(29)	(280)
Balance at 31 August 2021	-	-	4,224	-	2,972	768	118	24,978	-	2,898	35,958

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

26. Non-controlling interests (continued)

2020	King's College Latvia, S.A. €'000	O Parque – Ensino de Crianças SA €'000	SLS Properties Srl €'000	PT Awal Cakrawala Gemilang €'000	Inspired Education (Oman) Ltd €'000	Bergamo International Studies Srl €'000	Total €'000
Balance at 1 September 2019	-	1,126	4,262	2,159	-	723	8,270
On acquisition	472	-	-	-	2,901	-	3,373
Acquisition of non-controlling interest	-	(614)	-	-	-	-	(614)
Share of profit/(loss) for the year	(8)	134	(42)	98	75	(40)	217
Payment of dividends	-	-	-	-	-	-	-
Exchange differences	-	-	-	36	-	-	36
Balance at 31 August 2020	464	646	4,220	2,293	2,976	683	11,282

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

26. Non-controlling interests (continued)

2019	Cambridge College Lima Srl €'000	O Parque – Ensino de Crianças SA €'000	SLS Properties Srl €'000	PT Awal Cakrawala Gemilang €'000	Centro Educativo Particular Altair S.A.C €'000	Colegio Del Valle, S.A €'000	Bergamo International Studies Srl €'000	Total €'000
Balance at 1 September 2018	2,821	-	4,328	-	2,993	99	665	11,798
On acquisition	-	1,578	-	2,162	-	-	-	3,740
Acquisition of non-controlling interest	(2,748)	-	-	-	(3,089)	(962)	-	(6,799)
Additional non-controlling investments	-	(603)	-	-	-	-	-	(603)
Share of profit/(loss) for the year	38	151	(66)	27	181	-	58	389
Payment of dividends	-	-	-	(171)	-	-	-	(171)
Exchange differences	(111)	-	-	141	(85)	(25)	-	(84)
Balance at 31 August 2019	-	1,126	4,262	2,159	-	-	723	8,270

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

27. Business combinations

(a) Acquisitions for the year ended 31 August 2021

During the year, the Group acquired the following businesses to continue the Group's expansion:

Entity	Acquisition date	Equity voting interest acquired	Purchase consideration €'000
A-Star-Education Schools SG Holdco Pte. Ltd (‘A Star’)	20 November 2020	100%	20,186
Kensington School SA (‘Kensington’)	28 December 2020	99.427%	28,255
Remuera Discovery Express (‘Remuera’)	1 March 2021	N/A ¹	2,990
Ostaz Holdings SAL (‘Ostaz’)	6 May 2021	60.2%	5,872
Wey Education plc (‘Wey’)	25 May 2021	100%	81,410
Socieduca – Sociedade De Educacao, SA (‘St Peters’)	12 July 2021	55% ²	30,218

The principal activity of all businesses was the provision of private education services.

¹ Acquisition of net assets of business

² 49% acquired in July 2019, remaining 6% acquired in July 2021

The initial accounting for the acquisition of Kensington, Remuera, Ostaz, Wey and St Peters have only been provisionally determined at the end of the reporting period.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

27. Business combinations (continued)

(a) Acquisitions for the year ended 31 August 2021 (continued)

The purchase consideration was satisfied by:

	A Star €'000	Kensington €'000	Remuera €'000	Ostaz €'000	Wey €'000	St Peters €'000
Cash	20,186	25,664	2,990	3,022	81,410	2,111
Fair value of previously held interest	-	-	-	-	-	27,693
Issue of shares	-	-	-	2,850	-	-
Deferred consideration	-	2,591	-	-	-	414
Total consideration	20,186	28,255	2,990	5,872	81,410	30,218

The net cash outflow arising on acquisition was:

	A Star €'000	Kensington €'000	Remuera €'000	Ostaz €'000	Wey €'000	St Peters €'000
Cash consideration	20,186	25,664	2,990	3,022	81,410	2,111
Less: cash and cash equivalent balances acquired	(3,245)	(4,024)	-	(439)	(9,771)	(6,467)
	16,941	21,640	2,990	2,583	71,639	(4,356)

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

27. Business combinations (continued)

(a) Acquisitions for the year ended 31 August 2021 (continued)

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	A Star €'000	Kensington €'000	Remuera €'000	Ostaz €'000	Wey €'000	St Peters €'000
Cash and cash equivalents	3,245	4,024	-	439	9,771	6,467
Trade and other receivables	3,125	69	28	93	2,869	4,858
Inventory	49	2	-	-	-	275
Property, plant and equipment	1,575	15,368	71	132	349	22,019
Identifiable intangible assets	10,500	7,618	621	172	32,534	11,705
Right of use asset	9,875	-	1,365	-	153	-
Other non-current assets	-	95	-	-	-	144
Tax liability	-	(670)	-	(3)	-	(1,231)
Deferred income	(5,272)	(614)	(184)	(48)	(1,307)	(852)
Trade and other payables	(3,726)	(290)	-	(292)	(5,187)	(1,411)
Other liabilities	(179)	-	-	-	(4,650)	-
Right of use liability	(9,875)	-	(1,365)	-	(153)	-
Borrowings	(3,849)	-	-	-	-	(9,838)
Deferred tax liability	(1,050)	(4,980)	(173)	-	(6,603)	(4,790)
Total identifiable assets	4,418	20,622	363	493	27,776	27,346
Non-controlling interests	-	(119)	-	(132)	-	(25,433)
Equity	4,418	20,503	363	361	27,776	1,913
Purchase consideration	20,186	28,255	2,990	5,872	81,410	30,218
Goodwill	15,768	7,752	2,627	5,511	53,634	28,305

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

27. Business combinations (continued)

(a) Acquisitions for the year ended 31 August 2021 (continued)

The fair value of receivables acquired includes provisions of €0.6 million against the gross contractual amount of receivables. The best estimate of contractual cash flows that are not expected to be collected is €0.6 million.

The goodwill arising from each of the acquisitions consists of the value of expected synergies, revenue growth and know-how of the acquired business arising from an acquisition that do not qualify for separate recognition. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition-related costs (included within operating expenses)

	A Star €'000	Kensington €'000	Remuera €'000	Ostaz €'000	Wey €'000	St Peters €'000
Costs	738	710	35	520	1,287	4

Contribution to revenue and profit for the year

The acquisitions contributed the following amounts to the overall Group result:

	A Star €'000	Kensington €'000	Remuera €'000	Ostaz €'000	Wey €'000	St Peters €'000
Revenue	6,424	6,116	640	40	3,935	289
Profit/(loss) before tax	(126)	(390)	104	(73)	(356)	(1,262)

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

27. Business combinations (continued)

(a) *Acquisitions for the year ended 31 August 2021 (continued)*

The above contribution to revenue and profit, representing the revenue and profit recognised subsequent to acquisition, is distorted by the timing of revenue recognised in accordance with IFRS 15, which results in certain months of the year not recognising any revenue as tuition and ancillary fees are recognised over the academic year. If the acquisitions had been completed on the first day of the financial year, Group revenues and Group profit before tax for the year would have been higher/(lower) than as reported by the following amounts:

	A Star	Kensington	Remuera	Ostaz	Wey	St Peters
	€'000	€'000	€'000	€'000	€'000	€'000
Revenue	2,319	3,414	648	85	11,865	12,117
Profit/(loss) before tax	977	174	205	(755)	267	4,994

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

27. Business combinations (continued)

(b) Acquisitions for the year ended 31 August 2020

During the year, the Group acquired the following businesses to continue the Group's expansion:

Entity	Acquisition date	Equity voting interest acquired	Purchase consideration €'000
Comprehensive Educational Projects LLC (KGIS)	24 September 2019	Note 1	11,608
King's	8 November 2019	Note 2	167,285
Reddam House Limited	13 December 2019	100%	36,959
Mirabal Gestion Educativa S.A	24 January 2020	100%	53,590

Note 1: The Group acquired a 99.99% economic interest in Comprehensive Educational Projects LLC, simultaneously issuing a 25% minority interest

Note 2: The Group acquired a 100% equity interest in the King's Group, with the exception of King's College Latvia S.A., of which 90% was acquired

During the year, the Group also paid an additional €2.2 million consideration for the acquisition of ACG, following final agreement on the net debt and working capital acquired.

The principal activity of all businesses was the provision of private education services.

The purchase consideration was satisfied by:

	KGIS €'000	King's €'000	Reddam Sydney €'000	Mirabal €'000
Cash	8,708	165,451	36,191	50,376
Loans forgiven	-	1,834	-	-
Issue of shares	2,900	-	-	-
Deferred consideration	-	-	768	3,214
Total consideration	<u>11,608</u>	<u>167,285</u>	<u>36,959</u>	<u>53,590</u>

The net cash outflow arising on acquisition was:

	KGIS €'000	King's €'000	Reddam Sydney €'000	Mirabal €'000
Cash consideration	8,708	165,451	36,191	50,376
Less: cash and cash equivalent balances acquired	(375)	(5,598)	-	(4,220)
	<u>8,333</u>	<u>159,853</u>	<u>36,191</u>	<u>46,156</u>

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

27. Business combinations (continued)

(b) Acquisitions for the year ended 31 August 2020 (continued)

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	KGIS	King's	Reddam Sydney	Mirabal
	€'000	€'000	€'000	€'000
			(Remeasured)	
Cash and cash equivalents	375	5,597	-	4,220
Trade and other receivables	5,756	25,131	594	635
Inventory	34	599	-	188
Property, plant and equipment	149	34,034	4,075	36,707
Identifiable intangible assets	4,032	51,185	33,365	13,047
Right of use asset	962	38,166	10,573	-
Tax liability	(219)	(621)	-	(487)
Deferred income	(5,190)	(12,226)	(249)	(1,342)
Trade and other payables	(659)	(9,064)	-	(1,324)
Other liabilities	-	(17,080)	(1,083)	-
Right of use liability	(962)	(38,763)	(12,112)	-
Borrowings	(1,155)	(4,437)	-	(24)
Deferred tax liability	(603)	(13,138)	(8,591)	(11,442)
Total identifiable assets	2,520	59,383	26,572	40,178
Non-controlling interests	-	(472)	-	-
Equity	2,520	58,911	26,572	40,178
Purchase consideration	11,608	167,285	36,959	53,590
Goodwill	9,088	108,374	10,387	13,412

The initial accounting for the acquisition of Mirabal and Reddam Sydney had only been provisionally determined at the end of the reporting period.

