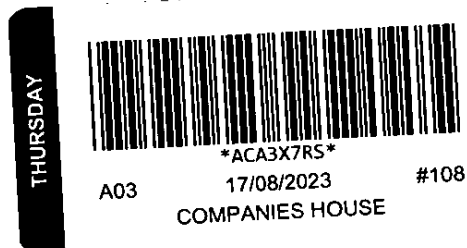


REGISTERED NUMBER: 13207336 (England and Wales)

Hood Topco Limited

**Group Strategic Report, Directors' Report and
Audited Consolidated Financial Statements for the
17 Month Period Ended
30th November 2022**



Hood Topco Limited

Contents of the Consolidated Financial Statements for the Period Ended 30th November 2022

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Hood Topco Limited

Company Information

for the Period Ended 30th November 2022

DIRECTORS:

John Bowman
Jonathan Roback
Douglas Glenday
Daniel Simon
David Lomer

REGISTERED OFFICE:

Wallace House
4 Falcon Way
Welwyn Garden City
Hertfordshire
AL7 1TW

REGISTERED NUMBER:

13207336 (England and Wales)

INDEPENDENT AUDITOR:

KPMG LLP
58 Clarendon Road
Watford
Hertfordshire
WD17 1DE

Hood Topco Limited

Group Strategic Report for the Period Ended 30th November 2022

The directors present their strategic report of the company and the group for the Period Ended 30th November 2022.

Chairman's Report

I am reporting on the 17 month period from 1st July 2021 to 30th November 2022 for Hood Topco Limited, the previously dormant entity. On July 30th 2021 Hood Bidco Limited, a wholly owned indirect subsidiary of Hood Topco, acquired the consolidated group of Arthur Topco Limited, the holding company of Supporting Education Group Limited which indirectly is a holding company for: the Teaching Personnel and Protocol Education businesses; both of which provide Educator Talent 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, Education Services Solutions, and Neo People Management Ltd (acquired during the period), all providers of business support services to schools. The holding company also extended its stake in Ed Place Limited to a 100% shareholding during the period and continues to hold a minority shareholding in Bramble Technologies Limited; a tuition resources and technology platform businesses.

Of note, during the reporting period the company completed a refinancing of its capital structure, supported by its incumbent institutional sponsor and a combination of new and existing debt providers.

For the reporting period, I can highlight a strong financial performance, even though during the early months of the 17 month period, trading, particularly in Educator Talent Solutions, was still impacted by disruption in schools as result of COVID-19. Reported results were also impacted by a significant increase in exceptional costs and non-cash impairment of goodwill as cash forecasts had reduced in some CGUs since the time of the acquisition. Consequently, turnover was £307.2m, administrative expenses were £105.9m and the operating loss for the period was £45.0m. Throughout the period the group demonstrated its resilience and innovation in being able to recover from the challenges resulting from the pandemic, and with market conditions normalised in the latter stages of the reporting period. Detailed financial performance of the trading companies is set out in their separate individual reports and accounts.

During the reporting period 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 period, led by Jonathan Roback, formerly Group Chief Financial Officer, now as Group Chief Executive Officer. The company retains its strong focus on making acquisitions, with the two successful additions to the group during the period.

Although the group faces some future risk of interruptions to trading because of teacher union led industrial action in the schools' sector, these are expected to have only a very short term minimal impact on trading in the Educator Talent Solution businesses. Business performance for all companies in the group is robust, supporting ongoing cash collection and financial resilience.

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 expecting to be supported by positive market drivers to build the business and extend our market leading position.

John Bowman, Group Chairman

Hood Topco Limited

Group Strategic Report

for the Period Ended 30th November 2022

REVIEW OF BUSINESS

The results for the Period Ended 30th November 2022 and financial position at the end of the period are shown in these financial statements. The review of the business is described in the Chairman's report.

The group has recognised revenue of £307.2m for the period and the loss before taxation was £72.2m. The group uses Operating Profit to monitor the performance of the group. Operating profit for the period was £38.9m which was slightly less than budgeted.

In the Educator Talent Solutions (ETS) division, trading during the early months of the 17 month period was affected by disruption in schools as a result of COVID-19 and later in the period was also impacted slightly by educator shortages due to the lingering effects of COVID-19. Companies in the ETS division have also seen lower than expected demand for tutors for the National Tutoring Programme. Despite this, trading was strong throughout the period. Operating profit for the division for the period was less than budget but mitigated slightly by increased control on costs.

