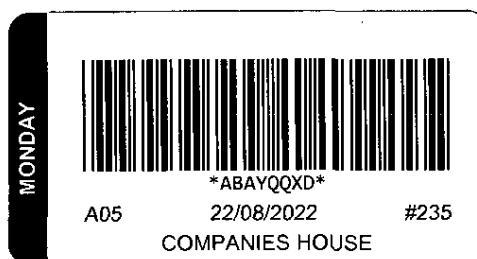


REGISTERED NUMBER: 08875170 (England and Wales)

Arthur Topco Limited
Group Strategic Report, Directors' Report and
Audited Consolidated Financial Statements for the Year Ended
30th November 2021



Arthur Topco Limited

Contents of the Consolidated Financial Statements for the Year Ended 30th November 2021

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Arthur Topco Limited

Company Information

for the Year Ended 30th November 2021

DIRECTORS:

John Bowman
Jonathan Roback

SECRETARY:

Jonathan Roback

REGISTERED OFFICE:

99 Bridge Road East
Welwyn Garden City
Hertfordshire
AL7 1GL

REGISTERED NUMBER:

08875170 (England and Wales)

INDEPENDENT AUDITOR:

KPMG LLP
58 Clarendon Road
Watford
Hertfordshire
WD17 1DE

Arthur Topco Limited

Group Strategic Report

for the Year Ended 30th November 2021

The directors present their strategic report of the company and the group for the year ended 30th November 2021.

Chairman's Report

I am reporting on the financial year ending 30th November 2021, still impacted by COVID-19, for the consolidated group of Arthur Topco Limited, the holding company for Arthur Midco 1 Limited, which indirectly is a holding company for: the Teaching Personnel and Protocol Education businesses; both of which provide workforce supply solutions to schools in England and Wales; Fleet Education Services which provides tuition support to the public and private sectors, Best Practice Network Limited and Fronting the Challenge Limited, providers of professional development and accreditation services and training to schools. It also includes Judicium Education Limited, School Business Services Limited and Education Services Solutions, acquired during 2021, all providers of business support services to schools. The holding company also holds minority shareholdings in tuition resources and technology platform businesses Ed Place Limited and Bramble Technologies Limited.

Of note, during the year the company completed a refinancing of its capital structure, supported by its incumbent institutional sponsor.

For the 2021 financial year, I can report a strong but not yet full recovery in trading following an easing of the impact of COVID-19 on the schools' sector, with financial results still affected by some interruptions in demand, particularly for workforce supply. Reported results were also impacted by a significant increase in exceptional costs because of the refinancing. Consequently, turnover increased by 36% to £198m (2019/20: £145.5m), administrative expenses increased by 61% to £43.8m (2020: £27.2m) and operating loss was £0.75m (2019/20: £0.55m profit). Throughout the COVID-19 pandemic the adaptability and innovation shown by every company in the group has ensured a strong recovery in business and financial performance. Detailed financial performance of the trading companies is set out in their separate individual report and accounts.

During 2021 the company continued to note the education policy and funding commitments made by the government, which underpin the company's view of an ongoing favourable landscape for demand for its services from schools in England and Wales. The company has continued to execute its strategy during the year, supported by additions to the senior executive team and the appointment of Jonathan Roback, formerly Group Chief Financial Officer, to become Group Chief Executive Officer. The company retains its strong focus on making acquisitions, with Education Services Solutions joining its Education Management Services Division in December 2020.

Although the company faces some future risk of interruptions to trading because of COVID-19's impact on the schools' sector, these are expected to be reduced from this and the previous year. Business performance for all companies in the group is now strong, supporting ongoing cash collection and financial robustness.

In addition, the company continues to be vigilant and sensitive to the obvious risks facing a business which participates in providing services to children, and it continues therefore to devote considerable time and resources to ensure vetting and referencing procedures remain robust. To this end staff are trained rigorously and technology and business processes refined regularly to ensure risk is minimised. The company continues to operate, at every level of the business, under prudent and tightly managed financial controls.

We look forward to the year ahead with, management expects the worst of the pandemic disruption behind us, supported by positive market drivers to build the business and extend our market leading position.

John Bowman, Group Chairman

Arthur Topco Limited

Group Strategic Report

for the Year Ended 30th November 2021

REVIEW OF BUSINESS

The results for the year ended 30 November 2021 and financial position at the end of the year are shown in these financial statements. The review of the business is described in the Chairman's report.

PRINCIPAL RISKS AND UNCERTAINTIES

As a holding company the key risk is that the group's trading companies produce inadequate revenues in the future to enable servicing of the group's financing arrangements.

As a business that provides staff that interface directly with children, there is naturally a reputation risk. The group is fully aware of this and its core quality philosophy is directed squarely at minimising that risk and simultaneously gaining competitive advantage by providing the best possible quality of service. This approach is addressed through a multitude of routes including: staff selection; independent vetting department; technology controls; intense KPI management of staff; segregation of duties and continual cultural reinforcement.

There is clearly always a level of risk in everything that we do. The directors recognise this and ensure that the business is tightly monitored on a continual basis from a multitude of angles. Great care is taken to monitor external developments as well as internal and as a group we are committed to anticipating and detecting changes at the earliest possible opportunity. We are also committed to assessing tactical reactions rapidly and implementing change quickly and effectively through technological development matched by integrated personnel involvement from thoroughly trained staff.

SECTION 172(1) STATEMENT - CONSIDERING ALL KEY STAKEHOLDERS

We, the board of directors of Arthur Topco Limited, believe that we (individually and together) have taken decisions and acted in a way we consider most likely to promote the success of the company and group for the benefit of its members during the year ended 30th November 2021. We believe that to maximise value and long-term success we must take account of what is important to all key stakeholders and maintain a reputation for high standards of business conduct.

During the year ended 30th November 2021 the board of directors has considered key stakeholders in four main groups:

Employees Employees have moved to a hybrid working model during the year ending 30th November 2021, when government rules have allowed. All employees have been provided with all the necessary equipment to ensure our teams can work from home safely and effectively. Protocols remain in place in our offices to protect the safety and wellbeing of our employees.

We have provided staff with access to an Employee Assistance programme, providing support 24/7, and wellbeing clinics with appropriately trained members of staff to support staff during difficult times. Our employees are aware of our company values and are trained to the highest possible standards. We believe we provide the best learning and development programme in the education support services sector and have a team of quality people who are passionate about delivering the highest standards achievable.

Arthur Topco Limited

Group Strategic Report

for the Year Ended 30th November 2021

SECTION 172(1) STATEMENT - CONSIDERING ALL KEY STAKEHOLDERS - continued

Our Educators Financial year 2021 has been another challenging year in schools and the directors of Arthur Topco Limited have done all we can to support our Educators. Once again we took the decision to offer furlough to all eligible Educators so as to give them access to an income when schools were closed at the beginning of 2021. Good communication was critical as well as ongoing dialogue with our branch staff, our dedicated Furlough response team were mobilised again to deal with questions and concerns.