In the final acquisition accounting for Reddam Sydney the goodwill value decreased €1.1 million as a result of this remeasurement. Identifiable intangible assets decreased €0.5 million, Other liabilities decreased €1.2 million and Deferred tax liability decreased by €0.4 million.

The fair value of receivables acquired includes provisions of €1.3 million against the gross contractual amount of receivables. The best estimate of contractual cash flows that are not expected to be collected is €1.3 million.

The goodwill arising from each of the acquisitions consists of the value of expected synergies, revenue growth and know-how of the acquired business arising from an acquisition that do not qualify for separate recognition. None of the goodwill is expected to be deductible for income tax purposes.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 August 2021

27. Business combinations (continued)

(b) Acquisitions for the year ended 31 August 2020 (continued)

Acquisition-related costs (included within operating expenses)

	KGIS	King's	Reddam Sydney	Mirabal
	€'000	€'000	€'000	€'000
Costs	(302)	(1,848)	(76)	(2,009)

Contribution to revenue and profit for the year

The acquisitions contributed the following amounts to the overall Group result:

	KGIS	King's	Reddam Sydney	Mirabal
	€'000	€'000	€'000	€'000
Revenue	5,048	42,769	15,614	6,282
Profit/(loss) before tax	353	(34)	3,238	210

The above contribution to revenue and profit, representing the revenue and profit recognised subsequent to acquisition, is distorted by the timing of revenue recognised in accordance with IFRS 15, which results in certain months of the year not recognising any revenue as tuition and ancillary fees are recognised over a 10 month academic year. If the acquisitions had been completed on the first day of the financial year, Group revenues and Group profit before tax for the year would have been higher/(lower) than as reported by the following amounts:

	KGIS	King's	Reddam Sydney	Mirabal
	€'000	€'000	€'000	€'000
Revenue	481	13,993	6,048	7,638
Profit before tax	(145)	797	1,409	1,176

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

27. Business combinations (continued)

(c) Acquisitions for the year ended 31 August 2019

During the year, the Group acquired the following businesses to continue the Group's expansion:

Entity	Acquisition date	Equity voting interest acquired	Purchase consideration €'000
O Parque – Ensino de Crianças, SA ('PaRK')	24 September 2018	66%	12,622
Colegio San Patricio ('CSP')	21 December 2018	100%	37,870
Global Academic Group Holdco Limited ('ACG')	31 May 2019	100%	366,615
AIM Servicios Educativos, S.A. de C.V. ('AIM')	15 August 2019	100%	12,093

The acquisition of Global Academic Group Holdco Limited ('ACG') included an 80% voting interest in PT Awal Cakrawala Gemilang.

The principal activity of all businesses was the provision of private education services.

The purchase consideration was satisfied by:

	PaRK €'000	CSP €'000	ACG €'000	AIM €'000
Cash	12,622	26,058	366,615	9,732
Repayment of loans	-	5,015	-	-
Deferred consideration	-	6,797	-	2,362
Total consideration	<u>12,622</u>	<u>37,870</u>	<u>366,615</u>	<u>12,094</u>

The net cash outflow arising on acquisition was:

	PaRK €'000	CSP €'000	ACG €'000	AIM €'000
Cash consideration	12,622	26,058	366,615	9,732
Less: cash and cash equivalent balances acquired	(2,232)	(873)	(21,582)	(1,806)
	<u>10,390</u>	<u>25,185</u>	<u>345,033</u>	<u>7,926</u>

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

27. Business combinations (continued)

(c) Acquisitions for the year ended 31 August 2019 (continued)

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	PaRK €'000	CSP €'000	ACG €'000 (Remeasured)	AIM €'000
Cash and cash equivalents	2,232	873	21,582	1,806
Trade and other receivables	1,179	868	6,736	820
Inventory	51	-	349	-
Financial assets	1,700	5,370	-	-
Property, plant and equipment	1,390	42,090	109,489	1,667
Identifiable intangible assets	6,867	20	54,190	13,799
Tax liability	(21)	(399)	-	-
Deferred income	(4,164)	(3,539)	(29,351)	(2,077)
Trade and other payables	(1,456)	(2,506)	(3,279)	(577)
Other liabilities	(1,700)	(176)	-	(392)
Borrowings	-	(26,018)	(5,947)	-
Deferred tax liability	(1,442)	(3,853)	(21,786)	(4,037)
Total identifiable assets	4,636	12,730	133,883	11,009
Non-controlling interests	(1,579)	-	(2,162)	-
Equity	3,057	12,730	131,721	11,009
Purchase consideration	12,622	37,870	366,615	12,094
Goodwill	9,565	25,140	236,794	1,085

The initial accounting for the acquisition of ACG and AIM had only been provisionally determined at the end of the reporting period. The fair value of property, plant and equipment and non-controlling interest is based on a valuation with assumptions that are based on directors' best estimates.

The purchase price allocation for ACG was only provisionally determined at 31 August 2019. When finalised in the subsequent year the value of intangible assets recognised in the acquisition decreased by €2.3 million, the deferred tax liabilities recognised decreased by €0.4 million, and the value of goodwill has increased by €1.9 million.

The fair value of receivables acquired includes provisions of €0.6 million against the gross contractual amount of receivables. The best estimate of contractual cash flows that are not expected to be collected is €Nil.

The goodwill arising from each of the acquisitions consists of the value of expected synergies, revenue growth and know-how of the acquired business arising from an acquisition that do not qualify for separate recognition. None of the goodwill is expected to be deductible for income tax purposes.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

27. Business combinations (continued)

(c) Acquisitions for the year ended 31 August 2019 (continued)

Acquisition-related costs (included within operating expenses)

	PaRK €'000	CSP €'000	ACG €'000	AIM €'000
Costs	941	1,223	2,274	797

Contribution to revenue and profit for the year

The acquisitions contributed the following amounts to the overall Group result:

	PaRK €'000	CSP €'000	ACG €'000	AIM €'000
Revenue	10,473	16,108	14,064	8
Profit/(loss) before tax	634	(3,245)	2,800	(1,042)

The above contribution to revenue and profit, representing the revenue and profit recognised subsequent to acquisition, is distorted by the timing of revenue recognised in accordance with IFRS 15, which results in certain months of the year not recognising any revenue as tuition and ancillary fees are recognised over a 10 month academic year. If the acquisitions had been completed on the first day of the financial year, Group revenues and Group profit before tax for the year would have been higher than as reported by the following amounts:

	PaRK €'000	CSP €'000	ACG €'000	AIM €'000
Revenue	1,342	11,042	51,221	11,549
Profit before tax	231	650	21,255	1,292

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

28. Notes to the cash flow statement

	Note	For the year ended 31 August 2021 €'000	For the year ended 31 August 2020 (Restated) €'000	For the year ended 31 August 2019 €'000
Profit before tax for the year		39,876	16,038	2,049
Adjustments for:				
Unrealised foreign exchange losses/(gains)		477	(2,499)	1,367
Mark to market (gains) of derivatives		-	-	(1,017)
Net finance costs		29,668	25,628	22,147
Lease liability interest expense	14	23,800	22,937	-
Depreciation of property, plant and equipment	13	24,318	23,063	15,438
Depreciation of right of use asset	14	24,540	22,987	-
Amortisation of intangible assets	11	19,076	16,534	10,789
Loss on disposal of property, plant and equipment		1,268	2,972	1,413
Loss on disposal of subsidiary		-	331	-
Share of profit on associate	12	(953)	(571)	-
Other non-cash items		(211)	-	-
Fair value adjustment for deferred consideration		1,901	941	-
Share based payment		1,110	-	-
Gain on disposal of associate through step-acquisition		(8,064)	-	-
Impairment of Right of Use Asset		-	921	-
Operating cash flows before movements in working capital		156,806	129,282	52,186
(Decrease)/increase in provisions		(1,058)	4,571	1,474
(Increase)/decrease in inventories		(168)	133	(31)
Decrease/(increase) in receivables		3,717	(7,155)	(6,228)
Increase/(decrease) in payables		1,511	(4,615)	8,181
Increase in deferred revenue		8,494	5,895	17,971
Movement in other working capital		(286)	646	-
Cash generated by operations		169,016	128,757	73,553
Income taxes paid		(25,190)	(18,397)	(10,523)
Interest paid		(25,911)	(22,151)	(14,695)
Lease liability interest paid	14	(23,800)	(22,937)	-
Cash flow relating to hedging activities		-	-	(292)
Net cash from operating activities		94,115	65,272	48,043

The 2020 comparative has been restated to reclassify €15.0 million capital repayments of lease obligations to be a financing activity and to move the interest element to below cash generated by operations. The impact of the change was to increase net cash from operating activities from €50.3 million to €65.3 million. There is no change to overall increase/(decrease) in cash and cash equivalents.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

28. Notes to the cash flow statement (continued)

Cash and cash equivalents

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Cash and bank balances	111,865	95,512	121,898
	<u>111,865</u>	<u>95,512</u>	<u>121,898</u>

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet position as shown above.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

