Cambridge
Education Group

Annual report and financial statements Camelot Holdco Limited

For the year ended 31 August 2020

Company no. 08780031

Officers and professional advisers

Company registration number	08780031
Registered office	51-53 Hills Road Cambridge CB2 1NT
Directors	D Johnston B Webb
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

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Strategic Report

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

Principal activities

The principal activity of the group during the year was that of an intermediate holding company which holds Cambridge Education Group Limited and its subsidiaries (CEG).

CEG, established in 1952, is a UK-based global group that specialises in the provision of high quality academic, English language and online programmes to international students out of its 11 ONCAMPUS centres across the UK, North America and continental Europe and 6 Digital university partnerships.

CEG recruits international students who wish to pursue an English language based university education. The group provides a broad range of programmes to enable students to progress to the university of their choice.

CEG operates its business through two divisions:

- **ONCAMPUS** – offering pathway programmes on university campuses in the UK, USA and Europe for undergraduate and postgraduate degree study.
- **CEG Digital** – providing online and blended learning courses in partnership with UK universities.

The underlying principles across all divisions are:

- world-class provision of classroom-based and online teaching in the English language;
- helping students to achieve entry to the best universities according to their aspirations and abilities; and,
- exceptional pastoral care that ensures students' educational experience is also safe, healthy and enjoyable.

The international education sector remains an attractive and growing market with demographic trends driving an increased demand for Western education from the emerging markets. A growing middle class in the emerging markets with rising disposable incomes and lack of university places are the drivers for future market growth.

CEG is well placed to take advantage of these trends as it has a strong and diversified portfolio of study locations covering UK, USA and Europe, a global recruitment team located in all the key countries with high student demand, and a range of face-to-face and online product offerings allowing flexibility of delivery under several alternative commercial models.

Group refinancing

A new senior facilities agreement was arranged under which a five year term loan of £15.0m was drawn down in July 2020.

Management changes

During the year Michael Ioakimides (Chief Executive Officer) and Philip Symes (Chief Financial Officer) left the business. Brendan Webb and David Johnston operate as joint-CEOs.

Business review

The results for the year and financial position of the group are as shown in the financial statements. In the opinion of the directors the state of the group's affairs at 31 August 2020 was satisfactory.

Continuing operations

The year to 31 August 2020 continued the group's growth trajectory with revenues from continuing operations growing by £8.3m (16%), following strong recruitment growth across a full portfolio of academic programmes. During the year the group recruited a record total of over 4,000 new students globally across its ONCAMPUS and Digital businesses.

A key measure often used to monitor the performance of a business is underlying EBITDA, which is: earnings before interest, tax, depreciation and amortisation, excluding the effects of any start-up and one off costs. This measure is used to assess the underlying performance of the business as it is indicative of the performance of the business in the longer term, excluding the short term effects of building a capable and profitable business.

Reconciliation of loss before interest and tax to underlying EBITDA:

	2020
	£'000
Loss before interest and tax	(3,551)
Add back:	
Depreciation	730
Amortisation	4,785
Separately disclosed costs	5,209
Underlying EBITDA	7,173

The group recorded positive underlying EBITDA of £7.2m in the year, representing a material year-on-year improvement on continuing operations, on the back of higher revenues and improvements in gross margin in both operating divisions.

Separately disclosed costs include expenses relating to the separation of the group's IT systems from CATS Colleges, incremental short-term office rental costs, executive team restructuring costs, and advisory fees for the establishment of the group's new global recruitment hub in Hong Kong.

The underlying result shown above is stated inclusive of costs (and associated income) required to support the TSA between CEG and CATS Colleges. During the year, the group implemented cost initiatives to reduce central and administrative costs to a level commensurate with the scale of continuing operations following the divestment and completion of the TSA. The annualised impact of these initiatives and the cessation of costs and income directly related to the TSA is estimated by the directors at c.£4m, so that underlying EBITDA of the continuing operations of the group is over £11m on this basis.

No comparative information for underlying EBITDA in the prior period has been presented due to the extent of judgements that would be necessary to allocate certain costs between the continuing and discontinued operations of the group.

Capital expenditure for year totalled £1.9m. Of this, £1.1m has been invested in developing new course content for online delivery through Digital's university partnerships, particularly for the University of Hull where courses were launched for the first time in the year. The balance of expenditure was incurred during upgrades to the group's IT infrastructure following the separation from CATS Colleges, and to strengthen home-working capabilities for all teaching and back office staff as part of the group's response to the ongoing coronavirus pandemic.

Covid-19 impact

The group's operations were impacted by the COVID-19 pandemic during the year, and by the response of national governments and the evolving needs of key stakeholder groups. Due to the group's global presence and diversified product offering, the nature and extent of that impact varied across the geographies and market sectors in which the group operates.

Working closely with governments, regulators, universities, and our global agent network, the group continued to deliver its programmes of study to ONCAMPUS and Digital students throughout the disruption caused by the pandemic. All ONCAMPUS centres across the UK and Europe pivoted to online delivery where required by students during the spring and summer terms, which significantly reduced the risk to student volume and revenue in the year. Where ONCAMPUS revenue was adversely impacted, that division's flexible commercial model enabled short-term reductions in operating costs that mitigated any material impact on operating profit. The Digital business contributed vital expertise and agility to facilitate the transition to remote learning in our pathways business, highlighting its strategic value to the group, while experiencing rapid growth in its own right.

The group secured additional funding during the year in the form of a new five-year term loan, increasing the cash balance held at the balance sheet date to c. £30m. In addition to ensuring the group's ability to capitalise on opportunities to expand both the ONCAMPUS and Digital businesses, this facility further mitigates liquidity risk associated with longer-term disruption scenarios due to COVID-19.

ONCAMPUS

ONCAMPUS recorded significant growth in revenue during the year, rising to £54.4m (2019: £49.3m) as a result of strong new student intakes across the business. In line with the group's aim to complement and diversify the existing student offering through the provision of quality accommodation, 2019/20 saw growth in accommodation revenue from £6.1m to £6.6m despite the adverse impact of Covid-19 on the proportion of students choosing to study face-to-face at our UK centres during the spring and summer terms.

CEG Digital

Working closely with partner universities, CEG Digital helps create, market and deliver part-time online and blended university programmes to students around the world. It uses cutting-edge technology, sector-leading pedagogy, and first-class student support to provide an outstanding educational experience. During the year, CEG Digital provided courses in partnership with Falmouth University, the University of Southampton, Queen Mary University of London, the University of Hull, and Cass Business School.

CEG Digital reported a third consecutive year of triple-digit percentage growth, with revenue of £6.2m (2019: £3.0m). This continued strong growth allowed the division to report a small positive underlying EBITDA compared with an operating loss of £1.6m in 2019. Results are stated inclusive of start-up losses at new centres yet to reach full scale, which the directors anticipate will contribute to significant future growth in both revenue and profitability.