Part of our role is providing tutors, trainers, teachers and learning support staff with the tools they need to deliver the best service to schools. Our CPD Academy provides Educators with access to tools designed to enhance their career at the same time as preparing them for success. Our Educators have access to advanced learning and development through apprenticeships and to free online courses to develop their skills, with particular regard to tutoring to give as many of our Educators as possible the opportunity to become involved in the National Tutoring Programme and other forms of tutoring.

School Clients We are passionate about education and we recognise the important role we play in helping schools and pupils achieve the best possible results. We commit to quality, always aiming to provide the best services, the best Educators and the best value. We strive to be the leading provider of education support in the market, making sure we have sufficient staff, locations and Educators to meet all of the services and support needs at our client schools. We are committed to being 'expert' at what we do by training our staff to understand the schools market and the importance of fulfilling the special and often unique requirements of each individual school. Customer experience and service are at the heart of our business and we strive to deliver the best possible user experience for all our school clients - from professional, efficient service to well-developed, intuitive apps and websites to ease administrative burdens.

Through the acquisition of an additional business during the year, the group is able to provide a wider range of services to schools including payroll and HR services. The provision of these services will help our client schools operate efficiently and continue to deliver the very best education to pupils.

During what has been a difficult year for schools, we have supported our clients by providing expertise on online delivery of lessons and tutoring and assistance with track and trace through our Educator COVID Secure app.

Suppliers We understand how important it is to our suppliers that their invoices are paid promptly. Our average payment days and percentage of invoices paid late in parts of the business have decreased slightly compared to the prior year and this is something we will continue to focus on. Relationships with all our suppliers, large and small, have been maintained during 2021 and we are pleased that regular communication has continued and connections developed during the year.

Arthur Topco Limited

Group Strategic Report

for the Year Ended 30th November 2021

COVID-19 IMPACT AND GOING CONCERN ASSESSMENT BY THE BOARD OF ARTHUR TOPCO LIMITED

Notwithstanding net liabilities of £190.4 million as at 30th November 2021 (2020: £205.3 million), net current liabilities of £433.2 million and losses of £53.7 million for the year then ended (2020: £47.6 million), the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The losses mainly comprise the non-cash interest expense of £46.5 million in respect of loan notes, one off remuneration costs of £10 million and non-cash amortisation of goodwill of £17.4 million. The net current liabilities and net liabilities position is largely the result of an intercompany loan with Hood Bidco Limited amounting to £453.3 million, created as part of the sale of the Group during the year.

COVID-19 effects on the Group have continued to reduce as we look to exit the pandemic fully. Trading performance in financial year 2021/ 2022 is strong with volumes back to pre-COVID-19 levels and business is generating positive cashflows. In order to complete the going concern assessment, the Directors have prepared a cash flow forecast for the period up to 31st May 2023 taking into account plausible and extreme downside scenarios on the operations and financial resources of the Group and Company. The conclusion of this is that the Group will have sufficient funds to meet its liabilities as they fall due during that period.

In looking at a severe downside, the Directors have considered a scenario in which:

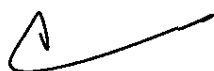
- Trading levels are in line with the year ending 30th November 2021, which included a lockdown from January to March, affecting the demand for support staff in schools.
- No further cost savings or mitigations.

Those forecasts are dependent on the Company's immediate parent company, Hood Bidco Limited, not seeking repayment of the amounts currently due to the group, which at the balance sheet date amounted to £453.3 million. The Company's ultimate parent, Hood Topco Limited, has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and that the Group will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the 12 months from the date of signing these financial statements by meeting its liabilities as they fall due for payment.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

BY ORDER OF THE BOARD:



Jonathan Roback - Director

Date: 25 May 2022

Arthur Topco Limited

Directors' Report

for the Year Ended 30th November 2021

The directors present their report with the financial statements of the company and the group for the year ended 30th November 2021.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of a holding company for all the directly and indirectly held companies in note 12. The principal activities of these entities were that of the provision of teaching staff to schools, tutors to private individuals and schools, training programs to education professionals and regulatory and other support services to the education sector.

The company was incorporated on 4 February 2014.

On 30 July 2021, Arthur Topco Limited was acquired by Hood Bidco Limited. Hood Bidco is itself a 100% owned subsidiary of Hood Topco Limited (indirectly).

DIVIDENDS

No dividends will be distributed for the year ended 30th November 2021.

FUTURE DEVELOPMENTS

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

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors who have held office during the period from 1st December 2020 to the date of this report are as follows:

John Bowman

Jonathan Roback

Matthew Robinson – resigned 30th July 2021

Simon Roddis – resigned 30th July 2021

FINANCIAL INSTRUMENTS

The company closely monitors price pressure in the market and the creditworthiness of its customers, the majority of which are funded by the state. Cash is reviewed daily and sufficient controls put in place to minimise cash flow risk.

POLITICAL DONATIONS AND EXPENDITURE

Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2020: £nil).

EMPLOYEES

It is the company's policy to communicate with and involve employees on matters affecting their interests at work and inform them of the performance of the business. It is also the company's policy to treat all employees and potential employees equally and to give full consideration to suitable applications for employment from disabled persons, where they have the necessary abilities and skills for the position, and wherever possible to re-train employees who become disabled, so that they can continue their employment in another position.

Arthur Topco Limited

Directors' Report

for the Year Ended 30th November 2021

ENERGY AND CARBON

Our SECR covers the Greenhouse Gas (GHG) emissions for the period 1st December 2020 to 30th November 2021. The group's greenhouse gas emissions, reportable under SECR in 2020/21 were 268 tonnes CO_{2e}.

The tables below show the GHG emissions which include the emissions associated with electricity and natural gas consumption, and business travel in company and private vehicles by employees. The intensity is 1.35 tonnes CO_{2e} per £m turnover, a decrease of 36% from the 2019/20 financial year.

Greenhouse gas emissions

Figure 1 Greenhouse gas emissions by year (tonnes CO_{2e})

Emissions source	2020 tCO _{2e}	2021 tCO _{2e}	2021 Share %	YoY variance (%)
Fuel combustion: Natural Gas	18.2	16	6%	-12%
Purchased Electricity	165.1	141	53%	-15%
Fuel combustion: Transport	122.4	111	41%	-9%
Total emissions (CO_{2e})	305.8	268	100%	-12%
Turnover (£m)	145.5	198		36%
Intensity: (tonnes CO_{2e} per £m of turnover)	2.10	1.35		-36%

Figure 2 Greenhouse gas emissions by scope (tonnes CO_{2e})

Emissions source	2019/20	2020/21	Share (%)	YoY variance (%)
Scope 1	128	16	6%	-87%
Scope 2	152	129	48%	-15%
Scope 3	26	123	46%	373%
Total	306	268	100%	-12%

Scope 1: Natural gas and company-operated transport. Scope 2: Electricity. Scope 3: Losses from electricity distribution and transmission and grey fleet. This only includes emissions reportable under SECR and may not reflect the entire carbon footprint of the group.