28. Notes to the cash flow statement (continued)

Net cash / (debt) balances at 31 August 2021 comprise:

	Current assets €'000	Current liabilities €'000	Non-current liabilities €'000	Total €'000
Cash and bank balances	111,865	-	-	111,865
Lease Liability	-	(17,005)	(310,879)	(327,884)
Borrowings	-	(24,183)	(822,063)	(846,246)
Net cash / (debt)	<u>111,865</u>	<u>(41,188)</u>	<u>(1,132,942)</u>	<u>(1,062,265)</u>

Net cash / (debt) balances at 31 August 2020 comprise:

	Current assets €'000	Current liabilities €'000	Non-current liabilities €'000	Total €'000
Cash and bank balances	95,512	-	-	95,512
Lease Liability	-	(24,499)	(266,678)	(291,177)
Borrowings	-	(8,870)	(716,473)	(725,343)
Net cash / (debt)	<u>95,512</u>	<u>(33,369)</u>	<u>(983,151)</u>	<u>(921,008)</u>

Net cash / (debt) balances at 31 August 2019 comprise:

	Current assets €'000	Current liabilities €'000	Non-current liabilities €'000	Total €'000
Cash and bank balances	121,898	-	-	121,898
Finance leases	-	(555)	(1,745)	(2,300)
Borrowings	-	(5,391)	(464,168)	(469,559)
Net cash / (debt)	<u>121,898</u>	<u>(5,946)</u>	<u>(465,913)</u>	<u>(349,961)</u>

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

28. Notes to the cash flow statement (continued)

Analysis of changes in debt

	Borrowings	Lease liability obligation	Finance leases	Derivative financial instruments	Total
	€'000	€'000	€'000	€'000	€'000
As at 1 September 2018	(173,708)	-	(6,268)	(118)	(180,094)
Drawdown of borrowings	(539,873)	-	-	(899)	(540,772)
Repayments of borrowings	284,173	-	-	-	284,173
Interest paid	14,695	-	-	-	14,695
Repayments of lease obligations	-	-	4,309	-	4,309
Acquisitions	(31,965)	-	-	-	(31,965)
Fair value gains and losses	-	-	-	1,017	1,017
Exchange movements	740	-	(341)	-	399
Accrued Interest	(18,263)	-	-	-	(18,263)
Loan capitalisation write-off	(5,358)	-	-	-	(5,358)
As at 31 August 2019	(469,559)	-	(2,300)	-	(471,859)
Adoption of IFRS 16	-	(246,485)	-	-	(246,485)
Reclassifications	-	(2,300)	2,300	-	-
Drawdown of borrowings	(250,166)	-	-	-	(250,166)
Repayments of borrowings	2,793	-	-	-	2,793
Interest paid	22,151	-	-	-	22,151
Repayments of lease obligations	-	14,983	-	-	14,983
Lease liability interest paid	-	22,937	-	-	22,937
Acquisitions	(5,615)	(57,570)	-	-	(63,185)
Exchange movements	611	195	-	-	806
Accrued Interest	(23,013)	(22,937)	-	-	(45,950)
Loan fee amortisation	(2,545)	-	-	-	(2,545)
As at 31 August 2020	(725,343)	(291,177)	-	-	(1,016,520)
Drawdown of borrowings	(113,487)	-	-	-	(113,487)
Repayments of borrowings	5,992	-	-	-	5,992
Interest paid	25,911	-	-	-	25,911
Repayments of lease obligations	-	13,344	-	-	13,344
Lease liability interest paid	-	23,800	-	-	23,800
Repayment to associate	3,989	-	-	-	3,989
Acquisitions	(13,687)	(11,393)	-	-	(25,080)
Lease movements	-	(1,969)	-	-	(1,969)
Exchange movements	62	(14,648)	-	-	(14,586)
Accrued Interest	(26,536)	(23,800)	-	-	(50,336)
Loan fee amortisation	(3,147)	-	-	-	(3,147)
As at 31 August 2021	(846,246)	(305,843)	-	-	(1,152,089)

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) **For the year ended 31 August 2021**

29. Contingent liabilities

In the normal course of business, the Group is, from time to time, subjected to legal actions, contractual disputes, employment claims and tax assessments. In the opinion of the Directors, the ultimate resolution of these matters will not have a material adverse effect on the Consolidated Financial Statements.

The Company and its subsidiaries have entered into a number of indemnifications, performance and financial guarantees, in the normal course of business, which gives rise to obligations to pay amounts or fulfil obligations to external parties should certain conditions not be met or specified events occur. As at the date of this report, no matter has come to the attention of the Group which indicates that any material outflow will occur as a result of these indemnities and guarantees, and accordingly no provision has been recognised.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

30. Retirement benefit schemes

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Defined benefit plan obligations	2,143	3,319	4,002

Background

The Group has both defined benefit and defined contribution retirement benefit plans.

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The income statement charge in respect of defined contribution plans represents the contribution payable by the Group based upon a fixed percentage of employees' pay. The company has no exposure to investment and other experience risks.

The total cost charged to operating expenses of €4.8 million (2020 year: €3.9 million; 2019 year: €3.0 million) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes.

Defined benefit plans

A defined benefit plan is a pension arrangement where participating members receive a pension benefit at retirement determined by the plan rules dependent on factors such as age, years of service and pensionable pay and is not dependent upon actual contributions made by the company or members. The income statement service cost in respect of defined benefit plans represents the increase in the defined benefit liability arising from pension benefits earned by active members in the current period. The Group is potentially exposed to investment and other experience risks and may need to make additional contributions where it is estimated that the benefits will not be met from regular contributions, expected investment income and assets held.

The Group has pension arrangements that are considered to meet the definition of a defined benefit plan in Switzerland, Italy, Belgium and Indonesia. In Switzerland and Belgium, the plans are administered by separate funds that are legally separated from the Group. The Trustees of the Pension Funds are composed of representatives from both employers and employees. The Trustees of the Pension Funds are required by law and by their articles of association to act in the interests of the Funds and of all relevant stakeholders in the plans, i.e. active employees, inactive employees, retirees, employers. The Trustees of the Pension Funds are responsible for the investment policies with regard to the assets of the funds.

No other post-retirement benefits are provided to these employees.

Switzerland

Employees in Switzerland are entitled to post retirement benefits based on retirement savings accrued until retirement age (Men: 65 years; Women 64 years). The retirement benefits are provided by the accumulation of defined retirement savings contributions with interest until retirement. At retirement, the employee may receive the benefit in lump sum form, or may elect to receive a part of the benefit in the form of a pension payable for life with continuation to a spouse or partner. As with all employee retirement plans in Switzerland the benefits are subject to certain interest, capital and annuity guarantees. The insured salary is limited to 1200% of the state retirement benefit. The insured salary is the difference between the current salary of the employee and 87.5% of the state retirement benefit.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

30. Retirement benefit schemes (continued)

Belgium

Employees in Belgium are entitled to a statutory minimum rate of return on the value of contributions made, which is provided following retirement age (65 years).

Defined benefit schemes typically expose the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The risk relating to benefits to be paid to the dependents of scheme members is re-insured by an external insurance company.

The defined benefit schemes require contributions from employees in addition to the contributions made by the Company.

Italy

Pursuant to Article 2120 of the Italian Civil Code, post-employment benefits in Italy (TFR) are due to employees on termination of employment. Following pension law reform, for companies with greater than 50 employees, post-employment benefits accruing since 1 January 2007 are mandatorily transferred to a supplementary pension fund or the special treasury fund set up by INPS (the Italian social security institution) depending on which option the employee has chosen. For companies with less than 50 employees, post-employment benefits accruing since 1 January 2007 are retained by the Company.

Post-employment benefits accruing since 1 January 2007 in companies with greater than 50 employees are considered to be defined contribution plans, including when the employee has opted to transfer the benefits to the INPS treasury fund. These benefits, determined in accordance with Italian Civil Code requirements, are not subjected to actuarial valuation and are recognised as staff costs.

The Group's liability for defined benefits owing to employees therefore relates to those vested up to 31 December 2006 (relevant for International School of Europe S.P.A only), and those benefits accrued in Italian schools with less than 50 employees (International School of Italy S.r.l and Bergamo International Studies Srl).

Indonesia

Employees in Inspired's Indonesia entities are entitled to certain employee benefits according to Indonesian law. When an employee reaches pension age, the relevant employee will be entitled to payment discussed in Article 167 of Law No. 13 of 2003 (the "Manpower Law"). Article 167 of the Manpower Law provides that when an employee reaches pension age (and the employment is ended due to pension age), the relevant employee shall be entitled to a pension package that is not less than 2 x severance pay; 1 x service pay, and 1 x right compensation pay, (together, "Statutory Pension Package").

The Company must ensure that retiring employees received a specified minimum level of benefits. The Company does not use an external fund to manage its future pension liabilities. Instead, the Company would fund the pension benefit directly upon the employee's retirement.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

30. Retirement benefit schemes (continued)

Actuarial valuations

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Actuarial valuations of the plan's assets and the present value of the defined benefit liabilities were carried out at 31 August 2021 for all retirement benefit schemes.

