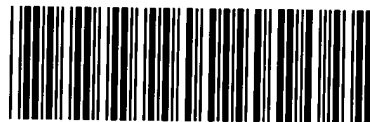


Company Registration No. 08058545 (England and Wales)

ASTRUM EDUCATION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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ASTRUM EDUCATION LIMITED

COMPANY INFORMATION

Directors	L Chen Y Hao H Wu Z Wu	(Appointed 20 January 2020) (Appointed 20 January 2020) (Appointed 20 January 2020)
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Secretary	Foot Anstey Secretarial Limited
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Company number	08058545
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Registered office	59 Queen's Gate South Kensington London SW7 5JP
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Auditor	Baxter & Co Lynwood House Crofton Road Orpington Kent BR6 8QE
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Bankers	Lloyds Bank Plc 25 Gresham Street London EC2M 4RB
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ASTRUM EDUCATION LIMITED

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ASTRUM EDUCATION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The directors present the strategic report for the year ended 31 August 2020.

Activities

The principal activity of the company in the year under review was ownership and management of schools and the supply of education services within the United Kingdom. The company aims to provide an excellent all-round education for boys and girls from 11-18 years old, which includes a varied curriculum while ensuring to the highest standards of student welfare, plus a wide programme of varied sporting, artistic and extra-curricular activities.

Astrum Education Group, comprising of Kensington Park School, an independent day and boarding school in its second year of running, which now includes the students who formerly attended Chelsea Independent College (CIC). Kensington Park School provides education services for pupils aged 11 to 19, from more than 30 countries, whom come to study in London.

Review of the business

Kensington Park School (KPS)

At KPS, we have a maximum class size of 10 pupils in the Sixth Form, and a maximum of 14 for the set of core subjects in the Senior School (ages 11 to 16). Nevertheless, small classes alone do not guarantee academic success. Teachers are still the greatest asset a school has. At KPS, we are lucky enough to have both: small classes and some excellent teachers. When combined with setting in core subjects, our specialist, age-appropriate timetables, and pastoral support, this is a tried-and-tested winning formulae.

We are looking for pupils who are keen to learn and work hard. An interest in a wider range of activities that support their studies is important and a willingness to be involved in the co-curricular life of the school is also essential. For international pupils, there is an IELTS or equivalent score that they need to secure before they start their A-level studies

Students who are pursuing sports or performance programmes alongside academic studies may opt for KPS as we can offer them the flexibility to work their studies around their sporting and music commitments. The personalised teaching and pastoral support allows pupils who train or practice for 20 + hours a week the opportunity to have a strong balanced education. Very few top UK academic schools are able to deliver this. We currently have four pupils representing England/Great Britain in Fencing and Ice Hockey.

Princess Beatrice House (Boarding)

Our boarding students use the modern boarding complex, Princess Beatrice House, situated next to Earls Court tube. The rooms are fully appointed studios, including kitchenette and en-suite bathroom. Pupils may choose to share or have single rooms. The building is managed by security 24 hours a day. Pupils' wellbeing is supported by a strong pastoral team led by an experienced Housemaster.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

ASTRUM EDUCATION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Principal risks and uncertainties

Educational and Legislative Risk

Changes to examination systems for A level and GCSE will cause fluctuations in the year on year demand from students for courses offered by sixth form colleges. Other factors such as university entry requirements can also alter the number of students looking for places. The Group has managed this risk by broadening the base of its intake, both from UK and overseas, across those students looking to complete whole GCSE and A level programmes. With the decline in the retake market in the UK, and lower numbers of international students coming into Britain, the Group will now look to manage this risk by the changes described under Future Developments.

Economic and Competitive Risk

Changes in economic conditions in the core countries from which the colleges attract students, including the UK, can affect the affordability of an independent college education programme to prospective fee payers. In addition overseas markets carry specific risks related to movements in exchange rates, and other factors including changes to rules related to entry requirements and academic progression for students, and increased provision of in country educational courses as an alternative to a UK based education. The new strategy of the Group will reduce its exposure to these risks as the colleges become increasingly sought after and more selective in their approach.

Reputational Risk

Reputational risk is a key consideration for the group, which is monitored on a regular basis by an active and engaged board of Governors. Colleges and other educational establishments are increasingly being looked at to provide early concerns related to the safeguarding and promotion of welfare of their students. The colleges and boarding facilities all have well established safe-guarding procedures in place, and handbooks and policies are kept up to date and distributed to all staff and students. Through its centralised operating system, the group also monitors key areas such as attendance, exam performance against expectation and has separate processes for measurement of quality of teaching.