Figure 3 Energy consumption by year (kWh)

Emissions source	2019/20	2020/21	2021 Share %	YoY variance (%)
Natural Gas	99,058	89,809	8%	-9%
Electricity	652,260	608,134	53%	-7%
Transport fuel	515,669	451,244	39%	-12%
Total consumption (kWh)	1,266,987	1,149,187	100%	-9%

Arthur Topco Limited

Directors' Report

for the Year Ended 30th November 2021

ENERGY AND CARBON - continued

SECR boundary, methodology and exclusions

An 'operational control' approach has been used to define the Greenhouse Gas emissions boundary. This approach captures emissions associated with the operation of all buildings, plus company-owned and leased transport. This report covers UK operations only, as required by SECR for Non-Quoted Large Companies.

This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019.

Emissions have been calculated using the latest conversion factors provided by the UK Government. There are no material omissions from the mandatory reporting scope.

The reporting period is 1st December 2020 to 30th November 2021, as per the financial accounts. Where it has not been possible to collect data for this precise period, the closest available one has been used.

Energy efficiency initiatives

The Group hasn't implemented any projects over the past 12 months however we are trying to achieve energy reduction through operational measures such as energy awareness campaigns, moving to greener offices and optimising set points for heating and cooling.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

Arthur Topco Limited

Directors' Report

for the Year Ended 30th November 2021

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

AUDITOR

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

BY ORDER OF THE BOARD:



.....
Jonathan Roback - Director

Date: 25 May 2022

99 Bridge Road East
Welwyn Garden City
Hertfordshire
AL7 1GL

Independent Auditor's Report to the Members of Arthur Topco Limited

Opinion

We have audited the financial statements of Arthur Topco Limited ("the Company") for the year ended 30th November 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30th November 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Independent Auditor's Report to the Members of Arthur Topco Limited (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that external revenue from provision of services is overstated by being recorded in the wrong accounting period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash journal entries posted to unexpected accounts and journal entries posted to seldom used accounts.
- Testing a sample of revenue and accrued revenue transactions to supporting documentation for all relevant full scope components to assess whether revenue had been recorded in the correct accounting period.

Identifying and responding to risks of material misstatement related to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and from inspection of the Group's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent Auditor's Report to the Members of Arthur Topco Limited (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement related to non-compliance with laws and regulations (continued)

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Independent Auditor's Report to the Members of Arthur Topco Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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

B. J. Stapleton

.....
Benjamin Stapleton (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
58 Clarendon Road
Watford
Hertfordshire
WD17 1DE

Date: *26 May 2022*

Arthur Topco Limited

Consolidated Statement of Comprehensive Income for the Year Ended 30th November 2021

	Notes	2021 £'000	2020 £'000
Turnover	3	198,153	145,544
Cost of sales	3a	(159,075)	(145,246)
GROSS PROFIT		39,078	298
Administrative expenses		(43,843)	(27,160)
Other operating income	3a	4,015	27,411
OPERATING (LOSS) / PROFIT	6	(750)	549
Interest receivable and similar income		43	62
Interest payable and similar expenses	7	(53,315)	(45,765)
LOSS BEFORE TAXATION		(54,022)	(45,154)
Tax on loss	8	363	(2,428)
LOSS FOR THE FINANCIAL YEAR		(53,659)	(47,582)
OTHER COMPREHENSIVE INCOME			
Foreign exchange differences on translation of foreign operations		1	(17)
TOTAL COMPREHENSIVE DEFICIT FOR THE YEAR		(53,658)	(47,599)

The notes form part of these financial statements


Arthur Topco Limited (Registered number: 08875170)

Consolidated Balance Sheet

30th November 2021

	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Intangible assets	10	239,579	232,513
Tangible assets	11	1,669	1,602
Investments	12	1,609	1,609
		<u>242,857</u>	<u>235,724</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	13	41,063	26,900
Debtors: amounts falling due after more than one year	13	132	161
Cash at bank	14	42,514	22,797
		<u>83,709</u>	<u>49,858</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	15	<u>(516,958)</u>	<u>(44,934)</u>
NET CURRENT (LIABILITIES) / ASSETS		<u>(433,249)</u>	<u>4,924</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(190,392)</u>	<u>240,648</u>
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	<u>(26)</u>	<u>(445,973)</u>
NET LIABILITIES		<u><u>(190,418)</u></u>	<u><u>(205,325)</u></u>
CAPITAL AND RESERVES			
Called up share capital	21	126	125
Share premium		908	908
Other reserves	22	-	(109)
Capital contribution reserve	22	68,455	-
Retained earnings		<u>(259,907)</u>	<u>(206,249)</u>
SHAREHOLDERS' DEFICIT		<u><u>(190,418)</u></u>	<u><u>(205,325)</u></u>

The financial statements were approved by the Board of Directors on 25 May 2022 and were signed on its behalf by:



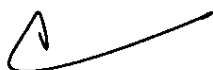
Jonathan Roback - Director

The notes form part of these financial statements

Arthur Topco Limited (Registered number: 08875170)**Company Balance Sheet****30th November 2021**

	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Investments	12	520	520
		<u>520</u>	<u>520</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	13	8	1,554
Debtors: amounts falling due after more than one year	13	453,258	-
Cash at bank	14	8	408
		<u>453,274</u>	<u>1,962</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	15	<u>(452,771)</u>	<u>(318)</u>
NET CURRENT ASSETS		<u>503</u>	<u>1,644</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,023</u>	<u>2,164</u>
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	<u>(26)</u>	<u>(45)</u>
NET ASSETS		<u>997</u>	<u>2,119</u>
CAPITAL AND RESERVES			
Called up share capital	21	126	125
Share premium		908	908
Other reserves	22	-	(109)
Capital contribution reserve	22	24	-
Retained earnings		<u>(61)</u>	<u>1,195</u>
SHAREHOLDERS' FUNDS		<u>997</u>	<u>2,119</u>

The financial statements were approved by the Board of Directors on 25 May 2022 and were signed on its behalf by:



Jonathan Roback - Director

The notes form part of these financial statements

Arthur Topco Limited

Consolidated Statement of Changes in Equity for the Year Ended 30th November 2021