The present value of the defined benefit liabilities, and the related current service cost and past service cost, were measured using the projected unit credit method.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

30. Retirement benefit schemes (continued)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2021				2020				2019			
	Italy %	Belgium %	Switzerland %	Indonesia %	Italy %	Belgium %	Switzerland %	Italy %	Belgium %	Switzerland %	Italy %	Belgium %
Key assumptions used:												
Discount rate(s)	0.6%	0.8%	0.1%	7.9%	0.7%	1.0%	0.3%	0.9%	1.1%	(0.3%)	0.9%	1.1%
Expected rate(s) of salary increase	3.0%	0.0%	0.5%	5.0%	3.0%	0.0%	0.5%	3.0%	0.0%	0.5%	3.0%	0.0%

Amounts recognised in the income statement in respect of these defined benefit schemes are as follows:

	2021				2020				2019			
	Italy €000	Belgium €000	Switzerland €000	Indonesia €000	Italy €000	Belgium €000	Switzerland €000	Italy €000	Belgium €000	Switzerland €000	Italy €000	Belgium €000
Current service cost	176	731	425	12	167	739	455	156	933	350	156	933
Administration costs	-	-	29	-	16	-	31	-	-	32	-	-
Net interest (income)/expense	8	2	3	14	3	4	(5)	12	6	5	12	6
Components of defined benefit costs recognised in profit or loss	184	733	457	26	186	743	481	168	939	387	168	939

Of the expense (service cost) for the year, €1.3 million (2020: €0.9 million; 2019: €0.8 million) has been included in the income statement as operating expenses, with the net interest expense included within finance costs (see Note 8). The remeasurement of the net defined benefit liability is included in the statement of comprehensive income.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

30. Retirement benefit schemes (continued)

The amounts recognised in the statement of comprehensive income are as follows:

	2021				2020				2019			
	Italy €000	Belgium €000	Switzerland €000	Indonesia €000	Italy €000	Belgium €000	Switzerland €000	Italy €000	Belgium €000	Switzerland €000	Italy €000	Belgium €000
The return on plan assets (excluding amounts included in net interest	-	(459)	(1,280)	-	-	(595)	(240)	-	(1,093)	(358)	-	-
Actuarial (gains) / losses arising from experience adjustments and changes in financial assumptions	63	397	(172)	13	(19)	228	(257)	151	1,170	896	-	-
Remeasurement of the net defined benefit liability	63	(62)	(1,452)	13	(19)	(367)	(497)	151	77	538	-	-

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2021				2020				2019			
	Italy €000	Belgium €000	Switzerland €000	Indonesia €000	Italy €000	Belgium €000	Switzerland €000	Italy €000	Belgium €000	Switzerland €000	Italy €000	Belgium €000
Present value of defined benefit obligations	(1,412)	(15,256)	(10,710)	(91)	(1,324)	(15,107)	(10,553)	(1,300)	(15,185)	(10,354)	-	-
Fair value of plan assets	-	14,616	10,725	-	-	14,469	9,196	-	14,234	8,603	-	-
Application of asset ceiling	-	-	(15)	-	-	-	-	-	-	-	-	-
Net liability arising from defined benefit obligation	(1,412)	(640)	-	(91)	(1,324)	(638)	(1,357)	(1,300)	(951)	(1,751)	-	-

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

30. Retirement benefit schemes (continued)

Movements in the present value of defined benefit obligations in the year were as follows:

	2021				2020			2019		
	Italy €000	Belgium €000	Switzerland €000	Indonesia €000	Italy €000	Belgium €000	Switzerland €000	Italy €000	Belgium €000	Switzerland €000
Opening defined benefit obligation	(1,324)	(15,107)	(10,553)	-	(1,300)	(15,185)	(10,354)	(875)	(13,588)	(8,836)
Transfer from employment provisions	-	-	-	(141)	-	-	-	-	-	-
Current service cost	(176)	(731)	(425)	(12)	(167)	(739)	(455)	(156)	(933)	(350)
Interest cost	(8)	(142)	(31)	(13)	(3)	(162)	31	(12)	(226)	(51)
Actuarial gains / (losses) arising from experience adjustments	(57)	(76)	186	(20)	(13)	22	257	(406)	(257)	(6)
Benefits paid from plan assets	158	951	425	55	142	1,032	496	149	487	561
Contributions from plan participants	-	-	(350)	-	-	-	(395)	-	-	(388)
Exchange differences on foreign schemes	-	-	67	(1)	-	-	(102)	-	-	(362)
Insurance premiums for risk benefits	-	62	-	-	-	63	-	-	81	-
Taxes included in the defined benefit obligation	-	78	-	-	-	82	-	-	117	-
Actuarial gains and losses arising from financial adjustment	(5)	(321)	-	6	33	(250)	-	-	(913)	(890)
Administrative costs	-	30	(29)	-	(16)	30	(31)	-	47	(32)
Change in benefit plans	-	-	-	35	-	-	-	-	-	-
Closing defined benefit obligation	(1,412)	(15,256)	(10,710)	(91)	(1,324)	(15,107)	(10,553)	(1,300)	(15,185)	(10,354)

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

30. Retirement benefit schemes (continued)

Movements in the fair value of plan assets in the year were as follows:

	2021			2020			2019			
	Italy €000	Belgium €000	Switzerland €000	Indonesia €000	Italy €000	Belgium €000	Switzerland €000	Italy €000	Belgium €000	Switzerland €000
Opening fair value of plan assets	-	14,469	9,196	-	-	14,234	8,603	-	12,808	7,683
Interest income	-	140	27	-	-	158	(26)	-	220	47
The return on plan assets (excluding amounts included in net interest expense)	-	459	1,280	-	-	594	241	-	1,093	358
Exchange differences on foreign schemes	-	-	(54)	-	-	-	84	-	-	300
Contributions from the employer	-	669	350	-	-	689	395	-	844	388
Contributions from plan participants	-	-	350	-	-	-	395	-	-	388
Benefits paid	-	(951)	(424)	-	-	(1,032)	(496)	-	(487)	(561)
Administrative expenses paid from plan assets	-	(30)	-	-	-	(30)	-	-	(44)	-
Taxes paid from plan assets	-	(78)	-	-	-	(81)	-	-	(117)	-
Insurance premiums for risk benefits	-	(62)	-	-	-	(63)	-	-	(83)	-
Closing fair value of plan assets	-	14,616	10,725	-	-	14,469	9,196	-	14,234	8,603

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

30. Retirement benefit schemes (continued)

The major categories and fair values of plan assets at the end of the reporting period for each category are as follows:

	2021				2020			
	Italy	Belgium	Switzerland	Indonesia	Italy	Belgium	Switzerland	Italy
Money market (unquoted)	-	-	1%	-	-	-	-	-
Fixed income (quoted)	-	-	34%	-	-	-	37%	-
Equity (quoted)	-	-	39%	-	-	-	37%	-
Real Estate (unquoted)	-	-	26%	-	-	-	26%	-
Assets held by insurance company (unquoted)	-	100%	-	-	-	100%	-	-
Total	-	100%	100%	-	-	100%	100%	-
								100%
								100%

The significant actuarial assumption for the determination of the defined benefit obligation is the discount rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 50 basis points higher, the defined benefit obligation would decrease by €0.5 million for Switzerland (2020: €0.5 million; 2019: €0.5 million), decrease by €0.8 million for Belgium (2020: €0.8 million; 2019: €0.8 million), decrease by €0.02 million for Italy (2020: €0.05 million; 2019: €0.05 million) and decrease by €0.01 million for Indonesia.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

The Group's subsidiaries should fund the cost of the entitlements expected to be earned on a yearly basis. Employees pay a fixed per cent of pensionable salary. Apart from paying the costs of the entitlements, the Group's subsidiaries are not liable to pay additional contributions in case the scheme does not hold sufficient assets. In that case the scheme should take other measures to restore its solvency such as a reduction of the entitlements of the scheme members.

The average duration of the benefit obligation at the end of the reporting period for is 9 years (2020: 10 years; 2019: 10 years). This number can be subdivided into the duration related to:

- active members: 9 years (2020: 10 years; 2019: 10 years)
- retired members: 12 years (2020: 12 years; 2019: 12 years)

The Group expects to make contributions of €1.2 million (2020: €1.5 million; 2019: €1.6 million) to the defined benefit schemes during the next financial year.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

31. Deferred revenue

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Arising from receipt of school fees in advance of services rendered	208,828	191,340	181,248
	<u>208,828</u>	<u>191,340</u>	<u>181,248</u>
Current	208,765	191,249	181,140
Non-current	63	91	108
	<u>208,828</u>	<u>191,340</u>	<u>181,248</u>

Of the deferred revenue at the start of the period €191,249 was recognised during the year (2020: €181,140).

32. Financial instruments

The Board of Directors has overall responsibility for the establishment and oversight of the Group's and the Company's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

This note represents information about the Group's exposure to each of the following risks; the objectives, policies and processes for measuring and managing risk; and the Group's management of capital.

Capital risk management

The capital structure of the Group consists of net debt (bank loans offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as disclosed in Notes 23 to 26).

The Group's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Group's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure); repay borrowings as they fall due; and continue as a going concern.

Categories of financial instruments

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Financial assets			
Cash	111,865	95,512	121,898
Loans and receivables at amortised cost	68,997	68,001	59,486
Financial liabilities			
Payables and loans at amortised cost	944,900	736,778	483,367
Finance leases	-	-	2,300
Deferred consideration for a business combination	31,327	9,405	25,818
Lease Liability	305,843	291,177	-

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

32. Financial instruments (continued)

Financial risk management objectives

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). Whilst much of the Group's foreign exchange exposure is mitigated through local currency denominated expenses providing a natural hedge to local currency denominated revenues, the Group considers the use of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including interest rate swaps to mitigate the risk of rising interest rates.