Liquidity and Cash Flow Risk

In order to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long term and short term debt finance. The group's banking facilities comprise a combination of parent company loans and bank overdraft facilities.

The group's principal financial assets are bank balances and cash, and trade and other receivables.

The group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The group has hedged its exposure to interest rate rises, which would otherwise pose a risk to the business.

ASTRUM EDUCATION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Impact of COVID-19

AEG's ability to continue trading as a going concern

The COVID-19 pandemic has rapidly developed during 2020 and continues at dangerous levels tragically at the cost of human life. Both operations and measures taken by various governmental bodies to contain the virus have negatively affected Astrum Education Group's results for FY 2019 / 2020. Impacts from COVID-19 on the Group are:

School fees:

Going concern:

A decline in revenue for the school summer term of 2020 compared with the same period in Summer Term 2019. All students have received 15% refund of their summer term fees and 100% refund of their summer term boarding fees. The Board of directors have tried to strike a balance between keeping parents onside and keeping the schools afloat. Both KPS and CIC were able to switch to online teaching and virtual classrooms when the government call came to close schools on Friday 20th March 2020 in England. The schools have also adjusted the work patterns of their teaching staff to allow for the time difference of overseas pupils that returned home once the schools had closed.

However, the Board has also decided to freeze the tuition and boarding fees from academic year (FY2020/2021), resulting in a financial shortfall for the Group. Future year tuition fees to be charged are presently being discussed.

Collection and increased provision for bad debts:

The operation of Astrum schools is heavily reliant on the payments of school fees. This unprecedented event has made the collection of school fees even more difficult than before. Many families are facing financial struggles and the school management is extremely mindful of the delicate nature and discretion needed when approaching the subject of unpaid school fees.

Overseas students not starting/continuing their courses:

Going concern:

This is a significant risk that due to the uncertainty around health and safety, ability to travel and actual delivery of tuition courses, many overseas students may decide not to return or begin their studies in the 2021 academic year. The Group relies heavily on overseas student income, which the pandemic has had a big impact on. As a result, the Board of Directors decided to close down CIC, creating a streamlined single education provider. CIC was formally removed from the DfE register, with 40 students being transferred to KPS to continue their studies.

Student accommodation:

Accommodation income/going concern:

Over the summer term 2020 most of the student accommodation has remained vacant and therefore both CIC and KPS have decided to refund students with 100% of the boarding fees for the summer term. At the start of academic year 2020/2021, there are 30 boarders confirmed.

ASTRUM EDUCATION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Supplier contracts:

Going concern:

Schools and boarding house have made arrangements with external suppliers for provision of services to students, for example, catering, gym membership, rental leases and cleaning companies. As students and staff were not on site during the summer term, we have managed to reduce or defer or cancel orders and services from most of our external suppliers, equating to an overall saving.

A significant reduction of student numbers for 2020 Easter Revision Courses and cancellation of Summer Schools:

We normally run an Easter Revision at KPS and a Summer School at CIC. Due to the timing of the Easter Revision (March and April 2020), schooling / face to face tuition was not possible and substituted with online revision courses to a small number of students. The majority of our summer school students are non-UK, with the travel ban and uncertainty of the pandemic, 2020 Summer School was cancelled. This loss of income has been factored into cash flow forecast.

Single/one-off contract provisions:

Due to Summer School cancellation, such single/one-off contracts, i.e. external activities and course material were not taken up, resulting in savings for the Group.

Going concern and liquidity:

Forecasting:

Five year forecasts have been revisited in the light of the current circumstances. A number of sensitivity analysis and stress testing evaluations have been conducted on the overall business.

By looking at the outcomes of a significant reduction in the number of international students combined with increasing operational costs and staff costs from FY2020/2021 - Chelsea Independent College was closed with effect from September 2020.

Included in the five year forecasting is a rolling cash forecast, which helps the Group project forward when cash is required.

Financing:

The Group is financed in two ways – by collecting school fees from parents and receiving additional cash injection from the shareholders. By working together with the shareholder management team, they are aware in advance for any cash requirement.

In addition to the above operational challenges, the Group has benefitted from the Government support scheme - Coronavirus Job Retention Scheme, under this scheme the government will reimburse 80% of the wages of employees who have been furloughed, but who are being kept on the payroll. As this scheme involves a transfer of resources from government to the school, it meets the definition of a government grant.