The group continues to invest in building its capability and course portfolio. CEG Digital signed a new partnership during the year with the University of Portsmouth and progress is being made to develop, market and deliver a number of online, part-time Master's programmes commencing in the 2020/21 academic year. In addition to ongoing business development activity with new and prospective university partners, CEG Digital continues to add new programmes with existing partners, with additional course launches expected during 2020/21.

Transitional services agreement with CATS Colleges

CEG continued to provide back-office support functions to CATS Colleges under a transitional services agreement, in exchange for a fixed fee. This arrangement ended during the year.

Future developments

CEG is now focused on developing its pathway and online offerings in 2020/21 and beyond, especially in the area of quality student accommodation, and the quality and flexibility of the student experience. Continued growth in student volumes through both new and existing university partnerships in the United Kingdom, Europe and the USA is at the heart of the group's strategic plans, along with expansion of the group's Digital courses.

Financial and non-financial key performance indicators

The board and management use the following key performance indicators (KPIs) to monitor the success of the business:

- student volume;
- turnover growth;
- gross margin;
- underlying EBITDA;
- signing and launching new ONCAMPUS and Digital partnerships.

During the year, for continuing operations of CEG:

- student volume increased in both operating divisions, with over 4,000 new students recruited;
- turnover grew to a record high, and was 16% above 2019;
- gross margin improved to 57.1% (2019: 54.4%);
- underlying EBITDA improved due to revenue growth and improved gross margin;
- CEG Digital successfully launched its partnership with University of Hull, and signed a new partnership with University of Portsmouth (due to launch in the year to 31 August 2021).

The directors consider this performance to be satisfactory.

Directors' duties under section 172 of the Companies Act 2006

When performing their duties under section 172 of the Companies Act 2006 the directors must have regard to the following considerations:

- the likely consequence of any decisions 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 environment;
- the desirability of the group maintaining a reputation for high standards of business conduct;
- the need to act fairly as between shareholders of the group.

We have detailed below how the directors have done so during the year.

2019 was a year of change for Cambridge Education Group with: key executive and senior management appointments; operational changes to ensure continued delivery of high-quality student outcomes despite the challenges presented by the Covid-19 pandemic; and a significant reduction in our underlying cost base following the disposal of CATS Colleges, while delivering a significant top line revenue increase in both ONCAMPUS and Digital trading divisions. These changes were driven by strategic decisions made to ensure we manage our business with a focus on creating long term sustainable value for our shareholders.

Set out in the below table is management's assessment of our key stakeholder groups, detailing how the board has considered the issues and factors that impact them and how engagement has impacted board decisions and company strategies during the financial year.

Stakeholders	Significance to the business	Examples of engagement	Examples of decisions impacted by the engagement
Shareholders	The board is accountable to its shareholders and must act in a way that is likely to promote the success of the group for the benefit of its members as a whole. The group seeks to maintain effective dialogue with its shareholders, to ensure that their views and any concerns they may have are understood and considered.	Regular monthly board meetings, complemented by separate consideration of relevant issues at meetings of the remuneration committee and audit committee.	Executive team restructure, appointment of new group auditor.
Customers (e.g. university partners)	Delivering a service that meets the needs of our customers in all of the markets in which we operate is fundamental to our success.	University 'partner insights' feedback survey, regular university board / steering group meetings.	Stakeholder mapping and re-engagement strategy with existing partners, resulting in long-term contract extension and renewal agreements across the ONCAMPUS business.
Students	Students are at the heart of what the group is trying to achieve, and as such we rely heavily on their feedback and evaluation of their learning experiences. Both ONCAMPUS and Digital actively engage students, individually and collectively, in the quality of their educational experience.	Induction surveys, end of programme surveys, representation at centre audits and on relevant committees (e.g. staff-student consultative committees).	Implementation of staggered start dates for and flexible modes of delivery (e.g. face-to-face, online-only, blended) in response to existing and prospective student requirements during coronavirus disruption.
Suppliers (e.g. our agent network)	Strong working relationships with our suppliers is crucial to the effectiveness of our entire operation, enhancing our efficiency and creating value.	Agent surveys, 'familiarisation trips' to allow agents to experience our product first-hand.	Creation of global recruitment hub, based in Hong Kong, to embed student recruitment and admissions functions in or close to our key source markets.

Stakeholders	Significance to the business	Examples of engagement	Examples of decisions impacted by the engagement
Employees	Our people, including both permanent and temporary staff, and both employees and contractors, are what makes our business what it is. We rely on them to uphold our vision, values and culture, to deliver on our strategic priorities and to create long term sustainable value for our shareholders and stakeholders.	'#CEGConnected' engagement strategy includes daily updates for staff, new HR Connect line managers portal, and forums for 2-way employee dialogue. Employees are given individual objectives that form part of a group 'cascade', aiding alignment with the group's strategic priorities at all levels.	Relocation of global head office and several ONCAMPUS centre facilities to improved, modern spaces to improve employee experience.
Debt providers and banking partners	By providing funds for the group's working capital and general corporate purposes, our debt providers play an important role in our business.	Provision of annual budgets and monthly actual financial information to banking providers, annual senior management team presentation to lenders.	In-year refinancing (whereby existing facility was replaced by a new £15m term loan and RCF) to ensure sufficient liquidity during pandemic, and to support future growth. Extension of loan notes and preference shares to 2027.

Principal risks and uncertainties

In common with other businesses of a similar nature, the group is exposed to a variety of risks and uncertainties. The directors believe the principal risks are:

- impact of changes in immigration policies and visa application processes;
- global reduction in international movement of students;
- adverse movements in interest and exchange rates; and,
- significant disruption in the trading ability of the group due to one-off global and macro-economic events.

The policies and procedures in place to monitor and manage these risks include:

- investing and operating in more than one country to disaggregate the geographical, political and currency risks;
- operating business in a number of different but related market segments; and,
- employing staff, consultants and professional advisers with appropriate competences to mitigate both current and foreseeable business risks.

Financial risk management objectives and policies

The group uses various financial instruments including bank loans, loan notes, intra group loans, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is working capital for the group's operations, and finance for capital investment in expanding the group's portfolio of university partnerships and academic courses.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk, foreign exchange risk, price risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The group finances its operations through a mixture of equity, bank borrowings, loan notes and intra group loans. The group's exposure to interest rate fluctuations on its borrowing was managed by the use of interest-rate swap arrangements.

Liquidity risk

The group seeks to manage financial risk by preparing detailed cash flow forecasts and ensuring sufficient liquidity is available to meet foreseeable needs. Short-term flexibility is achieved by a revolving credit facility, which remained undrawn during the year.