Foreign currency risk management

The Group operates internationally and is therefore affected by movements in foreign exchange rates. This is largely through the retranslation of the Group's foreign operations' results and balances into Euros.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities 2021	Assets 2021	Liabilities 2020 (Restated)	Assets 2020	Liabilities 2019	Assets 2019
	€'000	€'000	€'000	€'000	€'000	€'000
South African Rand	71,392	4,483	63,808	7,525	4,749	11,823
Kenyan Schilling	2,332	7,514	6,493	4,223	7,918	10,043
Pound Sterling	25,286	15,740	20,862	8,910	6,943	12,434
Swiss Franc	34,076	8,402	37,178	11,175	5,257	11,727
Colombian Peso	440	903	1,522	1,125	1,499	1,358
Peruvian Sol	3,489	3,727	6,173	5,320	5,131	5,133
Australian Dollar	23,279	3,758	35,560	6,074	1,457	3,626
Costa Rican Colon	3,594	1,789	4,392	1,752	1,028	2,242
Bahraini Dinar	32,434	8,369	35,101	7,844	5,645	2,266
Mexican Peso	6,153	2,771	6,893	2,394	1,373	1,590
New Zealand Dollar	24,953	9,779	17,238	7,060	15,142	17,156
Vietnamese Dong	12,473	21,807	3,043	12,600	708	13,953
Indonesian Rupiah	196	1,479	516	1,905	694	2,800
Panamanian Balboa	1,170	1,019	1,589	645	-	-
Omani Rial	1,670	2,117	1,794	4,588	-	-
Lebanese Pound	185	153	-	-	-	-
United Arab Emirates Dirham	16	1,249	-	-	-	-
United States Dollar	9	5	-	-	-	-

The 2020 comparatives have been restated to include the lease liability.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

32. Financial instruments (continued)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10 per cent increase and decrease in Euro against the relevant foreign currencies. 10 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

	2021 €'000		2021 €'000	
	Impact on profit before tax		Impact on equity	
	+10%	-10%	+10%	-10%
Pound Sterling	190	(173)	22,663	(20,603)
Swiss Franc	57	(52)	42	(38)
South African Rand	533	(485)	5,424	(4,931)
Kenyan Schilling	516	(469)	3,793	(3,448)
Colombian Peso	26	(23)	(819)	745
Peruvian Sol	436	(396)	1,082	(984)
Australian Dollar	634	(577)	846	(769)
Costa Rican Colon	187	(170)	(288)	262
Bahraini Dinar	650	(591)	4,266	(3,878)
New Zealand Dollar	2,210	(2,009)	40,189	(36,535)
Vietnamese Dong	626	(570)	1,907	(1,733)
Indonesian Rupiah	-	-	811	(737)
Mexican Peso	116	(105)	202	(183)
Panamanian Balboa	9	(9)	50	(46)
Omani Rial	42	(38)	(809)	736
Lebanese Pound	10	(9)	132	(120)
United Arab Emirates Dirham	(17)	15	440	(400)
United States Dollar	(48)	44	(33)	30
Chinese Yuan	3	(3)	-	-
Total	6,180	(5,620)	79,898	(72,632)

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

32. Financial instruments (continued)

Foreign currency sensitivity analysis (continued)

	2020 €'000		2020 €'000	
	Impact on profit before tax		Impact on equity	
	+10%	-10%	+10%	-10%
Pound Sterling	35	(32)	19,786	(17,988)
Swiss Franc	79	(72)	188	(171)
South African Rand	1,113	(1,012)	5,323	(4,839)
Kenyan Schilling	(2)	2	4,089	(3,717)
Colombian Peso	90	(82)	(783)	712
Peruvian Sol	290	(264)	1,607	(1,461)
Australian Dollar	428	(389)	549	(499)
Costa Rican Colon	214	(194)	(132)	120
Bahraini Dinar	1,134	(1,031)	4,152	(3,774)
New Zealand dollar	1,103	(1,003)	37,793	(34,357)
Vietnam Dong	965	(878)	164	(149)
Indonesia Rupiah	52	(47)	283	(258)
Mexican Peso	122	(111)	147	(133)
Panamanian Balboa	39	(36)	66	(60)
Omani Rial	(8)	7	(616)	560
Total	5,654	(5,142)	72,616	(66,014)

	2019 €'000		2019 €'000	
	Impact on profit before tax		Impact on equity	
	+10%	-10%	+10%	-10%
Pound Sterling	(165)	150	15,747	(14,315)
Swiss Franc	(214)	194	62	(57)
South African Rand	1,365	(1,241)	7,516	(6,833)
Kenyan Schilling	(2)	2	5,373	(4,885)
Colombian Peso	147	(133)	(609)	554
Peruvian Sol	215	(196)	1,597	(1,452)
Australian Dollar	286	(260)	288	(262)
Costa Rican Colon	67	(61)	(153)	139
Bahraini Dinar	(869)	790	4,239	(3,853)
New Zealand dollar	178	(162)	(989)	899
Vietnam Dong	(58)	53	714	(649)
Indonesia Rupiah	(80)	73	401	(365)
Mexican Peso	(108)	99	88	(80)
Total	762	(692)	34,274	(31,159)

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

32. Financial instruments (continued)

Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the Group's profit before tax for the year ended 31 August 2021 would decrease by €4.3 million (2020: decrease by €3.9 million; 2019: decrease by €2.9 million). If interest rates had been 100 basis points lower and all other variables were held constant, the Group's profit before tax for the year ended 31 August 2021 would increase by €0.1 million (2020: increase by €0.1 million; 2019: increase by €0.1 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Trade receivables consist of a widespread customer base. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, assessment of the credit quality of each customer.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash, availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 August 2021

32. Financial instruments (continued)

Liquidity and interest risk table

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay.

31 August 2021	Weighted average effective interest rate %	Less than 1 year €'000	1-5 years €'000	5+ years €'000	Total €'000
Non-interest bearing		111,269	9,992	-	121,261
Variable interest rate liabilities	3.1	41,281	127,928	801,822	971,031
Fixed interest rate liabilities	0.8	655	4,470	-	5,124
Lease Liability	7.8	40,167	158,372	362,031	560,570
Total		<u>193,372</u>	<u>300,762</u>	<u>1,163,853</u>	<u>1,657,986</u>

31 August 2020 (Restated)	Weighted average effective interest rate %	Less than 1 year €'000	1-5 years €'000	5+ years €'000	Total €'000
Non-interest bearing	-	75,738	4,365	-	80,103
Variable interest rate liabilities	3.2	26,149	107,825	734,465	868,439
Lease Liability	8.1	37,971	167,169	333,391	538,531
Total		<u>139,858</u>	<u>279,359</u>	<u>1,067,856</u>	<u>1,487,073</u>

31 August 2019 (Restated)	Weighted average effective interest rate %	Less than 1 year €'000	1-5 years €'000	5+ years €'000	Total €'000
Non-interest bearing	-	83,157	8,061	-	91,218
Finance lease liability	4.5	658	1,459	562	2,679
Variable interest rate liabilities	3.5	17,520	74,413	495,060	586,993
Total		<u>101,335</u>	<u>83,933</u>	<u>495,622</u>	<u>680,890</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the reporting date.

The 2019 and 2020 balances have been restated to reflect the correct undiscounted cashflows. This had the effect of decreasing total future cashflows for 2019 by €49.1m and for 2020 by €67.1m.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

32. Financial instruments (continued)

The Group has access to financing facilities as described in Note 18. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Fair value measurements

The information set out below provides information about how the Group determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- 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); and
- 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).

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Type of financial instrument	Contingent consideration	Consideration to settle put options for non-controlling interests
Classification	Financial Liability	Financial Liability
Fair value as at 31 August 2021	€Nil	€23.8 million
Fair value as at 31 August 2020	€Nil	€5.2 million
Fair value as at 31 August 2019	€12.1 million	€4.6 million
Fair value hierarchy	Level 3	Level 3
Valuation technique(s) and key input(s)	Discounted cash flow.	Multiple of earnings
Significant unobservable input(s)	Forecast fee increases and forecast pupil enrolments.	Future profitability of business.
Relationship of unobservable inputs to fair value	Fair value will increase/decrease with higher/lower forecast fee increases/ enrolments	Fair value will increase/decrease as future profitability increases/decreases.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

32. Financial instruments (continued)

Fair value measurements recognised in the statement of financial position

2021				
	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
<i>Financial liabilities at FVTPL</i>				
Consideration to settle put options for non-controlling interests	-	-	23,834	23,834
Total	-	-	23,834	23,834
2020				
	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
<i>Financial liabilities at FVTPL</i>				
Consideration to settle put options for non-controlling interests	-	-	5,232	5,232
Total	-	-	5,232	5,232
2019				
	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
<i>Financial liabilities at FVTPL</i>				
Consideration to settle put options for non-controlling interests	-	-	4,592	4,592
Contingent consideration	-	-	12,067	12,067
Total	-	-	16,659	16,659

There were no transfers between Level 1 and Level 2 during any of the periods.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

The movement in Level 3 Financial liabilities at FVTPL is as follows:

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Balance at the beginning of the year	-	12,067	10,948
Paid in the year	-	(11,015)	-
Revaluation in the period	-	-	117
Foreign exchange translation gains and losses	-	(1,052)	1,002
Total	-	-	12,067

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

33. Events after the balance sheet date

On 6 September 2021, the Company issued 46,397 G4 Ordinary shares for consideration of €0.0 million. On 25 October 2021, the Company issued 319,972 G4 Ordinary shares for consideration of €0.0 million.

On 14 December 2021, the Group acquired the remaining 45% of Socieduca – Sociedade De Educacao, SA ('St Peters') that was owned by non-controlling interests, for consideration of €20.0 million.

34. Related party transactions

Balances and transactions between the company and its subsidiaries which are related parties have been eliminated on consolidation and are not disclosed in this note.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Short-term employee benefits	918	880	398
Post-employment benefits	17	14	19
	<u>935</u>	<u>894</u>	<u>417</u>

Aggregate Directors' remuneration

The total amounts for Directors' remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Salaries, fees, bonuses and benefits in kind	918	880	398
Money purchase pension contributions	17	14	19
	<u>935</u>	<u>894</u>	<u>417</u>

In 2021, one (2020: one; 2019: two) Director was a member of money purchase scheme.