Although it is not certain that these efforts will be successful, the Board of Directors has determined that the actions that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial reporting on a going concern basis.

On behalf of the board

L Chen
Director

21 July 2021



ASTRUM EDUCATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

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

Principal activities

The principal activity of the company continued to be that of the ownership and management of schools and the supply of education services within the United Kingdom.

Directors

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

L Chen	(Appointed 20 January 2020)
Y Hao	
H Wu	(Appointed 20 January 2020)
Z Wu	(Appointed 20 January 2020)
W Colvin	(Resigned 21 February 2020)

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Donations

The company did not make any political or charitable donations during the year.

Going concern

The financial statements have been prepared on a going concern basis. In considering whether this is appropriate, the directors have taken into account that the company is part of the wider Astrum Education Group. At Group level, the directors have reviewed the latest cash forecasts of future revenue and cash projections. It is clear over the next 12 to 24 months that the Group is dependent upon ongoing financial support from Star Education Investment Limited (Star), the parent company and also Shanghai Sailing Qiyu Enterprise Management Consulting Centre LLP (Sailing), the ultimate controlling entity. This support is needed until student numbers increase sufficiently to cover the running costs of the business. Both Star and Sailing have confirmed their ongoing financial support and agreed to fund the shortfall highlighted by the forecasts over the next 2 years.

Since the balance sheet date, the group has, where possible, adapted its working practices and adopted government safeguards in order to allow its staff and students to continue to work and learn safely. The group closed a number of their educational establishments, in line with government guidelines in March 2020, until the start of the new academic year in September 2020. However, a range of measures have been implemented to mitigate the risk of deteriorating educational outcomes for students. The deployment of remote (virtual) teaching and learning arrangements and online software packages designed to supplement classroom learning have enabled the rest of the group to continue in its operations throughout the Covid-19 pandemic. The group continues to review its procedures in line with new guidelines and the requirements of its students to ensure that the group continues to meet with their educational needs. The group expects that its compliance to date shall meet with future government regulations and that it will continue to be able to service students through virtual teaching and learning arrangements. Following the latest round of Government advice in response to the pandemic, education has resumed on site, with students returning to the classroom. It is not anticipated that the Government will close education providers in future, however, the Group is confident that the measures put in place in response to the first lockdown will allow the Group to continue delivering high quality education using remote means.

ASTRUM EDUCATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The directors have considered the group's liquidity and expect that it shall have sufficient cash reserves and support from its controlling parent company in order to meet liabilities as they fall due. The directors have undertaken financial modelling and forecasting to establish the impact of any delays in reopening the schools throughout the group and are satisfied that the group can accommodate such delays. The directors of the company have relied upon the financial support letter in their consideration of going concern and accordingly the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Staff policies

The company favours the principle of equal opportunities in employment and opposes all forms of discrimination. All necessary steps are taken to ensure that individuals are treated equally and fairly and decisions affecting individuals' recruitment, training and career development are based solely on objective, job related criteria. Employment policies do not discriminate between employees or potential employees on the grounds of disability. The company actively involves employees in the development of the business and undertakes to provide information of concern to them that is likely to affect their interests.

Auditor

In accordance with the company's articles, a resolution proposing that Baxter & Co be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

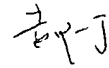
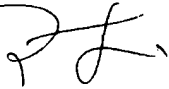
ASTRUM EDUCATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

On behalf of the board

L Chen
Director



Y Hao
Director

H Wu
Director



Z Wu
Director



21 July 2021

ASTRUM EDUCATION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASTRUM EDUCATION LIMITED

Opinion

We have audited the financial statements of Astrum Education Limited (the 'company') for the year ended 31 August 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

ASTRUM EDUCATION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ASTRUM EDUCATION LIMITED

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

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.

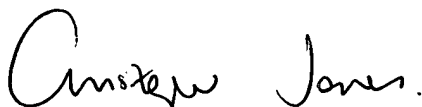
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ASTRUM EDUCATION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ASTRUM EDUCATION LIMITED

Use of our report

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



**Christopher Jones FCCA (Senior Statutory Auditor)
for and on behalf of Baxter & Co**

22 July 2021

**Chartered Certified Accountants
Statutory Auditor**

Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

ASTRUM EDUCATION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	2019 £
Cost of sales		(777)	(1,339)
Administrative expenses		(2,238,668)	(2,292,482)
Other operating income		41,110	-
Operating loss	4	(2,198,335)	(2,293,821)
Interest receivable and similar income	7	37	3,838
Intercompany loan impairment	8	13,255,228	12,294,476
Profit before taxation		11,056,930	10,004,493
Tax on profit		-	-
Profit for the financial year		11,056,930	10,004,493