Foreign exchange risk

The group operates internationally and is exposed to foreign currency transactional risk arising from various currency exposures. Foreign exchange risk arises when commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The group also has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk primarily with respect to the US dollar and Euro. The exposure to foreign currency risk is naturally hedged with future development plans.

Price risk

The group seeks to manage price risk by setting price lists for all products and agreeing policies and approval procedures for discounts and other price incentives, such as bursaries.

Credit risk

The group's principal financial assets are cash and trade debtors. In order to manage credit risk, the directors prioritise the credit control function and clear guidelines are in place for dealing with slow payers.

This report was approved by the board and signed on its behalf by:

D Johnston
Director
18th December 2020

Directors' report

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

A review of the business, including financial key performance indicators and principal risks and uncertainties, and financial risk management, together with a summary of future developments is included in the strategic report under s414 of the Companies Act 2006 and are therefore, not shown in the directors' report. Directors' duties under section 172 of the Companies Act 2006 are also described in the strategic report and are not included in this directors' report.

Results and dividends

The loss for the financial year amounted to £14,453,000 (2019: £13,377,000 profit). No dividend has been paid during the year (2019: £nil). The directors do not recommend the payment of a final dividend (2019: £nil).

Directors

The directors who served the company who were in office during the year and up to the date of signing the financial statements were:

M Ioakimides	Resigned 11 November 2019
D Johnston	
P Symes	Resigned 11 November 2019
B Webb	

Future developments and risk management

Future developments and the principal risks and uncertainties and arrangements for their management are described in the strategic report on pages 3 to 9.

Going concern

The group meets its day-to-day working capital requirements through its banking facilities and cash held, and during the year arranged a new five year term loan and revolving credit facility. The directors have prepared both detailed budgets and long term forecasts, taking account of possible changes in trading performance. Having considered possible trading scenarios over the foreseeable future, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, within the level of existing facilities, and to meet long term liabilities as they fall due. The directors are also satisfied that the group's resources are adequate to cover any short- to medium-term adverse impact from Covid-19. Subsequent to the year end the repayment date on the group's intragroup loans and loan notes were extended to August 2027. The group and company therefore continue to adopt the going concern basis in preparing its financial statements.

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the group's policy whenever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

Through regular meetings and other internal communications, the group keeps employees informed of and consulted on matters affecting them as employees and of the financial and economic factors affecting the performance of the group. Where relevant and appropriate, employees are eligible for performance related remuneration based on the achievement of personal and corporate objectives.

Development expenditure

Development costs that are directly attributable to the design, development and testing of certain identifiable software products and course materials controlled by the group are recognised as intangible assets.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' 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 prepared the group and company 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 group and company and of the profit or loss of the group and company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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.

Disclosure of information to auditors

All of the current directors have taken all of the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Independent auditor

During the financial year BDO LLP was appointed as auditor following a competitive tender, the appointment taking effect for the audit of these financial statements Having expressed their willingness to continue in office, they will be deemed reappointed for the next financial year in accordance with section 487 (2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

On behalf of the board

D Johnston
Director
16th December 2020

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CAMELOT HOLDCO LIMITED

Opinion

We have audited the financial statements of Camelot Holdco Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 August 2020 which comprise Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity, Company statement of financial position, Company statement of changes in equity and Consolidated statement of cash flows, and the 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

In our opinion:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 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 Group or Parent 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 matter

The corresponding figures are unaudited.

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 the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the Parent Company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities, 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 Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Kieran Storan (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date: 21 December 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement
for the year ended 31 August 2020

	Note	2020	2019		
			Continuing operations	Discontinued operations	Total
		£'000	£'000	£'000	£'000
Revenue	6	**60,589**	52,271	83,776	136,047
Cost of sales		**(25,978)**	(23,849)	(45,019)	(68,868)
Gross profit		**34,611**	28,422	38,757	67,179
Administrative expenses		**(39,896)**	(37,850)	(34,045)	(71,895)
Other operating income		**1,734**	341	-	341
Profit on disposal of operations		**-**	-	39,538	39,538
(Loss)/profit before interest and taxation	7	**(3,551)**	(9,087)	44,250	35,163
Interest receivable and similar income	10	**46**	-	-	-
Interest payable and similar expenses	11	**(12,515)**	(21,048)	(113)	(21,161)
(Loss)/profit before tax		**(16,020)**	(30,135)	44,137	14,002
Taxation	12	**1,567**	3,322	(3,947)	(625)
(Loss)/profit for the financial year		**(14,453)**	(26,813)	40,190	13,377
(Loss)/profit attributable to:					
Owners of the parent		**(14,453)**	(26,813)	40,171	13,358
Non-controlling interests		**-**	-	19	19
		(14,453)	(26,813)	40,190	13,377

All of the activities of the group in 2020 were classed as continuing.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account.

Consolidated statement of comprehensive income

for the year ended 31 August 2020

	2020	2019
	£'000	£'000
(Loss)/profit for the financial year	**(14,453)**	13,377
Other comprehensive income for the year:		
Foreign exchange on retranslation of overseas subsidiaries	**469**	43
Total comprehensive (expense)/income for the year	**(13,984)**	13,420
Total comprehensive (expense)/income attributable to:		
Owners of the parent	**(13,984)**	13,401
Non-controlling interests	**-**	19
	(13,984)	13,420

The accompanying notes form part of these financial statements.

Consolidated statement of financial position
as at 31 August 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	13	**46,190**	49,691
Tangible assets	14	**909**	997
		47,099	50,688
Current assets			
Debtors	16	**18,042**	17,404
Cash at bank and in hand		**30,524**	60,444
		48,566	77,848
Creditors: amounts falling due within one year	17	**(30,702)**	(39,526)
Net current assets		**17,864**	38,322
Total assets less current liabilities		**64,963**	89,010
Creditors: amounts falling due after more than one year	18	**(131,513)**	(141,708)
Provisions for liabilities	20	**(274)**	(142)
Net liabilities		**(66,824)**	(52,840)
Capital and reserves			
Called-up share capital	22	**37,767**	37,767
Other reserves		**1,175**	706
Accumulated losses		**(105,766)**	(91,313)
Total equity		**(66,824)**	(52,840)

The financial statements on pages 15 to 47 were approved by the directors and authorised for issue on 18 December 2020 and are signed on their behalf by:

D Johnston
Director
Company registration number: 08780031

Consolidated statement of changes in equity

for the year ended 31 August 2020

	Called-up share capital £'000	Other reserves £'000	Accumulated losses £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
At 1 September 2018 (as previously stated)	**37,767**	**663**	**(97,672)**	**(59,242)**	**675**	**(58,567)**
Prior year adjustments	-	-	(6,999)	(6,999)	-	(6,999)
At 1 September 2018 (as restated)	**37,767**	**663**	**(104,671)**	**(66,241)**	**675**	**(65,566)**
Profit for the financial year	-	-	13,358	13,358	19	13,377
Other comprehensive income for the financial year	-	43	-	43	-	43
Total comprehensive income for the financial year	-	43	13,358	13,401	19	13,420
Disposal of non-controlling interest	-	-	-	-	(694)	(694)
At 31 August 2019	**37,767**	**706**	**(91,313)**	**(52,840)**	**-**	**(52,840)**
At 1 September 2019	**37,767**	**706**	**(91,313)**	**(52,840)**	**-**	**(52,840)**
Loss for the financial year	-	-	(14,453)	(14,453)	-	(14,453)
Other comprehensive income for the financial year	-	469	-	469	-	469
Total comprehensive income/(expense) for the financial year	-	469	(14,453)	(13,984)	-	(13,984)
At 31 August 2020	**37,767**	**1,175**	**(105,766)**	**(66,824)**	**-**	**(66,824)**

The accompanying notes form part of these financial statements.

Company statement of financial position
as at 31 August 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments	15	**37,767**	37,767
Current assets			
Debtors	16	**116,926**	141,708
Creditors: amounts falling due within one year	17	**(46)**	-
Net current assets		**116,880**	141,708
Total assets less current liabilities		**154,647**	179,475
Creditors: amounts falling due after more than one year	18	**(116,917)**	(141,708)
Net assets		**37,730**	37,767
Capital and reserves			
Called-up share capital	22	**37,767**	37,767
Accumulated losses		**(37)**	-
Total equity		**37,730**	37,767

The loss after tax dealt with in the financial statements of the company and attributable to members was £37,000 (2019: £nil).

The financial statements on pages 15 to 47 were approved by the directors and authorised for issue on 18 December 2020 and are signed on their behalf by:

D Johnston
Director
Company registration number: 08780031

Company statement of changes in equity

for the year ended 31 August 2020

	Called-up share capital £'000	Accumulated losses £'000	Total equity £'000
At 1 September 2018	**37,767**	**-**	**37,767**
Result for the financial year	-	-	-
Total comprehensive income for the financial year	-	-	-
At 31 August 2019	**37,767**	**-**	**37,767**
At 1 September 2019	**37,767**	**-**	**37,767**
Loss for the financial year	-	(37)	(37)
Total comprehensive expense for the financial year	-	(37)	(37)
At 31 August 2020	**37,767**	**(37)**	**37,730**

Consolidated statement of cash flows

for the year ended 31 August 2020

	Note	2020 £'000	2019 £'000
Net cash outflow from operating activities	23	**(5,422)**	(10,983)
Tax received/(paid)		**42**	(320)
Net cash used in operating activities		**(5,380)**	(11,303)
Cash flow from investing activities			
Disposal of subsidiaries (net of cash disposed)		**-**	139,312
Purchase of intangible assets		**(1,284)**	(2,236)
Purchase of tangible assets		**(664)**	(1,157)
Net cash (used in)/generated from investing activities		**(1,948)**	135,919
Cash flow from financing activities			
Interest received		**46**	-
Interest paid		**(37,623)**	(11,124)
Proceeds of borrowings		**15,000**	12,700
Repayment of borrowings		**-**	(92,603)
Net cash used in financing activities		**(22,577)**	(91,027)
(Decrease)/increase in cash and cash equivalents		**(29,905)**	33,589
Effect of exchange rates on cash and cash equivalents		**(15)**	404
Cash and cash equivalents at 1 September		**60,444**	26,451
Cash and cash equivalents at 31 August	23	**30,524**	60,444

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 General information

Camelot Holdco Limited ("the company") is a private company limited by shares and incorporated in the United Kingdom under the Companies Act and is registered in England. The address of the registered office, which is also the principal place of business, is given on page 1. The nature of the company's operations and principal activities of the company and its subsidiaries (together, "the group") are set out in the strategic report on pages 3 to 9.

2 Statement of compliance

The group and individual financial statements have been prepared in compliance with United Kingdom Accounting Standards including "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and prior year in these financial statements.

a) Basis of preparation

These financial statements have been prepared on a going concern basis under the historic cost convention, as modified by the recognition of certain assets measured at fair value.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The consolidated financial statements are also presented in pounds sterling and overseas operations are included in accordance with the accounting policies set out below.

Values are presented in thousands of pounds sterling except where the nature of the disclosure or the value disclosed is such that disclosure in pounds sterling is more appropriate.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

b) Going concern

The group meets its day-to-day working capital requirements through its banking facilities and cash held, and during the year arranged a new five year term loan and revolving credit facility. The directors have prepared both detailed budgets and long term forecasts, taking account of possible changes in trading performance. Having considered possible trading scenarios over the foreseeable future, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, within the level of existing facilities, and to meet long term liabilities as they fall due. The directors are also satisfied that the group's resources are adequate to cover any short- to medium-term adverse impact from Covid-19. Subsequent to the year end the repayment date on the group's intragroup loans and loan notes were extended to August 2027. The group and company therefore continue to adopt the going concern basis in preparing its financial statements.

3 Summary of significant accounting policies (continued)

c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all subsidiary undertakings made up to 31 August.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where a subsidiary has different accounting policies to the group, appropriate adjustments are made to those subsidiaries to conform to group accounting policies.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the group control is accounted for under the acquisition method. Thereafter where the group increases it controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference in fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made in the carrying value of assets, liabilities or provisions for contingent liabilities.

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

d) Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transaction. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions are recognised in the income statement.

Monetary assets and liabilities in foreign currencies are translated into the functional currency of pounds sterling at the rates of exchange ruling at the balance sheet date. Gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'Interest payable and similar expenses'. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

The trading results of group undertakings are translated into the functional currency at monthly average exchange rates period by period during the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from translation of the profits or losses at average rates are recognised in 'Other comprehensive income'.

3 Summary of significant accounting policies (continued)

e) Revenue

Revenue is stated net of VAT (if applicable) and is recognised when the significant risks and rewards are considered to have transferred to the buyer.

Revenue shown in the income statement represents amounts receivable in respect of the provision of educational and tuition services and other ancillary services, and is recognised as the performance of those services occurs.

Where a contract has only been partially completed at the balance sheet date, revenue represents the fair value of the services provided to date, based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, those amounts are recorded as deferred income or, if potentially refundable within the terms of the contract, as other creditors, both as part of creditors due within one year.