The highest paid director received short term employee benefits (salary, bonus) of €0.5 million (2020 - €0.5 million; 2019 - €0.3 million) and money purchase pension contributions of €Nil (2020 - €Nil, 2019 - €0.0 million) for the year. In addition, share based payment expense of €0.1 million (2020 - nil, 2019 - nil) was recognised in the year in relation to shares that were issued to this director during the year.

In addition to the above salaried remuneration, the Company paid €3.0 million (2020 - €3.0 million, 2019 - nil) to entities controlled by a Director for various consulting services provided to the Group and paid €Nil (2020 - €0.03 million; 2019 - nil) to another Director of the Company.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

34. Related party transactions (continued)

Trading transactions

During the current year, Group entities entered into the following trading transactions with related parties that are not members of the Group.

	Year ended 31 August 2021 €'000	Year ended 31 August 2020 €'000	Year ended 31 August 2019 €'000
Property rental paid to entities subject to significant influence by G Crawford	6,317	5,314	4,231
Property rental paid to entities of which G Crawford and N Nsouli are beneficiaries	470	451	428
Ancillary school services provided by non-controlling interests	278	529	-
Rent paid to non-controlling interests	-	30	-
Salary paid to non-controlling interests	201	282	20
Property rental paid to an entity which is controlled by an individual who has significant influence over a subsidiary entity	3,732	4,005	-
Rental income from an entity which is controlled by an individual who has significant influence over a subsidiary entity	-	(159)	-
	<u>10,998</u>	<u>10,452</u>	<u>4,679</u>

Loans from related parties

The Group held the following receivables/(payables) due from/(to) non-controlling interests

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Receivables	-	-	1,700
Payables	<u>(842)</u>	<u>(840)</u>	<u>(576)</u>

In addition to the above, as at 31 August 2021, the Group had a receivable due from an entity which is controlled by an individual who has significant influence over a subsidiary entity of €0.1 million (2020 – €0.1 million; 2019 – €Nil).

No interest expense was incurred on these balances.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

35. Obligations under finance leases

On 1 September 2019 the Group implemented IFRS 16 Leases consequently all leases previously categorised as finance lease have now been accounted for under IFRS 16 with all leases being recognised as a right of use asset and a lease liability. These leases are now shown in Note 14: Leases.

The Group leased certain of its assets under finance leases in 2019. The average lease term remaining was 5.6 years.

Interest rates underlying all obligations under finance leases were fixed at respective contract dates ranging from 0.4% to 13% per annum.

	Minimum lease payments €'000	Present value of minimum lease payments €'000
2019		
Amounts payable under finance leases:		
Within one year	658	555
In the first to fifth years inclusive	1,459	1,246
After five years	562	499
	<hr/>	<hr/>
	2,679	2,300
Less: future finance charges	(379)	-
	<hr/>	<hr/>
Present value of lease obligations	2,300	2,300
	<hr/>	<hr/>
Analysed as:		
Amounts due for settlement within 12 months (shown under current liabilities)		555
Amounts due for settlement after 12 months		1,745
		<hr/>
		2,300
		<hr/>

For the year ended 31 August 2019, the average effective borrowing rate was 4.5%.

Lease obligations largely relate to Land and buildings and are principally denominated in Euros and Mexican Pesos. The Group's obligations under finance leases are secured by the lessors' rights over the leased assets disclosed in Note 13.

Inspired Education Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

36. Operating lease arrangements

On 1 September 2019, the Group implemented IFRS 16 Leases, and consequently most leases previously categorised as an operating lease have now been accounted for under IFRS 16 with the leases being split into a right of use asset and a lease liability. These leases are disclosed in Note 14. The Group has elected to treat leases with a liability of less than 12 months or leases where the underlying asset has a value of less than €5,000 as operating leases.

The Group as lessee

	2021 €'000	2020 €'000	2019 €'000
Lease payments under operating leases recognised as an expense in the year	2,159	1,047	28,971

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:

	2021 €'000	2020 €'000	2019 €'000
Land and buildings			
Leases expiring:			
Within one year	-	-	32,338
In the second to fifth years inclusive	-	-	136,194
After five years	-	-	412,226
	-	-	580,758

Operating lease payments represent rentals payable by the Group for certain of its schools and Head Office.

The company has lease arrangements with a lease term ranging up to 84 years. Leases have an average term remaining of 10 years (2020: 10 years; 2019: 27 years).

Certain lease arrangements contain escalation rates that are contingent as they are linked to CPI. The future minimum lease payments for these leases were calculated by applying a 0% escalation rate, as the escalation rate is contingent.

	2021 €'000	2020 €'000	2019 €'000
Other			
Leases expiring:			
Within one year	-	-	502
In the second to fifth years inclusive	-	-	406
	-	-	908

37. Ultimate controlling party or parent company

In the opinion of the Directors, there is not considered to be any one party that is the ultimate controlling party or ultimate parent company of the Group.

Inspired Education Holdings Limited

Company balance sheet At 31 August 2021

		As at 31 August 2021	As at 31 August 2020	As at 31 August 2019
	Notes	€'000	€'000	€'000
Non-current assets				
Investment in subsidiaries	40	572,740	572,740	572,740
Property, plant and equipment	41	10	23	37
Intangible assets	42	479	1,062	315
		<u>573,229</u>	<u>573,825</u>	<u>573,092</u>
Current assets				
Amounts owed by Group undertakings	43	4,054	13,905	28,375
Cash and bank balances		1,561	1,841	1,854
Trade and other receivables		1,441	104	-
Current tax assets		-	372	372
		<u>7,056</u>	<u>16,222</u>	<u>30,601</u>
Current liabilities				
Trade and other payables	44	(2,429)	(1,145)	(537)
Current tax liabilities		(12)	-	-
Amounts due to Group undertakings	45	(14,372)	(13,548)	(12,531)
		<u>(16,813)</u>	<u>(14,693)</u>	<u>(13,068)</u>
Net current assets		<u>(9,757)</u>	<u>1,529</u>	<u>17,533</u>
Total assets less current liabilities		<u>563,472</u>	<u>575,354</u>	<u>590,625</u>
Net assets		<u>563,472</u>	<u>575,354</u>	<u>590,625</u>
Equity				
Share capital	46	10,992	10,992	10,992
Share premium account	46	575,993	575,993	575,999
Retained losses	47	(23,373)	(10,381)	4,884
Other reserves		(140)	(1,250)	(1,250)
Equity attributable to owners of the Company		<u>563,472</u>	<u>575,354</u>	<u>590,625</u>

The Company reported a loss for the year ended 31 August 2021 of €13.0 million (2020: loss of €15.3 million; 2019: profit of €8.6 million).

The financial statements of Inspired Education Holdings Limited (registered number 10392529) were approved by the Board of Directors and authorised for issue on 17 December 2021.

They were signed on its behalf by:



N M Nsouli
Director

Inspired Education Holdings Limited

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

	Equity attributable to equity holders of the Company				
	Share capital €'000	Share premium account €'000	Retained earnings €'000	Other reserves €'000	Total €'000
Balance at 1 September 2018	8,988	341,209	(3,734)	-	346,463
Profit for the year	-	-	8,618	-	8,618
Total comprehensive profit for the year	-	-	8,618	-	8,618
Issue of share capital	2,004	-	-	-	2,004
Issue of share premium	-	238,998	-	-	238,998
Share issue costs	-	(4,208)	-	-	(4,208)
Premium on share buy-back	-	-	-	(1,250)	(1,250)
Balance at 1 September 2019	10,992	575,999	4,884	(1,250)	590,625
Loss for the year	-	-	(15,265)	-	(15,265)
Total comprehensive loss for the year	-	-	(15,265)	-	(15,265)
Share issue costs	-	(6)	-	-	(6)
Balance at 31 August 2020	10,992	575,993	(10,381)	(1,250)	575,354
Loss for the year	-	-	(12,992)	-	(12,992)
Total comprehensive loss for the year	-	-	(12,992)	-	(12,992)
Share based payments	-	-	-	1,110	1,110
Balance at 31 August 2021	10,992	575,993	(23,373)	(140)	563,472

Inspired Education Holdings Limited

Notes to the Company financial statements For the year ended 31 August 2021

38. Significant accounting policies

The separate financial statements of the company are presented as required by the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) *Reduced Disclosure Framework* as issued by the Financial Reporting Council incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and July 2016.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and certain related party transactions.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in Note 3 to the consolidated financial statements, except as noted below.

- Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

Significant accounting judgements and key sources of estimation uncertainty

In the course of preparing the financial statements, no significant judgements have been made in the process of applying the Group's accounting policies, other than those involving estimations (listed below), that have had a significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

In the year ended 31 August 2021, the Company has applied a number of new standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. Refer to Note 3 for further detail.

Carrying value of investments and other intangible assets

The Company tests annually whether investments have suffered any impairment. The recoverable amounts of cash-generating units (CGUs) or groups of CGUs have been determined based on value in use calculations. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from each investment and a suitable discount rate in order to calculate present value. Central costs are not allocated to individual investments, refer Note 40.

39. Profit for the year

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of other comprehensive income for the year. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

The auditor's remuneration for audit and other services is disclosed in Note 6(b) to the consolidated financial statements.

The Company has no employees.