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Other reserves £'000	Capital contribution reserve £'000	Total equity £'000
Balance at 1st December 2019	125	(158,650)	908	(109)	-	(157,726)
Deficit for the year	-	(47,582)	-	-	-	(47,582)
Other comprehensive income	-	(17)	-	-	-	(17)
Total comprehensive deficit	-	(47,599)	-	-	-	(47,599)
Balance at 30th November 2020	125	(206,249)	908	(109)	-	(205,325)
Deficit for the year	-	(53,659)	-	-	-	(53,659)
Other comprehensive income	-	1	-	-	-	1
Total comprehensive deficit	-	(53,658)	-	-	-	(53,658)
New shares issued in the year	1	-	-	-	-	1
Settlement of employee share scheme	-	-	-	109	-	109
Capital contribution arising on waiver of shareholder capital and interest (see note 22)	-	-	-	-	68,455	68,455
Total transactions with owners, recognised directly in equity	1	-	-	109	68,455	68,565
Balance at 30th November 2021	126	(259,907)	908	-	68,455	(190,418)

The notes form part of these financial statements

Arthur Topco Limited

Company Statement of Changes in Equity for the Year Ended 30th November 2021

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Other reserves £'000	Capital contribution reserve £'000	Total equity £'000
Balance at 1st December 2019	125	1,091	908	(109)	-	2,015
Profit for the year	-	104	-	-	-	104
Total comprehensive income	-	104	-	-	-	104
Balance at 30th November 2020	125	1,195	908	(109)	-	2,119
Deficit for the year	-	(1,256)	-	-	-	(1,256)
Total comprehensive deficit	-	(1,256)	-	-	-	(1,256)
New shares issued in the year	1	-	-	-	-	1
Settlement of employee share scheme	-	-	-	109	-	109
Capital contribution arising on waiver of shareholder interest (see note 22)	-	-	-	-	24	24
Total transactions with owners, recognised directly in equity	1	-	-	109	24	134
Balance at 30th November 2021	126	(61)	908	-	24	997

The notes form part of these financial statements

Arthur Topco Limited

Consolidated Cash Flow Statement for the Year Ended 30th November 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Cash generated from operations	A	(12,175)	33,733
Tax paid		(2,283)	(3,020)
Net cash from operating activities		(14,458)	30,713
Cash flows from investing activities			
Purchase of intangible fixed assets		(2,037)	(380)
Purchase of tangible fixed assets		(704)	(940)
Net cash movement on acquisition of subsidiaries		12,994	(10,002)
Loans receivable – repayment		50	(150)
Interest received		15	32
Net cash from investing activities		10,318	(11,440)
Cash flows from financing activities			
Loan repayments in year		(279,992)	(700)
Interest paid		(148,865)	(8,078)
Intercompany loans received		452,713	-
Share capital received		1	-
Net cash from financing activities		23,857	(8,778)
Increase in cash and cash equivalents		19,717	10,495
Cash and cash equivalents at beginning of year	B	22,797	9,003
Cash and cash equivalents at end of year	B	42,514	22,797

The notes form part of these financial statements

Arthur Topco Limited

Notes to the Consolidated Cash Flow Statement for the Year Ended 30th November 2021

A. RECONCILIATION OF LOSS FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	2021 £'000	2020 £'000
Loss for the financial year	(53,659)	(47,582)
Depreciation charges	748	663
Amortisation charges	19,025	16,788
Finance costs	53,315	45,765
Profit on disposal of fixed assets	2	1
Finance income	(43)	(62)
Taxation	(363)	2,428
	19,025	18,001
(Increase) / decrease in trade and other debtors	(28,373)	6,424
(Decrease) / increase in trade and other creditors	(2,827)	9,308
Cash (used in) / generated from operations	(12,175)	33,733

B. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30th November 2021

	30/11/21	01/12/20
Cash and cash equivalents	42,514	22,797

Year ended 30th November 2020

	30/11/20	01/12/19
Cash and cash equivalents	22,797	9,003

At 30th November 2021 Cash and Cash Equivalents includes amounts totalling £25.9m held to settle client payroll liabilities (see note 14), a corresponding liability is included in Other Creditors (see note 15).

The notes form part of these financial statements

Arthur Topco Limited

Notes to the Consolidated Financial Statements for the Year Ended 30th November 2021

1. STATUTORY INFORMATION

Arthur Topco Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

COVID-19 impact and going concern

Notwithstanding net liabilities of £190.4 million as at 30th November 2021 (2020: £205.3 million), net current liabilities of £433.2 million and losses of £53.7 million for the year then ended (2020: £47.6 million), the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The losses mainly comprise the non-cash interest expense of £46.5 million in respect of loan notes, one off remuneration costs of £10 million and non-cash amortisation of goodwill of £17.4 million. The net current liabilities and net liabilities position is largely the result of an intercompany loan with Hood Bidco Limited amounting to £453.3 million, created as part of the sale of the Group during the year.

COVID-19 effects on the Group have continued to reduce as we look to exit the pandemic fully. Trading performance in financial year 2021/ 2022 is strong with volumes back to pre-COVID-19 levels and business is generating positive cashflows. In order to complete the going concern assessment, the Directors have prepared a cash flow forecast for the period up to 31st May 2023 taking into account plausible and extreme downside scenarios on the operations and financial resources of the Group and Company. The conclusion of this is that the Group will have sufficient funds to meet its liabilities as they fall due during that period.

In looking at a severe downside, the Directors have considered a scenario in which:

- Trading levels are in line with the year ending 30th November 2021, which included a lockdown from January to March, affecting the demand for support staff in schools.
- No further cost savings or mitigations.

Those forecasts are dependent on the Company's immediate parent company, Hood Bidco Limited, not seeking repayment of the amounts currently due to the group, which at the balance sheet date amounted to £453.3 million. The Company's ultimate parent, Hood Topco Limited, has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and that the Group will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the 12 months from the date of signing these financial statements by meeting its liabilities as they fall due for payment.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

COVID-19 impact and going concern - continued

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

Financial Reporting Standard 102 - reduced disclosure exemptions

The group has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 November 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration; plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The company/group elected not to restate business combinations that took place prior to 1 December 2014. In respect of acquisitions prior to 1 December 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

2. ACCOUNTING POLICIES - continued

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Significant judgements and estimates

In preparing these financial statements, the directors have made the following significant judgements:

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

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if those assets are identifiable and their fair value can be measured reliably. The judgements involve determining the types of intangible which exist, their expected useful economic lives, the future cash flows expected to be generated from the assets and the appropriate discount rate to use. When assessing the values of the intangible assets, management is required to exercise judgement in determining the future profitability and cash flows of those assets. The subsequent impairment reviews require assessment of the above factors as well as ongoing assessment of the assets' lives.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is typically recognised on the delivery of teaching, tutoring, training or support services.

Government Grants

In response to COVID-19, the UK government announced a number of initiatives for businesses to assist with cashflow. The Group has received financial assistance in the following areas during the current and prior year.

a) Coronavirus Job Retention Scheme – these grants are received after the costs have been incurred, in line with Section 24 of FRS 102, these amounts have been recognised based on the accrual model and measured at the fair value of the receivable. The revenue is recognised in the profit and loss and the Group has reported this as Other Income. Please see Note 3.

b) Time to Pay Arrangements – On 24 September 2020 the Chancellor announced that he would allow businesses to spread the VAT that was deferred in June 2020 to 31 March 2021 over 11 repayments to 28 February 2022 with no interest charge. A payment plan has been set up with HMRC and this was repaid in part during year ending 30th November 2021.