The group has a transitional services agreement to provide certain support functions to CATS Colleges. Income received from this arrangement is recognised on an accruals basis in 'Other operating income'.

f) Interest

Interest income is recognised in the period in which it is earned using the effective interest rate method.

g) Dividends

Dividend income is recognised when the right to receive payment is established.

h) Operating leases

Operating leases are arrangements where substantially all of the benefits and risks of ownership remain with the lessor and rentals under such arrangements are charged against profits on a straight line basis over the period of the lease.

Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, on a straight-line basis over the whole life of the lease.

The group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 September 2014) and continues to credit such lease incentives to the income statement over the period to the first review date on which the rent is adjusted to market rates.

i) Employee benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements, private medical cover and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into an arrangement separate from the group. Once the contributions have been paid, the group has no further payment obligations. The contributions are recognised as an expense when they are due. Differences between contributions payable and actually paid are shown as either accruals or prepayments in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

The group operates a number of annual bonus plans for employees. An expense is recognised in the income statement when the group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

3 Summary of significant accounting policies (continued)

j) Borrowing costs
All borrowing costs are recognised in the income statement in the period in which they are incurred, using the effective interest rate method.

k) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts to be paid to the tax authorities.

l) Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

m) Intangible assets and goodwill
Goodwill and intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are non-monetary assets without physical substance which are separable or arise from contractual or other legal rights.

Goodwill is the difference between the fair value of the purchase consideration and the fair value of the group's share of the identifiable assets and liabilities acquired. Such goodwill can arise on the acquisition of an unincorporated business or on consolidation of an acquired incorporated business, accounted for by application of the purchase method.

Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary, if circumstances indicate that its carrying value may not be recoverable. It is amortised to the income statement over its estimated economic life.

The cost of a business is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages, the cost is the consideration at the date of each transaction.

On acquisition, goodwill is allocated to the cash-generating units (CGUs) that are expected to benefit from the combination.

Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

3 Summary of significant accounting policies (continued)

Development costs that are directly attributable to the design and testing of identifiable software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during the development can be reliably measured.

Costs associated with maintaining computer software are recognised as an expense as incurred.

n) Amortisation of intangible assets and goodwill

Amortisation is calculated using the straight-line method, to allocate the depreciable amount of intangible assets and goodwill to their residual values over their estimated useful economic lives, as follows:

Goodwill on consolidation	5 to 20 years straight line (see below)
Software and educational content	3 to 5 years straight line

Goodwill on consolidation of acquisitions before 1 September 2014 has been amortised over 20 years, that being the useful life that could be reliably estimated on the date of acquisition, and will continue to be amortised over that period unless there is a subsequent change in circumstances which makes the basis of that estimate no longer valid.

Amortisation is charged to administrative expenses in the income statement.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

o) Tangible assets

Tangible assets are stated at cost (or deemed cost) or valuation, less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Land and buildings include freehold and leasehold schools, colleges, student accommodation and offices. The leasehold buildings are stated at cost and the freehold land and buildings are stated at valuation, less accumulated depreciation and accumulated impairment losses.

Plant and machinery and fixtures, fittings and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs, including major inspections, are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the group and the cost can be measured reliably. Repairs, maintenance and minor inspection costs are expensed as incurred.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

3 Summary of significant accounting policies (continued)

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

p) Depreciation and residual values

Depreciation is calculated so as to write off the cost of tangible assets, less their estimated residual value, over the useful economic life of those assets as follows:

Leasehold buildings	5% - 25% straight line
Plant and equipment	15% - 25% straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

q) Impairment of non-financial assets

The group assesses at each reporting date whether an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the assets. If it is not possible to estimate the recoverable amount of the individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in the income statement unless the asset is carried at revalued amount where impairment loss of a revalued asset is a revaluation decrease.

r) Investments

Investments in a subsidiary company are valued at cost less accumulated provision for permanent impairment.

s) Leased assets

Assets obtained under hire purchase contracts, finance leases and other similar arrangements where substantially all of the benefits and risks of ownership are assumed by the company are capitalised as tangible assets and are depreciated over the shorter of the lease term and their useful lives. Obligations under such arrangements are included in creditors net of finance charge allocated to future periods and the finance element of the rental payment is charged to the income statement so as to produce a constant periodic rate of charge on the net obligation outstanding at each period end.

t) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

u) Current debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administrative expenses.

3 Summary of significant accounting policies (continued)

v) Provisions and contingencies

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required in settlement of the obligation and the amount of the obligation can be measured reliably.

Where there are a number of similar obligations, the probability that an outflow will be required is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the future obligations using a pre-tax discount rate that reflects current market assessments of the time value of money and the obligation specific risks. Any unwinding of a discount due to the elapse of time is treated as a finance cost.

Contingent liabilities arise as a result of past events where it is either not probable that there will be an outflow of resources or the amount cannot be reliably measured or where the existence or otherwise of an obligation can only be determined by the outcome of uncertain future events that are not wholly within the group's control.

Contingent liabilities are not recognised, except those which may be acquired in a business combination but are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised and are only disclosed if the inflow of economic benefits is probable.

w) Financial instruments

The group has chosen to adopt section 11 and 12 of FRS 102 in full in respect of financial instruments.

Basic financial assets, including trade and other debtors, amounts owed by group undertakings, accrued income, and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Financing transactions are measured at the present value of the future receipts discounted at the market rate of interest and are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Basic financial liabilities including trade and other creditors, amounts owed to group undertakings and accruals, 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. For such transactions the debt instrument is measured at present value of the future receipts discounted at a market rate of interest and subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on establishment of loan facilities are recognised as transaction costs of the loan to the extent

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

3 Summary of significant accounting policies (continued)

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

Derivatives which are not basic financial instruments 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 the income statement in finance costs or income as appropriate.

To date the group has not applied hedge accounting to any transactions.

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

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends and other distributions to the group's shareholders are recognised as a liability in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

4 Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the directors, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are described below.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and the residual values of the assets. The estimated useful economic lives and residual values are considered annually. The carrying amount of tangible assets is shown in note 14 and the useful economic lives for each class of assets are shown in note 3(p).

4 Critical accounting estimates and judgements (continued)

Impairment of intangible assets and goodwill

The group considers whether intangible assets and/or goodwill are impaired. This estimate is based on a variety of factors such as expected use of the acquired business, the expected useful life of cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of a similar business. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the CGUs. This requires estimation of the sector valuation and/or future cash flow from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience. The net carrying amount of the debtors and the associated impairment provision are given in note 16.

Taxation

The group establishes provisions based on reasonable estimates of direct and indirect tax rates and where relevant for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that is recognised, based upon likely timing and level of future taxable profits together with an assessment of the tax rates that will be applicable in future and the effect of future tax planning strategies.