Inspired Education Holdings Limited

Notes to the Company financial statements (continued) For the year ended 31 August 2021

40. Investment in subsidiaries

	€'000
Cost	
At 1 September 2018	428,541
Additional investment in subsidiary	144,199
At 31 August 2019	572,740
At 31 August 2020	572,740
At 31 August 2021	572,740
Net book value	
At 31 August 2019	572,740
At 31 August 2020	572,740
At 31 August 2021	572,740

Inspired Education Holdings Limited

Notes to the Company financial statements (continued) For the year ended 31 August 2021

40. Investment in subsidiaries (continued)

Details of the Company's subsidiaries at 31 August 2021 are as follows:

Name of Company	% of shares held directly by Group	% of shares held directly by the Company	Place of business	Registered office
Inspired Finco Holdings Ltd	-	100	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Academy 21 Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Fulham Prep School Holdings Ltd	100	-	UK	200 Greyhound Road, Fulham Prep School, London, W14 9SD, UK
Inspired APAC Holdings Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired Education (Oman) Ltd	75	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired Education Online Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired Europe Holdings Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired ME Holdings Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired NZ Finco Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired UK Holdings Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Interhigh Education (No 1) Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Interhigh Education Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
KCO Commercial Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
KCO Holdeo Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
KCO Tech (UK) Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
King's Education International Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
King's Education Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Ostaz Holdings Ltd	60.2	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Reddam House (Berkshire) Ltd	100	-	UK	Reddam House, Bearwood, Wokingham, RG41 5GB, UK
Reddam House Events Ltd	100	-	UK	Reddam House, Bearwood, Wokingham, RG41 5GB, UK
Septimo Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
St Michael's College (Tenbury) Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
The Fulham Prep School (2002) Ltd	100	-	UK	200 Greyhound Road, Fulham Prep School, London, W14 9SD, UK
The Fulham Prep School Ltd	100	-	UK	200 Greyhound Road, Fulham Prep School, London, W14 9SD, UK

Inspired Education Holdings Limited

Notes to the Company financial statements (continued) For the year ended 31 August 2021

40. Investment in subsidiaries (continued)

Name of Company	% of shares held directly by Group	% of shares held directly by the Company	Place of business	Registered office
Wey Ecademy Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Wey Education Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Wey Education Services Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired Australia Bondi Holdings Pty Ltd	100	-	Australia	62 Edgecliff Road, Woollahra, NSW 2025, Australia
Inspired Australia Holdings Pty Ltd	100	-	Australia	62 Edgecliff Road, Woollahra, NSW 2025, Australia
Inspired Australia Pty Ltd	100	-	Australia	62 Edgecliff Road, Woollahra, NSW 2025, Australia
Krypton Early Learning Pty Ltd	100	-	Australia	62 Edgecliff Road, Woollahra, NSW 2025, Australia
Inspired Bahamas Property Ltd	100	-	Bahamas	Lyford Manor, Western Road, Lyford Cay, P. O. Box CB-13007, Nassau, Bahamas
Kings College School Bahamas Ltd	100	-	Bahamas	Lyford Manor, Western Road, Lyford Cay, P. O. Box CB-13007, Nassau, Bahamas
BSB Hawafiz W.L.L	100	-	Bahrain	Building 1080, Road 1425, Block 1014, Hamala and Kingdom of Bahrain
Interhigh International W.L.L	100	-	Bahrain	Unit 1652, Building 1565, Road 1722, Block 317, Manama, Kingdom of Bahrain
The British School of Bahrain	100	-	Bahrain	Building 1080, Road 1425, Block 1014, Hamala and Kingdom of Bahrain
SJIS Management Services SRL	100	-	Belgium	146 Dreve Richelle Waterloo, Belgium
St Johns International School ASBL	100	-	Belgium	146 Dreve Richelle Waterloo, Belgium
SJIS Property SRL	100	-	Belgium	146 Dreve Richelle Waterloo, Belgium
Australian International Schools Ltd	100	-	British Virgin Islands	2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, British Virgin Islands
Grimms Kindergarten S.A.S	100	-	Colombia	Calle 215, 50-24, Colombia
San Mateo Apostol S.A.S.	100	-	Colombia	Calle 215, 50-24, Colombia
Colegio Del Valle, S.A	100	-	Costa Rica	Guachipelin, Escazu, San José, Costa Rica

Inspired Education Holdings Limited

Notes to the Company financial statements (continued) For the year ended 31 August 2021

40. Investment in subsidiaries (continued)

<i>Name of Company</i>	<i>% of shares held directly by Group</i>	<i>% of shares held directly by the Company</i>	<i>Place of business</i>	<i>Registered office</i>
Inspired ME Management FZ LLC	100	-	Dubai	Executive Office No 7, Floor 7, Building Aurora Tower, Dubai
Synkers FZ - LLC	60.2	-	Dubai	Premises No HD 08C, Building In5teach, Dubai
Inspired Education (Egypt) S.A.E	51	-	Egypt	Smart Village, 6th of October City, Giza, Egypt
King's College Frankfurt GmbH	100	-	Germany	Hugentottenstrasse, 119, 61381 Friedrichsdorf, Germany
PT Awal Cakrawala Gemiland	100	-	Indonesia	Jl. Warung Jati Barat No. 19, Ragunan, South Jakarta, Indonesia
International School of Europe S.P.A	100	-	Italy	Via Manfredo Camperio N.14, 20123, Milano, Italy
International School of Italy S.r.l	100	-	Italy	Via Adda 25, 22075 Fino Mornasco, Italy
SLS S.P.A	100	-	Italy	Via Caviglia N.1, 20139, Milano, Italy
SLS Properties S.r.l	51	-	Italy	Vicolo San Giovanni Sul Muro N.9, 20121, Milan, Italy
Bergamo International Studies S.r.l	60	-	Italy	Via Teodoro Frizzini 19/A CAP 24121, Italy
	100	-		L.R 209/4393/24, Deloitte Place, Waiyaki Way, P.O. Box 30029
Brookhouse Schools Limited			Kenya	00100, Nairobi, Kenya
	100	-		Dykio Plaza ,Plot Number 209/409/6, Ngong Lane, Off Ngong Road,
Wey Education (Kenya) Limited			Kenya	Nairobi, Kenya
King's College Latvia S.A	100	-	Latvia	Turaidas street 1, Pinki, Babites distr.,LV-2107, Latvia
Synkers Holding SAL	60.2	-	Lebanon	Beruit, Sami El Soleh Street, Al Mazraa, Building UCA, Lebanon
Synkers SAL	60.2	-	Lebanon	Beruit, Sami El Soleh Street, Al Mazraa, Building UCA, Lebanon
Berkshire Property	100	-	Mauritius	10 th Floor, Standard Chartered, 19 Cyberville, Ebène, Mauritius
Kenya Education Ltd	100	-	Mauritius	10 th Floor, Standard Chartered, 19 Cyberville, Ebène, Mauritius
Inspired Africa	100	-	Mauritius	10 th Floor, Standard Chartered, 19 Cyberville, Ebène, Mauritius
Reddam Property UK	100	-	Mauritius	10 th Floor, Standard Chartered, 19 Cyberville, Ebène, Mauritius
Kenya K-12 Holdings	100	-	Mauritius	10 th Floor, Standard Chartered, 19 Cyberville, Ebène, Mauritius
Reddam House ELS Australia	100	-	Mauritius	10 th Floor, Standard Chartered, 19 Cyberville, Ebène, Mauritius

Inspired Education Holdings Limited

Notes to the Company financial statements (continued) For the year ended 31 August 2021

40. Investment in subsidiaries (continued)

Name of Company	% of shares held directly by Group	% of shares held directly by the Company	Place of business	Registered office
AIM Servicios Educativos S.A. de C.V	100	-	Mexico	Perseverancia 100, Balcones del Valle, 66280 San Pedro Garza García, N.L., México
ACG Early Childhood Education Group Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Education Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG New Zealand International College Jakarta Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Parnell College Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Parnell College Property Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Property Holdings (NZ) Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Schools Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Strathallan College Property Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Strathallan Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Sunderland Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Sunderland Property Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Tauranga Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Tauranga Property Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
Asia Investment Holdings Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
Global Academic Group Holdco Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
Inspired NZ Holdings Ltd	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
Inspired Vietnam Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
International Schools Investments Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
New Zealand International College Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
Comprehensive Educational Projects LLC	70 ¹	-	Oman	PO Box. 1656, PC. 114, CPO. Seeb, Way no. 2947, Sultanate of Oman

Inspired Education Holdings Limited

Notes to the Company financial statements (continued) For the year ended 31 August 2021

40. Investment in subsidiaries (continued)

Name of Company	% of shares held directly by Group	% of shares held directly by the Company	Place of business	Registered office
King's Training Panama S.A	100	-	Panama	Clayton, Avenida al hospital, Edificio 518, Panamá República de Panamá
King's College Panama S.A	100	-	Panama	Clayton, Avenida al hospital, Edificio 518, Panamá República de Panamá
Centro Educativo Particular Altair S.A.C	100	-	Peru	La Arboleda 385 Avenue, La Molina, Peru
Cambridge College Lima S.r.l	100	-	Peru	Alameda de los Molinos 728-730, Chorrillos, Lima, Peru
O Parque – Ensino de Crianças SA	100	-	Portugal	Av. das Descobertas, nº21, 1400-091 Lisboa, Portugal
Socieduca – Sociedade De Educacao, SA	55	-	Portugal	Quinta dos Barreiros, CCI 3952 - Volta da Pedra, 2950-201 Palmela, Setubal, Portugal
Inspired Portugal Holding, Unipessoal Lda	100	-	Portugal	Av. das Descobertas, nº21, 1400-091 Lisboa, Portugal
A-Star-Education Schools SG Holdco Pre Ltd	100	-	Singapore	77 Robinson Road, #13-00, Robinson 77, 068896, Singapore
Chesterhouse Properties (Pty) Limited	100	-	South Africa	55 Belper Road, Wynberg, 7800, South Africa
Inspired Schools Pty Ltd	100	-	South Africa	Reddam Avenue, Constantia, 7800, South Africa
K2015231345 (South Africa) Pty Ltd	100	-	South Africa	Reddam Avenue, Constantia, 7800, South Africa
British School of Alicante SL	100	-	Spain	Avda. Pio XII, 92, 28036 Madrid, Spain
Ceroal ITG, S.L	100	-	Spain	Calle Serrano, 41-4º Madrid, Spain
Ciudad Infantil Mirabal S.A	100	-	Spain	Monte Almenara Street, Boadilla del Monte (Madrid), 28660, Spain
INSDE, S.L.	100	-	Spain	C/ SIL, 58 28002 Madrid, Spain
Integral International School at Sotogrande S.L	100	-	Spain	Avd de la Reserva s/n San Roque, Sotogrande, 11310 Cádiz Spain
International School of Sotogrande S.L.	100	-	Spain	Avd de la Reserva s/n San Roque, Sotogrande, 11310 Cádiz Spain
Kensington School SA	99.4	-	Spain	Avda. de Bularas 2, Pozuelo de Alarcon, Madrid, Spain
King's College International Studies SL	100	-	Spain	Avda. Pio XII, 92, 28036 Madrid, Spain
King's College Murcia SL	100	-	Spain	Avda. Pio XII, 92, 28036 Madrid, Spain
King's College School SL	100	-	Spain	Avda. Pio XII, 92, 28036 Madrid, Spain