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

2. ACCOUNTING POLICIES – continued

Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Other intangible assets

Other intangible assets are stated at cost less accumulated amortization and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of the intangible assets. The estimated useful lives of intangible assets are as follows:

- Goodwill	20 years
- Customer lists	10 years
- Other intangible assets	2-5 years

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- fixtures and fittings	4-5 years
- computer equipment	3-4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Investments in associates

Investments in associate undertakings are recognised at cost.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

2. ACCOUNTING POLICIES – continued

Basic financial instruments - continued

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement. Cash held to settle payroll liabilities on behalf of clients is included in cash and cash equivalents where the risk and reward of holding the cash is held by the group company.

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)
Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, *except to the extent that it relates to items recognised in other comprehensive income or directly in equity.*

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current or deferred taxation assets and liabilities are not discounted.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

2. ACCOUNTING POLICIES – continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate. The assets of the scheme are held separately from those of the company in an independently administered fund.

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

2. ACCOUNTING POLICIES – continued

Impairment excluding deferred tax assets – continued

Non-financial assets continued

An impairment loss recognised on goodwill is not reversed. An impairment loss recognized for other assets is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Profit and loss

The profit for the current and preceding period is derived from continuing activities.

There is no difference between the historical cost profit and loss and that presented in the statement of comprehensive income.

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

Own shares held by ESOP trust

Transactions of the company-sponsored ESOP trust are treated as being those of the company and are therefore reflected in the company financial statements. In particular, the trust's purchases and sales of shares in the company are debited and credited directly to equity.

3. TURNOVER

Turnover for the year ending 30th November 2021 and the prior year was all generated from business activities in the UK.

Revenue recognised was generated from two main business activities:

	2021 £'000	2020 £'000
Teaching and tutoring services	155,419	128,561
Education management services	42,734	16,983
Total turnover	198,153	145,544

3a. OTHER OPERATING INCOME

In the year ended 30 November 2021, Government grants of £4m (2020: £27.4m) were received under the Coronavirus Job Retention Scheme as part of a Government initiative to provide immediate support as a result of the COVID-19 pandemic to reimburse entities within the Group for 80% of the wages of certain employees and educators who were placed on furlough but who were kept on the payroll.

The costs associated to the furlough scheme are reported in Cost of Sales.

4. EMPLOYEES AND DIRECTORS

	2021 £'000	2020 £'000
Wages and salaries	36,511	26,981
Social security costs	3,733	2,834
Other pension costs	915	653
	41,159	30,468

The average number of employees during the year was as follows:

	2021	2020
Administration	1,048	796

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

5. DIRECTORS' EMOLUMENTS

	2021	2020
	£'000	£'000
Directors' remuneration	<u>4,208</u>	<u>1,406</u>

£60,000 (2020: £32,000) of retirement benefits was paid to 14 director's (2020: 13 director's) personal pension plans.

The aggregate emoluments of the highest paid director is £1,665,000 (2020: £229,000) which includes a one-off payment in relation to the refinance of the group's capital structure. £1,318 of retirement benefits (2020: £1,314) were paid on behalf of this director.

Directors emoluments totalling £225,000 (2020: nil) in respect of services to the group for the year to 30th November 2021 were borne by Hood Bidco Limited, these are included in the total above. These costs have been recharged to the trading companies in the group by way of a management services charge which is recognised within the administration expenses line of the profit and loss account in the current year.

There were no directors in respect of whose services shares were received or receivable under long term incentive schemes (2020: nil).

6. OPERATING PROFIT

	2021	2020
	£'000	£'000
The operating profit is stated after charging/(crediting):		
Other operating leases	3,051	2,789
Depreciation - owned assets	748	663
Loss on disposal of fixed assets	2	1
Goodwill amortisation	17,415	16,195
Other intangible assets amortisation	1,610	593
Auditors' remuneration for statutory audit work	266	273
Foreign exchange differences	<u>2</u>	<u>(5)</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£'000	£'000
Bank interest	8	2
Bank loan interest	3,863	4,933
Unwinding of discount on deferred consideration	466	658
Amortisation of loan costs	2,482	581
Preference share dividends	5	5
Interest on intercompany loan notes	17,595	-
Loan note interest payable	<u>28,896</u>	<u>39,586</u>
	<u>53,315</u>	<u>45,765</u>

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

8. TAXATION

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2021 £'000	2021 £'000	2020 £'000	2020 £'000
UK corporation tax				
Current tax on income for the year	40		2,179	
Adjustment in respect of previous periods	<u>92</u>		<u>151</u>	
Total current tax		132		2,330
Deferred tax				
Origination/reversal of timing differences	(306)		109	
Adjustment in respect of previous periods	(239)		10	
Effect of tax rate change	50		(32)	
Release of overseas deferred tax to current tax	<u>-</u>		<u>11</u>	
Total deferred tax		<u>(495)</u>		<u>98</u>
Total tax (credit) / charge		<u>(363)</u>		<u>2,428</u>

Reconciliation of total tax expense included in profit and loss

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £'000	2020 £'000
Loss before tax	<u>(54,022)</u>	<u>(45,154)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(10,264)	(8,579)
Effects of:		
Expenses and interest not deductible for tax purposes	8,212	9,334
Transfer pricing adjustments	17	-
Adjustments to tax charge in respect of previous periods	(147)	161
Income not taxable for tax purposes	-	(21)
Effect of overseas tax rate	-	2
Tax rate changes	50	(32)
Deferred tax not recognised on Corporate Interest Restriction	1,924	1,438
Deferred tax not recognised on acquisition	(155)	-
Pre-acquisition movements	-	125
Total tax charge	<u>(363)</u>	<u>2,428</u>

The main rate of corporation tax for the current financial year is 19%. It was announced in the UK Government's Budget on 3rd March 2021 that the main UK corporation tax rate will increase to 25% from 1st April 2023. This change was substantively enacted on 24th May 2021 and as such unrecognised deferred tax has been calculated at 25% (2020:19%).

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

9. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

The loss retained in the parent company was £1.26m (2020: £0.1m profit). The company has no Other Comprehensive Income (2020: nil).