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ASTRUM EDUCATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2020

	2020 £	2019 £
Profit for the year	11,056,930	10,004,493
Other comprehensive income	-	-
Total comprehensive income for the year	<u>11,056,930</u>	<u>10,004,493</u>

ASTRUM EDUCATION LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2020

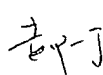
	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	10		7,242		15,068
Current assets					
Debtors	13	116,232		322,871	
Cash at bank and in hand		293,824		263,962	
		410,056		586,833	
Creditors: amounts falling due within one year	14	(216,232)		(11,457,765)	
Net current assets/(liabilities)			193,824		(10,870,932)
Total assets less current liabilities			201,066		(10,855,864)
Capital and reserves					
Called up share capital	15		1		1
Profit and loss reserves			201,065		(10,855,865)
Total equity			201,066		(10,855,864)

The financial statements were approved by the board of directors and authorised for issue on 21 July 2021 and are signed on its behalf by:

L Chen
Director



Y Hao
Director



H Wu
Director



Z Wu
Director



Company Registration No. 08058545

ASTRUM EDUCATION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2020

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 September 2018	1	(20,860,358)	(20,860,357)
Year ended 31 August 2019:			
Profit and total comprehensive income for the year	-	10,004,493	10,004,493
Balance at 31 August 2019	1	(10,855,865)	(10,855,864)
Year ended 31 August 2020:			
Profit and total comprehensive income for the year	-	11,056,930	11,056,930
Balance at 31 August 2020	1	201,065	201,066

ASTRUM EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

Company information

Astrum Education Limited is a private company limited by shares incorporated in England and Wales. The registered office is 59 Queen's Gate, South Kensington, London, SW7 5JP.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Astrum Education Group Limited. These consolidated financial statements are available from its registered office, 59 Queen's Gate, South Kensington, London, SW7 5JP.

Related party exemption

The company is a wholly owned subsidiary of Astrum Education Group Limited, a company registered in the UK, and has taken advantage of the exemption conferred by FRS 102 paragraph 33.1A not to disclose transactions with Astrum Education Group or other wholly owned subsidiaries within the group.

ASTRUM EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The financial statements have been prepared on a going concern basis. In considering whether this is appropriate, the directors have taken into account that the company is part of the wider Astrum Education Group. At Group level, the directors have reviewed the latest cash forecasts of future revenue and cash projections. It is clear over the next 12 to 24 months that the Group is dependent upon ongoing financial support from Star Education Investment Limited (Star), the parent company and also Shanghai Sailing Qiyu Enterprise Management Consulting Centre LLP (Sailing), the ultimate controlling entity. This support is needed until student numbers increase sufficiently to cover the running costs of the business. Both Star and Sailing have confirmed their ongoing financial support and agreed to fund the shortfall highlighted by the forecasts over the next 2 years.

Since the balance sheet date, the group has, where possible, adapted its working practices and adopted government safeguards in order to allow its staff and students to continue to work and learn safely. The group closed a number of their educational establishments, in line with government guidelines in March 2020, until the start of the new academic year in September 2020. However, a range of measures have been implemented to mitigate the risk of deteriorating educational outcomes for students. The deployment of remote (virtual) teaching and learning arrangements and online software packages designed to supplement classroom learning have enabled the rest of the group to continue in its operations throughout the Covid-19 pandemic. The group continues to review its procedures in line with new guidelines and the requirements of its students to ensure that the group continues to meet with their educational needs. The group expects that its compliance to date shall meet with future government regulations and that it will continue to be able to service students through virtual teaching and learning arrangements. Following the latest round of Government advice in response to the pandemic, education has resumed on site, with students returning to the classroom. It is not anticipated that the Government will close education providers in future, however, the Group is confident that the measures put in place in response to the first lockdown will allow the Group to continue delivering high quality education using remote means.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for the provision of education services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Turnover is attributable to the one principal activity of the company, the ownership and management of schools and colleges in the United Kingdom.

ASTRUM EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, 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.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	33% on cost
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.7 Impairment of fixed assets

At each reporting period end date, the company 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

ASTRUM EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Debtors

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

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ASTRUM EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

ASTRUM EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 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 profit and loss account 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the Statement of comprehensive income.