5 Disclosure exemptions

As a consolidated income statement is published, a separate income statement for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders. The company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures; and,
- from the key management personnel compensation disclosures required under FRS102 paragraph 33.7, as the information is provided in the consolidated financial statement disclosures.

6 Revenue

The revenue and profit on ordinary activities before taxation are attributable to the principal activities of the group. An analysis of revenue is given below:

	2020	2019
	£'000	£'000
United Kingdom	52,976	103,620
Europe	6,839	6,108
North America	774	25,152
China	-	1,167
	60,589	136,047

All revenue comprises provision of education and ancillary services.

7 Loss before interest and taxation

The loss before interest and taxation is stated after charging/(crediting):

	2020	2019
	£'000	£'000
Amortisation of goodwill and intangible assets	4,626	12,793
Impairment of intangible assets (included in 'Administrative expenses')	159	108
Impairment of intangible assets (included in 'Profit on disposal of operations')	-	113,043
Depreciation of tangible assets	730	2,827
Impairment of trade debtors	533	395
Auditor's remuneration:		
- Audit fees for the group	135	314
- Other audit related	-	26
Operating lease charges	9,992	21,871
Net (gain)/loss on foreign currency translation	(83)	77

8 Particulars of employees

The average monthly number of staff employed by the group during the year was:

	2020 No.	2019 No.
Teaching, academic and other centre-based staff	**248**	1,040
Sales, administration and management	**269**	357
	517	1,397

The aggregate payroll costs of employees were:

	2020 £'000	2019 £'000
Wages and salaries	**18,427**	40,609
Social security costs	**1,539**	3,192
Other pension costs	**190**	428
	20,156	44,229
Amounts capitalised to intangible assets (software)	**(750)**	(423)
Charge to income statement	**19,406**	43,806

The company had no employees (2019: none).

9 Directors and key management

Remuneration in respect of directors was as follows:

	2020 £'000	2019 £'000
Emoluments receivable	**1,002**	1,077
Pension contributions	**2**	2
Compensation for loss of office	**133**	-
	1,137	1,079
Total emoluments of highest paid director (excluding pension contributions)	**286**	448

Three directors accrued benefits under a defined contribution pension scheme (2019: three).

9 Directors and key management (continued)

Remuneration in respect of key management, comprising the directors and other senior management who together have authority and responsibility for planning, directing and controlling the activities of the group, was as follows:

	2020	2019
	£'000	£'000
Salaries and other short term benefits	2,023	2,833
Pension contributions	20	9
Compensation for loss of office	239	-
	2,282	2,842

10 Interest receivable and similar income

	2020	2019
	£'000	£'000
Bank interest	46	-

11 Interest payable and similar expenses

	2020	2019
	£'000	£'000
Financing costs of bank borrowing	261	6,495
Interest on intra group loans	12,198	14,566
Other interest payable	56	100
	12,515	21,161

12 Tax on profit/loss

(a) Tax credit/(charge) included in the income statement

	2020	2019
	£'000	£'000
Current tax:		
UK corporation tax for the year at 19% (2019: 19%)	1,929	724
Adjustments in respect of prior periods	(494)	21
Overseas tax	(202)	(737)
Total current tax	1,233	8
Deferred tax:		
Origination and reversal of timing differences	136	(879)
Adjustments in respect of prior periods	162	246
Impact of change in tax rate	36	-
Total deferred tax	334	(633)
Tax credit/(charge) for the year	1,567	(625)

(b) Reconciliation of tax credit/(charge)

The tax credit assessed on the loss for the year is lower (2019: lower tax charge) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£'000	£'000
Loss/(profit) before tax	16,020	(14,002)
Loss/(profit) before tax multiplied by rate of tax	3,044	(2,660)
Gains not taxable	28	7,193
Expenses not deductible for tax purposes	(1,018)	(2,620)
Adjustments in respect of prior periods	(332)	267
Unrelieved losses	(23)	(1,128)
Unrealised taxable gains	-	(1,134)
Impact of change in tax rate	36	(221)
Overseas withholding tax	-	(260)
Other	(168)	(62)
Total tax credit/(charge)	1,567	(625)

13 Intangible assets

Group	Goodwill £'000	Software and content £'000	Total £'000
Cost::			
At 1 September 2019	216,844	8,338	225,182
Additions	-	1,284	1,284
Disposals	-	(124)	(124)
At 31 August 2020	**216,844**	**9,498**	**226,342**
Accumulated amortisation:			
At 1 September 2019	170,840	4,651	175,491
Charge for the year	3,209	1,417	4,626
Impairment	-	159	159
Disposals	-	(124)	(124)
At 31 August 2020	**174,049**	**6,103**	**180,152**
Net book value:			
At 31 August 2020	**42,795**	**3,395**	**46,190**
At 31 August 2019	46,004	3,687	49,691

The company had no intangible assets at 31 August 2020 (2019: £nil).

14 Tangible assets

Group	Leasehold land & buildings £'000	Plant & equipment £'000	Total £'000
Cost or valuation:			
At 1 September 2019	350	6,018	6,368
Additions	-	664	664
Foreign exchange movement	-	(9)	(9)
At 31 August 2020	**350**	**6,673**	**7,023**
Accumulated depreciation:			
At 1 September 2019	215	5,156	5,371
Charge for the year	28	702	730
Foreign exchange movement	-	13	13
At 31 August 2020	**243**	**5,871**	**6,114**
Net book value:			
At 31 August 2020	**107**	**802**	**909**
At 31 August 2019	135	862	997

The company had no tangible assets at 31 August 2020 (2019: £nil).

15 Investments

	Group companies £'000
Cost and net book value:	
At 31 August 2019 and 31 August 2020	**37,767**

Investments are the directly held subsidiary undertakings detailed in note 27.

16 Debtors

Debtors due within one year:

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Trade debtors	**1,412**	791	**-**	-
Amounts owed by group undertakings	**12,203**	12,348	**9**	-
Other debtors	**38**	217	**-**	-
Corporation tax overpaid	**390**	540	**-**	-
Deferred tax	**640**	305	**-**	-
Prepayments and accrued income	**3,359**	3,203	**-**	-
	18,042	17,404	**9**	-

Trade debtors are stated net of provisions for impairment of £554,000 (2019: £426,000).

Amounts owed by group undertakings are unsecured, interest-free, have no fixed date of repayments and are repayable on demand.

The group's deferred tax asset consists of the tax effect of timing differences in respect of:

	2020		2019	
	Recog-nised	**Unrecog-nised**	Recog-nised	Unrecog-nised
	£'000	**£'000**	£'000	£'000
Excess of depreciation over taxation allowances	**640**	**-**	305	-
Unrelieved losses	**-**	**1,517**	-	1,856
	640	**1,517**	305	1,856

Deferred tax assets and liabilities are only offset where the group has a legally enforceable right to do so and where assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the group.