10. INTANGIBLE FIXED ASSETS

Group	Goodwill £'000	Customer list £'000	Other intangible assets £'000	Total £'000
COST				
As at 1st December 2020	329,086	-	3,228	332,314
Additions	19,741	-	2,037	21,778
Intangible assets in the books of subsidiaries acquired	-	-	1,939	1,939
Intangible assets recognised on acquisition of subsidiaries	-	3,165	-	3,165
As at 30th November 2021	348,827	3,165	7,204	359,196
AMORTISATION				
As at 1st December 2020	98,250	-	1,551	99,801
Amortisation for year	17,415	308	1,302	19,025
Amortisation in the books of subsidiaries acquired	-	-	791	791
As at 30th November 2021	115,665	308	3,644	119,617
NET BOOK VALUE				
As at 30th November 2021	233,162	2,857	3,560	239,579
As at 30th November 2020	230,836	-	1,677	232,513

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. On the acquisition of Education Personnel Holdco Limited, Fleet Education Services Limited, Best Practice Network Holdings Limited, Judicium Education Limited, School Business Services Limited, Fronting The Challenge Projects Limited and Education Services Solutions Limited, goodwill of £293.1m, £2.5m, £2.4m, £21.4m, £5.3m, £4.4m and £19.7m respectively arose. The directors have decided to amortise this over 20 years.

The customer list arising on the acquisition of Education Services Solution Limited is considered to have a useful life of 10 years.

The amortisation charge is recognised within the administration expenses line of the profit and loss account in the current and prior years.

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

11. TANGIBLE FIXED ASSETS

Group

	Fixtures & Fittings £'000	Computer Equipment £'000	Leasehold Property £'000	Total £'000
Cost				
At 1st December 2020	1,968	3,992	89	6,049
Additions	139	565	-	704
Disposals	(18)	(3)	-	(21)
Tangible assets in the subsidiaries acquired in the year	276	318	116	710
At 30th November 2021	<u>2,365</u>	<u>4,872</u>	<u>205</u>	<u>7,442</u>
Depreciation				
At 1st December 2020	1,660	2,698	89	4,447
Charge for the year	183	559	6	748
Eliminated on disposal	(17)	(2)	-	(19)
Depreciation in the subsidiaries acquired in the year	267	228	102	597
At 30th November 2021	<u>2,093</u>	<u>3,483</u>	<u>197</u>	<u>5,773</u>
NET BOOK VALUE				
At 30th November 2021	<u>272</u>	<u>1,389</u>	<u>8</u>	<u>1,669</u>
At 30th November 2020	<u>308</u>	<u>1,294</u>	<u>-</u>	<u>1,602</u>

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

12. FIXED ASSET INVESTMENTS

Group

	Other Investments £'000
COST	
At 1st December 2020	1,609
Additions	-
At 30th November 2021	<u>1,609</u>
NET BOOK VALUE	
At 30th November 2021	<u>1,609</u>
At 30th November 2020	<u>1,609</u>

Company

	Shares in group undertakings £'000
COST	
At 1st December 2020	520
Additions	-
At 30th November 2021	<u>520</u>
NET BOOK VALUE	
At 30th November 2021	<u>520</u>
At 30th November 2020	<u>520</u>

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

12. FIXED ASSET INVESTMENTS - continued

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Directly held subsidiary undertaking:

Arthur Midco 1 Limited

Registered office: 99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK

Nature of business: Holding company

Class of shares:	%
Ordinary shares	holding 100.00

Indirectly held subsidiary undertakings:

Subsidiary undertaking	Registered office address	Principal activity	Percentage held/class
Arthur Pikco Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Holding company	100% ordinary shares
Arthur Midco 2 Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Holding company	100% ordinary shares
Supporting Education Group Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Holding company	100% ordinary shares
Education Personnel Holdco Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Holding company	100% ordinary shares
Education Personnel Share Trust Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Held shares in trust	100% ordinary shares
Education Personnel Bidco Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Holding company	100% ordinary shares
Teaching Personnel Holdings Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Holding company	100% ordinary shares
Teaching Personnel Loans Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Holding company	100% ordinary shares
Personnel Holdings Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Holding company	100% ordinary shares
Teaching Personnel Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Provision of teaching staff	100% ordinary shares
Protocol Education Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Provision of teaching staff	100% ordinary shares
Fleet Education Services Limited	251-253 Chiswick High Road, London, W4 4PU, UK	Tuition services	100% ordinary shares

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

12. FIXED ASSET INVESTMENTS - continued

Indirectly held subsidiary undertakings (continued):

Subsidiary undertaking	Registered office address	Principal activity	Percentage held/class
Intuition Clubs Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Tuition services	100% ordinary shares
Best Practice Network Holdings Limited	Newminster House, Baldwin Street, Bristol, BS1 1LT, UK	Holding company	100% ordinary shares
Best Practice Network Limited	Newminster House, Baldwin Street, Bristol, BS1 1LT, UK	Provision of training	100% ordinary shares
Judicium Education Limited	72 Cannon Street, London, EC4N 6AE, UK	Holding company	100% ordinary shares
Judicium Consulting Limited	72 Cannon Street, London, EC4N 6AE, UK	Provision of support services	100% ordinary shares
Judicium UK Work Permits Limited	72 Cannon Street, London, EC4N 6AE, UK	Provision of support services	100% ordinary shares
Judicium Education Support Services Ltd	72 Cannon Street, London, EC4N 6AE, UK	Provision of support services	100% ordinary shares
Judicium School Services Limited	72 Cannon Street, London, EC4N 6AE, UK	Provision of support services	100% ordinary shares
School Business Services Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Provision of support services	100% ordinary shares
Fronting The Challenge Projects Limited	1 Seale Hayne, Howton Road, Newton Abbott, TQ12 6NQ, UK	Provision of support services	100% ordinary shares
Thrive Approach Limited	1 Seale Hayne, Howton Road, Newton Abbott, TQ12 6NQ, UK	Provision of support services	100% ordinary shares
Thrive Approach PTY Limited	4th Floor, 112 Wellington Parade, East Melbourne, Victoria, 3002, Australia	Provision of support services	100% ordinary shares
Education Services Solutions Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Holding company	100% ordinary shares
Strictly Education Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Provision of support services	100% ordinary shares
3BM Education Services Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Provision of support services	100% ordinary shares
Strictly Education 4S Limited	99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL, UK	Provision of support services	100% ordinary shares

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

12. FIXED ASSET INVESTMENTS - continued

Acquisitions in the current period

On 10th December 2020, Supporting Education Group Limited acquired 100% of the share capital of Education Services Solutions Limited and its subsidiaries against a total consideration of £5.0m. The consideration comprises the cash consideration paid and the directly attributable costs incurred by the Company relating to the acquisition of Education Services Solutions Limited.

Education Services Solutions Limited and its subsidiaries are engaged in providing support services to the education sector. The acquisition will enable the Company to diversify its portfolio of products and services.

In year ending 30th November 2021 the business contributed revenue of £15.1m and a net profit of £0.2m to the revenue and net loss for the year.