ASTRUM EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

1.16 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.17 Cash flow statement

As the company is a wholly owned subsidiary of Astrum Education Group Limited and the cash flows of the company are included in the publicly available consolidated financial statements of Astrum Education Group Limited, the company is exempt under the terms of FRS 102 from preparing a cash flow statement.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no material judgements or estimates in preparation of these financial statements.

3 Turnover and other revenue

	2020 £	2019 £
Other significant revenue		
Interest income	37	3,838

4 Operating loss

	2020 £	2019 £
Operating loss for the year is stated after charging:		
Depreciation of owned tangible fixed assets	10,327	10,279
Operating lease charges	17,988	76,123

The audit fee is borne by the parent undertaking in the current year and prior years.

ASTRUM EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Operations and administration	21	24

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,475,692	1,263,749

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	-	45,000

7 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	37	3,838

8 Intercompany loan impairment

	2020 £	2019 £
Intercompany loan impairment	13,255,228	12,294,476

All intercompany balances between Group companies were offset against one another in the year. The ultimate liabilities with Group's owner will be reflected in the consolidated financial statements of Star Education Investment Limited for the year ended 31 August 2020.

ASTRUM EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

9 Intangible fixed assets

Goodwill
£

Cost

At 1 September 2019 and 31 August 2020

86,160

Amortisation and impairment

At 1 September 2019 and 31 August 2020

86,160

Carrying amount

At 31 August 2020

-

At 31 August 2019

-

10 Tangible fixed assets

Fixtures and
fittings
£

Cost

At 1 September 2019

533,809

Additions

2,501

At 31 August 2020

536,310

Depreciation and impairment

At 1 September 2019

518,741

Depreciation charged in the year

10,327

At 31 August 2020

529,068

Carrying amount

At 31 August 2020

7,242

At 31 August 2019

15,068

11 Fixed asset investments

2020
£

2019
£

-

-

ASTRUM EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

11	Fixed asset investments	(Continued)
	Movements in fixed asset investments	
		Investments in subsidiary companies £
	Cost or valuation	
	At 1 September 2019 & 31 August 2020	2,842,000
		<hr/>
	Impairment	
	At 1 September 2019 & 31 August 2020	2,842,000
		<hr/>
	Carrying amount	
	At 31 August 2020	-
		<hr/>
	At 31 August 2019	-
		<hr/>

ASTRUM EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

12 Subsidiaries

Details of the company's subsidiaries at 31 August 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Duff Miller & Company (London Tutors) Limited	59 Queen's Gate, South Kensington, London, United Kingdom, SW7 5JP	Education	Ordinary	100.00
Kensington Park School Limited	59 Queen's Gate, South Kensington, London, United Kingdom, SW7 5JP	Education	Ordinary	100.00
Chelsea Independent College Limited	59 Queen's Gate, South Kensington, London, United Kingdom, SW7 5JP	Education	Ordinary	100.00

ASTRUM EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

13 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Other debtors	30,525	215,208
Prepayments and accrued income	85,707	107,663
	<u>116,232</u>	<u>322,871</u>

14 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	111,901	42,201
Taxation and social security	40,902	14,536
Other creditors	10,429	11,161,644
Accruals and deferred income	53,000	239,384
	<u>216,232</u>	<u>11,457,765</u>

15 Share capital

	2020	2019
	£	£
Ordinary share capital Issued and fully paid 1 Ordinary of £1 each	<u>1</u>	<u>1</u>

16 Securities

The company has granted a fixed charge in favour of Lloyds Bank plc over the cash deposits for the bank account.

The company has granted a fixed charge in favour of The Great Victoria Partnership (G.P.) Limited & Great Victoria Property Limited as Trustees for the Great Victoria Partnership over the tenant's interest in the deposit account and in the deposit balance.

ASTRUM EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

17 Operating lease commitments

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

	2020 £	2019 £
Within one year	1,286,417	1,910,174
Between two and five years	1,313,686	1,447,211
	<u>2,600,103</u>	<u>3,357,385</u>

18 Immediate and ultimate parent company

The immediate parent company is Astrum Education Group Limited, a company registered in England & Wales. Its registered office is 59 Queen's Gate, South Kensington, London, United Kingdom, SW7 5JP.

The directors consider Star Education Investments Limited to be the controlling party of the Group. The ultimate parent undertaking is Shanghai Sailing Qiyu Enterprise Management Consulting Centre LLP, a company incorporated in China.

In accordance with the exemption under Financial Reporting Standard 102, the company does not disclose transactions with companies which are wholly owned within the group and the group prepared consolidated financial statements which are publicly available.