Inspired Education Holdings Limited

Notes to the Company financial statements (continued) For the year ended 31 August 2021

40. Investment in subsidiaries (continued)

Name of Company	% of shares held directly by Group	% of shares held directly by the Company	Place of business	Registered office
King's College SL	100	-	Spain	Avda. Pio XII, 92, 28036 Madrid, Spain
King's Infant School SL	100	-	Spain	Avda. Pio XII, 92, 28036 Madrid, Spain
Latam Education Holdings S.L.	100	-	Spain	Calle Serrano, 41-4º Madrid, Spain
Mirabal School S.L.	100	-	Spain	Monte Almenara Street, Boadilla del Monte (Madrid), 28660, Spain
Nexalia Services S.L.	100	-	Spain	Avda. Pio XII, 92, 28036 Madrid, Spain
Ecole Internationale St Georges SA	100	-	Switzerland	Chemin de St Georges 19, 1815 Clarens, Switzerland
International School of Ticino S.r.l	100	-	Switzerland	Via alla Campagna, Lugano, CH 6900, Switzerland
ACG Australian International Education Services Company Ltd	100	-	Vietnam	264 Mai Chi Tho, An Phu Ward, District 2, Ho Chi Minh City, Vietnam
European International Education Services Company Ltd	100	-	Vietnam	730 Le Van Mien, Thao Dien, District 2, Ho Chi Minh City, Vietnam
Thuy Chau Joint Stock Company	100	-	Vietnam	264 Mai Chi Tho, An Phu Ward, District 2, Ho Chi Minh City, Vietnam

¹ 99.99% economic interest

All companies' principal activity is the provision or facilitation of private education services.

All shares held directly by the Group are ordinary shares.

Inspired Education Holdings Limited

Notes to the Company financial statements (continued) For the year ended 31 August 2021

40. Investment in subsidiaries (continued)

The investments in subsidiaries are all stated at cost less provision for impairment. The Directors have assessed the carrying amounts of the investment in subsidiaries and are of the opinion that the investment has not suffered any impairment.

Further information about subsidiaries, including disclosures about non-controlling interests, is provided in Note 15 to the consolidated financial statements.

UK registered subsidiaries exempt from audit

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 August 2021. Unless otherwise stated, the undertakings listed below are all 100% owned, either directly or indirectly by Inspired Education Holdings Limited. The Company will guarantee the debts and liabilities of the UK subsidiaries listed below at the balance sheet date in accordance with section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

Name of Company	% of shares held directly by		Place of business	Registered office
	Group	% of shares held directly by the Company		
Academy 21 Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Fulham Prep School Holdings Ltd	100	-	UK	200 Greyhound Road, Fulham Prep School, London, W14 9SD, UK
Inspired APAC Holdings Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired Education (Oman) Ltd	75	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired Education Online Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired Europe Holdings Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired ME Holdings Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired NZ Finco Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired UK Holdings Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Interhigh Education (No 1) Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Interhigh Education Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
KCO Commercial Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
KCO Holdco Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
KCO Tech (UK) Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Kings Education International Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK

Inspired Education Holdings Limited

Notes to the Company financial statements (continued) For the year ended 31 August 2021

40. Investment in subsidiaries (continued)

Name of Company	% of shares held directly by Group	% of shares held directly by the Company	Place of business	Registered office
Kings Education Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Ostaz Holdings Ltd	60.2	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Reddam House Events Ltd	100	-	UK	Reddam House, Bearwood, Wokingham, RG41 5GB, UK
Septimo Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
St Michael's College (Tenbury) Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Wey Ecademy Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Wey Education Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Wey Education Services Ltd	100	-	UK	6 th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Australian International Schools Ltd	100	-	British Virgin Islands	2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, British Virgin Islands

Inspired Education Holdings Limited

Notes to the Company financial statements (continued) For the year ended 31 August 2021

41. Property, plant and equipment

	Fixtures and fittings €'000	Leasehold improvements €'000	Computer equipment €'000	Total €'000
Cost				
At 1 September 2018	131	169	-	300
Additions	5	-	23	28
Disposals	(108)	(169)	-	(277)
At 31 August 2019	28	-	23	51
At 31 August 2020	28	-	23	51
At 31 August 2021	28	-	23	51
Depreciation				
At 1 September 2018	(11)	(13)	-	(24)
Charge for the year	(25)	(31)	(4)	(60)
Disposals	26	44	-	70
At 31 August 2019	(10)	-	(4)	(14)
Charge for the year	(6)	-	(8)	(14)
At 31 August 2020	(16)	-	(12)	(28)
Charge for the year	(6)	-	(7)	(13)
At 31 August 2021	(22)	-	(19)	(41)
Net book value				
At 31 August 2021	6	-	4	10
At 31 August 2020	12	-	11	23
At 31 August 2019	18	-	19	37

Inspired Education Holdings Limited

Notes to the Company financial statements (continued) For the year ended 31 August 2021

42. Intangible assets

	Software development €'000	Other €'000	Total €'000
Cost			
At 1 September 2018	90	-	90
Additions	273	-	273
	<hr/>	<hr/>	<hr/>
At 31 August 2019	363	-	363
Additions	289	787	1076
	<hr/>	<hr/>	<hr/>
At 31 August 2020	652	787	1439
	<hr/>	<hr/>	<hr/>
At 1 September 2020	652	787	1,439
Additions	177	-	177
Disposals	(53)	-	(53)
	<hr/>	<hr/>	<hr/>
At 31 August 2021	776	787	1,563
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 September 2018	(13)	-	(13)
Charge for the year	(35)	-	(35)
	<hr/>	<hr/>	<hr/>
At 1 September 2019	(48)	-	(48)
Charge for the year	(110)	(219)	(329)
	<hr/>	<hr/>	<hr/>
At 31 August 2020	(158)	(219)	(377)
	<hr/>	<hr/>	<hr/>
At 1 September 2020	(158)	(219)	(377)
Charge for the year	(155)	(568)	(723)
Disposals	16	-	16
	<hr/>	<hr/>	<hr/>
At 31 August 2021	(297)	(787)	(1,084)
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 August 2021	479	-	479
	<hr/>	<hr/>	<hr/>
At 31 August 2020	494	568	1,062
	<hr/>	<hr/>	<hr/>
At 31 August 2019	315	-	315
	<hr/>	<hr/>	<hr/>

Inspired Education Holdings Limited

Notes to the Company financial statements (continued) For the year ended 31 August 2021

43. Amounts owed by Group undertakings

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Amounts owed by Group undertakings	4,054	13,905	28,375

Amounts repayable from subsidiaries are short term and carry interest of between 0 per cent and 6 per cent per annum charged on the outstanding loan balances.

44. Trade and other payables

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Trade payables and accruals	2,429	1,145	537

45. Amounts due to Group undertakings

	As at 31 August 2021 €'000	As at 31 August 2020 €'000	As at 31 August 2019 €'000
Amounts due to Group undertakings	14,372	13,548	12,531

Intercompany loans are held with various Group undertakings and are repayable on demand. Interest rates vary from 0.0% to 7.5%.

46. Share capital and share premium account

The movements on these items are disclosed in Notes 23 and 24 to the consolidated financial statements.

47. Retained earnings

	€'000
Balance at 31 August 2018	(3,734)
Net profit for the year	8,618
Balance at 31 August 2019	4,884
Net loss for the year	(15,265)
Balance at 31 August 2020	(10,381)
Net loss for the year	(12,992)
Balance at 31 August 2021	(23,373)

Inspired Education Holdings Limited

Notes to the Company financial statements (continued) For the year ended 31 August 2021

Appendix 1: Non IFRS measures

This section, which does not form part of the consolidated financial statements of the Company, makes reference to various non-IFRS measures, which are defined below. All performance-based measures are presented to provide insight into ongoing profit generation, both individually and relative to other companies.

EBITDA

EBITDA represents profit before tax, interest, depreciation, and amortisation.

Margin

Calculated as EBITDA as a percentage of Revenue

EBITDA before highlighted items

Calculated as EBITDA excluding highlighted items. In the current year, highlighted items comprise:

- Pre-opening/start-up operating loss
- Acquisition and transaction related costs
- Acquisition and transaction related costs
- Adjustment to acquisition purchase consideration
- Costs incurred on the disposal or closure of a subsidiary
- Restructuring and integration costs
- Gain on disposal of associate through step-acquisition

Margin before highlighted items

Calculated as EBITDA before highlighted items as a percentage of Revenue

Adjusted EBITDA

Calculated as EBITDA before highlighted items, less cash payments for leases.

Adjusted Margin

Calculated as Adjusted EBITDA as a percentage of Revenue