The net deferred tax asset expected to reverse in the 2021 financial year is £nil.

16 Debtors (continued)

Debtors due after one year:

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Amounts owed by group undertakings – loans	**-**	-	**78,806**	107,374
Amounts owed by group undertakings – loan notes	**-**	-	**38,111**	34,334
	-	-	**116,917**	141,708

The intra group loans and loan notes are unsecured, bear interest at 11% compounded annually on 31 August, and are due for repayment on 30 September 2021. Subsequent to the year end, the repayment date for these loans and loan notes has been extended to 31 August 2027.

17 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Trade creditors	**798**	1,054	**-**	-
Amounts owed to group undertakings	**-**	1,656	**46**	-
Overseas taxation	**180**	73	**-**	-
Other taxation and social security	**5,606**	2,847	**-**	-
Deferred consideration	**865**	865	**-**	-
Accruals	**10,183**	15,207	**-**	-
Deferred income	**7,767**	11,458	**-**	-
Other creditors	**5,303**	6,366	**-**	-
	30,702	39,526	**46**	-

Amounts owed to group undertakings are interest free, unsecured, have no fixed date of repayment and are repayable on demand.

Other creditors include deposits and other amounts refundable to students which are usually credited against the final term fees rather than repaid.

Deferred consideration is payable for the purchase on 31 August 2018 of the business assets of CEG Education Technology (Shanghai) Co Limited.

18 Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Amounts falling due between one and five years:				
Bank loan	**14,596**	-	-	-
Amounts owed to group undertakings - loans	**78,806**	107,374	**78,806**	107,374
Amounts owed to group undertakings – loan notes	**38,111**	34,334	**38,111**	34,334
	131,513	141,708	**116,917**	141,708

The bank lending comprises a £15m term facility under a senior facilities agreement (SFA). This was drawn in July 2020 and is repayable in full in July 2025. The effective interest rate on the loan was 11.53%.

Under the SFA there is also a revolving credit facility of £1m which is available for draw down until July 2021. At the year end the revolving facility was undrawn.

The loan under the SFA is secured by a fixed and floating charge over the property and assets of the material subsidiary companies of the group.

The intra group loans and loan notes bear interest at 11%, compounded annually on 31 August and the principal plus interest is repayable on 30 September 2021. Subsequent to the year end, the repayment date for these loans and loan notes has been extended to 31 August 2027.

19 Post employment benefits

The group operates defined contribution pension arrangements for the benefit of its employees. The amount recognised as an expense for these arrangements is disclosed in note 8.

The company does not provide any post-employment benefits (2019: £nil).

20 Provisions for other liabilities

Group	Litigation
	£'000
At 1 September 2019	142
Additions dealt with in the income statement	132
At 31 August 2020	**274**

Litigation provisions represent the expected settlement amounts of claims by suppliers against the group under contracts for goods and services which are currently in dispute. Settlement is expected to be made during 2021.

The company had no provisions for other liabilities (2019: £nil).

21 Financial instruments

The carrying values of the group's financial instruments are summarised by category below:

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Financial assets that are debt instruments measured at amortised cost less impairment				
- Trade debtors	**1,412**	791	-	-
- Amounts owed by group undertakings	**12,203**	12,348	**116,926**	141,708
- Other debtors	**38**	217	-	-
	13,653	13,356	**116,926**	141,708
Financial liabilities measured at amortised cost				
- Bank loans	**14,596**	-	-	-
- Trade creditors	**798**	1,054	-	-
- Amounts owed to group undertakings	**116,917**	143,364	**116,963**	141,708
- Other creditors	**5,303**	6,366	-	-
- Accruals	**10,457**	15,349	-	-
- Deferred consideration	**865**	865	-	-
	148,936	166,998	**116,963**	141,708

22 Called-up share capital and reserves

	2020 No.	2020 £'000	2019 No.	2019 £'000
Allotted, called-up and fully paid:				
Ordinary shares of £1 each	**37,766,830**	**37,767**	37,766,830	37,767

The ordinary shares are not redeemable, have voting rights of one vote per shares and are all equally entitled to dividends and any distribution of capital. All shares are classified as equity.

The accumulated losses reserve represents the cumulative profits and losses, net of dividends paid and other adjustments.

The other reserve represents the excess of the fair value over cost of freehold land and buildings held at fair value, together with the cumulative gains and losses arising on the re-translation of net assets of overseas operations from local currency to pounds sterling.

23 Notes to the statement of cash flows

Reconciliation of operating profit/loss to net cash inflow/outflow from operating activities

	2020 £'000	2019 £'000
(Loss)/profit for the financial year	**(14,453)**	13,377
Adjustments:		
Tax	**(1,567)**	625
Interest receivable and similar income	**(46)**	-
Interest payable and similar expenses	**12,515**	21,161
Operating (loss)/profit	**(3,551)**	35,163
Depreciation	**730**	2,827
Amortisation and impairment	**4,785**	12,901
Profit on disposal of operations	**-**	(39,538)
Movements in working capital:		
- (Increase)/decrease in debtors	**(454)**	6,682
- Decrease in creditors	**(6,932)**	(29,018)
Net cash outflow from operating activities	**(5,422)**	(10,983)

23 Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net debt

	2020	2019
	£'000	£'000
(Decrease)/increase in cash in the year	**(29,905)**	33,589
Net repayment/(increase) of borrowings	**10,195**	(7,919)
Foreign exchange	**(15)**	404
(Increase)/decrease in net borrowings	**(19,725)**	26,074
Net borrowings at 1 September	**(81,264)**	(107,338)
Net borrowings at 31 August	**(100,989)**	(81,264)

Analysis of changes in net borrowings

	At 1 Sept 2019	Cash flows	Non-cash movements	**At 31 Aug 2020**
	£'000	£'000	£'000	**£'000**
Net cash:				
Cash in hand and at bank	60,444	(29,905)	(15)	**30,524**
Bank loans	-	(15,000)	404	**(14,596)**
Intra group loans and loan notes	(141,708)	36,988	(12,197)	**(116,917)**
	(141,708)	21,988	(11,793)	**(131,513)**
Net borrowings	(81,264)	(7,917)	(11,808)	**(100,989)**

Cash at bank and in hand includes an amount of £865,000 (2019: £865,000) held in an escrow account controlled jointly by the group and third parties. This cash will be released when the final instalment of the deferred consideration for the purchase on 31 August 2018 of CEG Education Technology (Shanghai) Co. Limited is due for payment.

The non-cash movements relate to accrued interest on borrowings and foreign exchange.

24 Related party transactions

During the year the group entered into transactions with related parties.