Effect of acquisition

The acquisition had the following effect on the Company's/Group's assets and liabilities:

	Recognised values on acquisition £'000
Acquiree's net liabilities at the acquisition date:	
Tangible fixed assets	113
Intangible fixed assets	1,148
Trade and other debtors	1,749
Cash	27,744
Trade and other creditors	(32,054)
Deferred tax liabilities	(75)
Loan notes and accrued interest payable	<u>(15,882)</u>
Net identifiable assets and liabilities	<u>(17,257)</u>
Total cost of business combination:	
Cash consideration relating to business combination	4,586
Costs directly attributable to the business combination	<u>460</u>
Total consideration	<u>5,046</u>
Customer list recognised at fair value on acquisition	3,165
Deferred tax on customer list at acquisition	<u>(603)</u>
Goodwill recognised on the acquisition	<u>19,741</u>

There were no differences between the book value and the value of net assets recognised at acquisition.

The expected useful life of goodwill stemming from this acquisition is 20 years.

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

12. FIXED ASSET INVESTMENTS - continued

Acquisitions in the prior period

On 1st September 2020, Supporting Education Group Limited acquired 100% of the share capital of Fronting The Challenge Projects Limited and its subsidiaries against a total consideration of £6.1m. The consideration comprises the cash consideration paid and the directly attributable costs incurred by the Company relating to the acquisition of Fronting The Challenge Projects Limited.

Fronting The Challenge Projects Limited and its subsidiaries are engaged in providing social and emotional wellbeing services to the education sector. The acquisition will enable the Company to diversify its portfolio of products and services.

In year ending 30th November 2020 the business contributed revenue of £0.9m and a net loss of £15k to the revenue and net loss for the year.

Effect of acquisition

The acquisition had the following effect on the Company's/Group's assets and liabilities:

	Recognised values on acquisition £'000
Acquiree's net assets at the acquisition date:	
Tangible fixed assets	35
Intangible fixed assets	703
Trade and other debtors	452
Cash	2,631
Trade and other creditors	(2,085)
Deferred tax liabilities	(41)
	<hr/>
Net identifiable assets and liabilities	1,695
	<hr/>
Total cost of business combination:	
Cash consideration relating to business combination	4,675
Contingent consideration at fair value	963
Costs directly attributable to the business combination	458
	<hr/>
Total consideration	6,096
	<hr/>
Goodwill recognised on the acquisition	4,401

There were no differences between the book value and the value of net assets recognised at acquisition.

The expected useful life of goodwill stemming from this acquisition is 20 years.

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

12. FIXED ASSET INVESTMENTS - continued

On 10th March 2020, Supporting Education Group Limited acquired 100% of the share capital of School Business Services Limited against a total consideration of £6.0m. The consideration comprises the cash consideration paid and deferred and the directly attributable costs incurred by the Company relating to the acquisition of School Business Services Limited.

School Business Services Limited is engaged in providing support services to the education sector. The acquisition will enable the Company to diversify its portfolio of products and services.

In year ending 30th November 2020 the business contributed revenue of £3.3m and net profit of £0.3m to the revenue and net loss for the year.

Effect of acquisition

The acquisition had the following effect on the Company's/Group's assets and liabilities:

	Book values recognised on acquisition £'000	Fair value adjustments £'000	Recognised values on acquisition £'000
Acquiree's net assets at the acquisition date:			
Tangible fixed assets	42	-	42
Intangible fixed assets	371	213	584
Trade and other debtors	1,386	-	1,386
Cash	668	-	668
Trade and other creditors	(1,900)	-	(1,900)
Deferred tax liabilities	(32)	-	(32)
Net identifiable assets and liabilities	535	213	748
Total cost of business combination:			
Initial cash consideration relating to business combination			4,608
Contingent consideration at fair value			1,038
Costs directly attributable to the business combination			402
Total consideration			6,048
Goodwill recognised on the acquisition			5,300

The expected useful life of goodwill stemming from this acquisition is 20 years.

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

13. DEBTORS

Amounts falling due within one year:

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	21,847	18,056	-	-
Amounts owed by group undertakings	6,361	-	-	455
Other debtors	1,424	985	-	642
Corporation tax	1,757	-	-	-
Deferred tax asset (see note 19)	-	121	-	-
Prepayments and accrued income	9,674	7,738	8	457
	<u>41,063</u>	<u>26,900</u>	<u>8</u>	<u>1,554</u>

Amounts falling due after more than one year:

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts owed by group undertakings	-	-	453,258	-
Loans receivable	100	150	-	-
Accrued interest receivable	32	11	-	-
	<u>132</u>	<u>161</u>	<u>453,258</u>	<u>-</u>
Total Debtors	<u>41,195</u>	<u>27,061</u>	<u>453,266</u>	<u>1,554</u>

During the prior year, Supporting Education Group Limited made a loan to EdPlace Limited for £150,000. The loan is unsecured and redeemable in May 2023 with an interest rate of 15%.

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash at bank and in hand	16,656	22,797	8	408
Cash held on behalf of clients	25,858	-	-	-
Cash and cash equivalents per cash flow statement	<u>42,514</u>	<u>22,797</u>	<u>8</u>	<u>408</u>

On acquisition of Education Services Solutions Limited, the group acquired cash balances of £27.7m, including £26.2m of funds held to settle client payroll liabilities. At 30th November 2021, cash held to settle client payroll liabilities amounted to £25.9m, a corresponding liability is included in Other Creditors (see note 15).

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 16)	-	217	-	-
Trade creditors	2,209	1,879	-	-
Amounts owed to group undertakings	453,317	-	452,752	211
Corporation tax	-	872	-	-
Deferred tax liability	150	-	-	-
Social security and other taxes	12,074	15,675	-	-
Deferred and contingent consideration	-	8,635	-	-
Other creditors	32,113	2,710	-	-
Accrued interest	-	20	-	-
Accruals and deferred income	17,095	14,926	19	107
	516,958	44,934	452,771	318

On 30th July 2021 Arthur Topco Limited received an intercompany loan of £435m from its parent, Hood Bidco Limited, to settle outstanding debt within the Arthur Topco group. The loan is repayable on demand although Hood Bidco Limited has provided a letter of support that confirms the intention that the loan will not be recalled in the 12 months following approval of the financial statements.

Other Creditors includes £25.9m (2020: nil) of client payroll liabilities, a corresponding asset is included in Cash and Cash equivalents (see note 14).

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loans (see note 16)	-	86,314	-	-
Other loans (see note 16)	25	181,064	25	25
Accrued interest	1	178,595	1	20
	26	445,973	26	45

17. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts falling due within one year or on demand:				
Intercompany loan notes	435,118	-	435,118	-
Bank loans	-	217	-	-
	435,118	217	435,118	-

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

17. LOANS - continued

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts falling due between two and five years:				
Bank loans	-	86,314	-	-
Repayable otherwise than by instalments:				
Other loans	-	181,039	-	-
Preference shares	25	25	25	25
	<u>25</u>	<u>267,378</u>	<u>25</u>	<u>25</u>

Terms for the bank loans are shown below. During the year ended 30th November 2021, a refinancing of the Group's debt has been undertaken. As a result of the refinance, all bank and other loans and accrued interest have been settled.