Management fees and expenses of £150,000 (2019: £185,000) were payable to Bridgepoint Advisors Limited, which manages the ultimate controlling party of the group. At year end £75,000 of this amount was still outstanding (2019: £nil). Any amounts due are on normal credit terms.

The remuneration of directors and key management is disclosed in note 9.

25 Contingent liabilities

The group and company have guaranteed the bank loan of its subsidiary undertaking Camelot Bidco Limited. At 31 August 2020 this amounted to £15,000,000 (2019: £nil).

In addition, the group has a bank guarantee in relation to lease commitments for a property in Sweden amounting to £154,000 (2019: £2,444,000).

The company had no other contingent liabilities (2019: £nil).

26 Capital and other commitments

At 31 August 2020 the group had annual commitments under non-cancellable operating leases as set out below.

	2020	2019
	£'000	£'000
Payments due:		
Not later than one year	**5,590**	10,855
Later than one year and not later than five years	**6,628**	31,426
Later than five years	**669**	78,182
	12,887	120,463

The group had no other off-balance sheet arrangements. The company had no commitments under operating leases (2019: £nil).

Group capital commitments contracted for but not provided in the financial statements amounted to £nil (2019: £nil).

The company had no capital or other commitments (2019: £nil).

27 List of subsidiary undertakings

Subsidiary undertakings	Registered office	Nature of business	Interest
Direct shareholdings			
Camelot Bidco Limited	i.	Intermediate holding company	100% ordinary shares
Indirect shareholdings			
Cambridge Education Group Consulting (Shanghai) Limited	ii.	Provision of administrative services for group companies	100% ordinary shares
Cambridge Education Group Hong Kong Limited	iii.	Provision of administrative services for group companies	100% ordinary shares
Cambridge Education Group Limited	i.	Intermediate holding company	100% ordinary shares
CEG Administrative Services Limited	i.	Provision of administrative services to group companies	100% ordinary shares
CEG Digital Limited	i.	Online & blended university courses	100% ordinary shares
CEG International Limited	i.	Dormant	100% ordinary shares
CEG OnCampus Holdings Limited	i.	Intermediate holding company	100% ordinary shares
CEG Online Limited	i.	Online & blended university courses	100% ordinary shares
CEG Pathways, Inc	iv.	On-site university foundation courses	100% ordinary shares
CEG UFP Limited	i.	On-site university foundation courses	100% ordinary shares
Falmouth Flexible Ltd	i.	Online & blended university courses	100% ordinary shares
Hull Online Limited	i.	Online & blended university courses	100% ordinary shares

27 List of subsidiary undertakings (continued)

Subsidiary undertakings	Registered office	Nature of business	Interest
ONCAMPUS Amsterdam B.V. [a]	v.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Coventry Limited [b]	i.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Hull Ltd	i.	On-site university foundation courses	100% ordinary shares
ONCAMPUS London Limited [c]	i.	On-site university foundation courses	100% ordinary shares
ONCAMPUS LSBU Limited [d]	i.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Lund Sweden AB	vi.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Reading Limited	i.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Sunderland Limited [e]	i.	On-site university foundation courses	100% ordinary shares
ONCAMPUS UK North Limited [f]	i.	On-site university foundation courses	100% ordinary shares
Portsmouth Online Limited [g]	i.	Online & blended university courses	100% ordinary shares
Queen Mary Digital Limited	i.	Online & blended university courses	100% ordinary shares
Southampton Global Limited	i.	Online & blended university courses	100% ordinary shares

i 51-53 Hills Road, Cambridge, CB2 1NT
ii Room 408, Building 2, No. 215 Yaohua Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, People's Republic of China
iii Suites 3005-6, 30/F Tower 2, The Gateway, Harbour City, Kowloon, Hong Kong
iv 251 Little Falls Drive, Wilmington, DE 19808, United States of America
v Jachthavenweg 109H, 1081 KM Amsterdam, Netherlands
vi Östra Vallgatan 14, 223 61 Lund, Sweden

a On 24 September 2020 the subsidiary changed its name from Amsterdam FoundationCampus B.V.
b On 4 September 2020 the subsidiary changed its name from Coventry FoundationCampus Limited
c On 4 September 2020 the subsidiary changed its name from FoundationCampus London Limited
d On 4 September 2020 the subsidiary changed its name from London South Bank FoundationCampus Limited
e On 4 September 2020 the subsidiary changed its name from CEG FoundationCampus Sunderland Limited
f On 4 September 2020 the subsidiary changed its name from CEG UCLAN FoundationCampus Limited
g On 17 March 2020 the subsidiary changed its name from CEG Dormant 2 Limited

28 Subsidiaries exempt from audit

The following subsidiary undertakings have claimed exemption from the requirements of the UK Companies Act 2006 section 479A relating to the audit of individual financial statements for the year ended 31 August 2020. The parent company indicated has given a statement of guarantee under the Companies Act 2006 section 479A to guarantee all outstanding liabilities to which the respective subsidiary is subject at 31 August 2020.

Subsidiary	Company number	Parent company providing guarantee
Cambridge Education Group Limited	6020370	Camelot Holdco Limited
Camelot Bidco Limited	8617241	Camelot Holdco Limited
CEG Administrative Services Limited	6355644	Camelot Holdco Limited
CEG OnCampus Holdings Limited	11880923	Camelot Holdco Limited
CEG Online Limited	10558669	CEG Digital Limited
Falmouth Flexible Ltd	10062305	CEG Digital Limited
Hull Online Limited	9924999	CEG Digital Limited
ONCAMPUS Coventry Limited	6355639	CEG UFP Limited
ONCAMPUS Hull Ltd	6861361	CEG UFP Limited
ONCAMPUS London Limited	6861252	CEG UFP Limited
ONCAMPUS LSBU Limited	6355637	CEG UFP Limited
ONCAMPUS Reading Limited	10150552	CEG UFP Limited
ONCAMPUS Sunderland Limited	6861284	CEG UFP Limited
ONCAMPUS UK North Limited	6355640	CEG UFP Limited
Portsmouth Online Limited	9952086	CEG Digital Limited
Queen Mary Digital Limited	10212307	CEG Digital Limited
Southampton Global Limited	10112318	CEG Digital Limited

29 Ultimate controlling party

The immediate parent company is Camelot Interco Limited.

Camelot Topco Limited is the ultimate parent company and the parent undertaking of the smallest and largest group which prepares publicly available consolidated financial statements that incorporate the results of the company and its subsidiaries. Copies of the consolidated financial statements may be obtained from the address given on page 1.

The ultimate controlling party is Bridgepoint Europe IV Fund, managed by Bridgepoint Advisers Limited, which owns the majority of the shares in the ultimate parent company on behalf of various funds.