The mezzanine, investor and management loan notes were unsecured and redeemable in 2025, these have been settled in full in year ending 30th November 2021.

	Currency	Interest rate	2021	2020
			£'000	£'000
Bank loans	GBP	Libor + 4.75%	-	88,600
Capitalised loan arrangement fee	GBP		-	(2,069)
Intercompany loan notes	GBP	12%	435,118	-
			<u>435,118</u>	<u>86,531</u>

Repayable between 2 and 5 years

			2021	2020
			£'000	£'000
Mezzanine loan notes	GBP	12%	-	72,500
Capitalised loan arrangement fee	GBP		-	-
			<u>-</u>	<u>72,500</u>
Mezzanine loan notes	GBP	Libor + 11%	-	37,500
Capitalised loan arrangement fee	GBP		-	(113)
			<u>-</u>	<u>37,387</u>
Investor and management loan notes	GBP	12%	-	71,152
Capitalised loan arrangement fee	GBP		-	-
			<u>-</u>	<u>71,152</u>
Preference shares	GBP	12%	25	25
			<u>25</u>	<u>25</u>
			<u>25</u>	<u>181,064</u>

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2021	2020
	£'000	£'000
Within one year	2,513	2,194
Between one and five years	3,369	3,078
In more than five years	140	266
	<u>6,022</u>	<u>5,538</u>

19. FINANCIAL INSTRUMENTS

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2021	2020
	£'000	£'000
Assets measured at amortised cost	81,951	49,737
Liabilities measured at amortised cost	<u>(496,513)</u>	<u>(474,361)</u>

20. DEFERRED TAX

	2021	2020
	£'000	£'000
At the beginning of the year	121	292
Credit for the year (see note 8)	495	(98)
Movement arising from the acquisition of subsidiaries	<u>(766)</u>	<u>(73)</u>
At the end of year	<u>(150)</u>	<u>121</u>

The elements of deferred taxation are as follows:

	2021	2020
	£'000	£'000
Difference between accumulated depreciation and amortisation and capital allowances	(803)	(177)
Other timing differences	<u>653</u>	<u>298</u>
Deferred tax (liability) / asset (see note 15/14)	<u>(150)</u>	<u>121</u>

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

20. DEFERRED TAX - continued

Unrecognised deferred tax asset

The elements of deferred taxation are as follows:

	2021 £'000	2020 £'000
Interest disallowed under Corporate Interest Restriction	<u>8,122</u>	<u>4,333</u>

At 30th November 2021 the Group has disallowed interest under the Corporate Interest Restriction of £32.5m (2020: £22.8m). The deferred tax asset of £8.1m (2020: £4.3m) has not been recognised as it is not probable that it will be recoverable against future taxable profits, this treatment is consistent with prior years.

The main rate of corporation tax for the current financial year is 19%. It was announced in the UK Government's Budget on 3rd March 2021 that the main UK corporation tax rate will increase to 25% from 1st April 2023. This change was substantively enacted on 24th May 2021 and as such the unrecognised deferred tax has been calculated at 25% (2020: 19%).

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2021 £'000	2020 £'000
936,365	A Ordinary shares	£0.01	9	8
115,000	B Ordinary shares	£1.00	115	115
117,000	C Ordinary shares	£0.01	1	1
85,000	D Ordinary shares	£0.01	<u>1</u>	<u>1</u>
			<u>126</u>	<u>125</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

On 30th July 2021 136,365 A Ordinary Shares of £0.01 were issued and fully paid.

22. RESERVES

Own Share Reserve

Other Reserves consists of the Own Share Reserve which comprises the costs of shares in Arthur Topco Limited held by the Employee Benefit Trust, to the extent that they have not become realised losses. When they become realised losses, they are transferred to retained earnings. The shares are held in Trust on behalf of employees that have been granted shares under equity-settled share-based payment plans.

On 30th July 2021, 100% of the share capital of Arthur Topco Limited was acquired by Hood Bidco Limited. As such, at the balance sheet date nil shares (2020: 109,000 shares with a value of £109,000) were held by the Trust which had not yet vested unconditionally with employees. In the prior year, shareholders' funds were reduced by £109,000 in respect of the purchase price of these shares.

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

22. RESERVES – continued

Capital Contribution Reserve

The capital contribution reserve of £68.5m (2020: nil) arose during the year ending 30th November 2021 due to the waiver of capital and interest held by shareholders.

23. CONTINGENT LIABILITIES

Certain subsidiaries of the group are guarantors for the payment or repayment of money, whether present or future, actual or contingent, joint or several including principal, interest, commission, fees, other charges and overdrafts to certain providers of finance. The net amount outstanding in the Hood Topco group as at 30 November 2021 was £93,943,000 (2020: £71,128,000).

24. CAPITAL COMMITMENTS

	2021 £'000	2020 £'000
Contracted but not provided for in the financial statements	-	-

25. RELATED PARTY DISCLOSURES

Total compensation of key management personnel (including the directors) in the year amounted to £8,189,000 (2020: £1,886,000) including one-off payments in relation to the refinance of the group's capital structure.

26. SUBSEQUENT EVENTS

There are no material events occurring after 30th November 2021 to disclose.

27. ULTIMATE CONTROLLING PARTY

The company is a subsidiary undertaking of Hood Bidco Limited, incorporated in the UK. The ultimate parent company is Hood Topco Limited for which there is no ultimate controlling party.

Arthur Topco Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 30th November 2021

28. SUBSIDIARIES EXEMPT FROM AUDIT UNDER SECTION 479A COMPANIES ACT 2006

The subsidiaries set out below are exempt from the requirements of the Companies Act relating to the audit of individual accounts under section 479A of the Companies Act 2006. Arthur Topco Limited has given a guarantee under section 479C and all members of the company agree to the exemption of an audit for the year ended 30th November 2021.

Held by the company	Registration number
Arthur Midco 1 Limited	8886704
Arthur Pikco Limited *	8918325
Arthur Midco 2 Limited *	8886782
Education Personnel Holdco Limited *	7315041
Education Personnel Share Trust Limited *	7441694
Education Personnel Bidco Limited *	7315069
Teaching Personnel Holdings Limited *	6287318
Personnel Holdings Limited *	4127840
Intuition Clubs Limited *	10418763
Best Practice Network Holdings Limited *	7134079
Judicium Education Limited *	8703545
Judicium Consulting Limited *	3926056
Judicium UK Work Permits Limited *	4916251
Judicium Education Support Services Limited *	3961169
Judicium School Services Limited *	7526549
School Business Services Limited *	6443524
Fronting The Challenge Projects Limited *	3234281
Education Services Solutions Limited *	10112564
Strictly Education Limited *	5107810
3BM Education Services Limited *	12122770
Strictly Education 4S Limited *	4889149

*held indirectly