The Education Management Services (EMS) division has seen strong growth during the period due to new business wins and actual turnover exceeded budget. The gross profit margin achieved in some parts of the division reduced slightly due to significant increases in staff headcount and staff costs but the impact on Operating Profit has been reduced somewhat by cost control, coming in better than budget for the period.

The Tuition division operated at a small loss, in line with expectations. We continue to invest in the division as we try to establish our businesses in the marketplace. During the accounting period a further business was acquired as we strive to strengthen our offerings and services in this space.

KEY PERFORMANCE INDICATORS

The most important key performance indicator used across the trading companies in the group is Operating Profit, as described above. In addition, some other key metrics are used to measure performance and influence trading decisions:

In the ETS division, the main key performance indicator of days out (the number of days that educators are placed in bookings) is available to the directors in real time and compared to prior years and budget. This can be analysed by business sector, region, branch and client allowing management to respond to changes in business levels by redirecting resources. The number of days out achieved in the period to 30th November 2022 was lower than budgeted, due to the reasons explained in the Review of Business above.

In the EMS division, companies provide training, legal, finance, IT and other support services to the education sector on a contractual basis. A key measure of performance is contract retention and wins. Other key performance indicators of payslip count (representing the number of individuals payrolled on behalf of clients) and trainee sign ups (the number of trainees signed up to training courses facilitated by the companies in the division) are analysed to measure business activity. The number of payslips and trainee sign ups both exceeded budget for the period.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the group's strategy are subject to a number of risks. Risks are reviewed by management and appropriate processes put in place to monitor and mitigate them. The key business risks for the group are described in more detail below:

Hood Topco Limited

Group Strategic Report

for the Period Ended 30th November 2022

PRINCIPAL RISKS AND UNCERTAINTIES - continued

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The maturity of borrowings at the balance sheet date is set out in note 17 to the financial statements. In total, as at 30th November 2022, the Hood Topco Limited group had borrowings of £207.4m, payable in 2028 and 2029.

Interest rate risk

The group finances its operations through Investor loan notes with a fixed interest rate of 10% and bank borrowings. The interest rate on some of the bank debt (£135m) is capped at 10% meaning that interest costs are largely fixed despite Bank of England interest rate increases.

Credit risk

As the majority of the group's customers are Local Authorities or education settings funded by the government, the group's credit risk is considered to be low.

Reputation risk

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.

SECTION 172(1) STATEMENT - CONSIDERING ALL KEY STAKEHOLDERS

We, the board of directors of Hood 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 Period Ended 30th November 2022. 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 Period Ended 30th November 2022 the board of directors has considered key stakeholders in four main groups:

Employees

During the period a new, group-wide People portal has been introduced with a wealth of content, including access to a wide range of online training, group policies, Talking Points and group communications.

The group has given employees access to an Employee Assistance Programme which is a free and confidential service that supports employees with personal or workplace issues that may impact their wellbeing, performance, physical or mental health - including access to a confidential helpline, counselling and coaching as well as a wellbeing portal with a library of physical health, mental health and lifestyle resources.

Hood Topco Limited

Group Strategic Report

for the Period Ended 30th November 2022

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

Employees - continued

Employee training is an important focus for the group and, in addition to online training, we have introduced a suite of courses delivered by our Learning and Development team, as well as external training courses including apprenticeships.

The group carried out an engagement survey of all employees in 2022 and as a result of this, a group-wide review of benefits has been carried out. Changes to benefits, including health care, pensions and working hours are planned for FY2023.

Our Educators

Part of our role is to provide 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.

The group runs a Future Teachers Programme, addressing teacher shortages by attracting and supporting bright graduates considering a career in teaching and wishing to gain practical experience before enrolling in formal teacher training.

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 specialist support services delivered by the companies in our group, we are able to provide a wide range of services to schools including legal, payroll and HR, IT, Finance, training and staffing services. The provision of these services will help our client schools operate efficiently and continue to deliver the very best education to pupils.

Our staff build excellent relationships with our client schools, going beyond providing great service by giving time to help out with fundraising, school talks and workshops and event support such as sports days and school fetes.

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 is a focus for the business. We maintain good relationships with all our suppliers, large and small, and we are pleased with the regular communication and connections developed during the period.

Hood Topco Limited

Group Strategic Report

for the Period Ended 30th November 2022

GOING CONCERN ASSESSMENT BY THE BOARD OF HOOD TOPCO LIMITED

Notwithstanding a loss for the period ended 30th November 2022 of £73.2m, 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 amortisation of £61.6m, the goodwill impairment charge of £21.2m and depreciation of £1.1m.

Trading performance in the financial period is strong with volumes back to pre-COVID-19 levels and the business is generating positive cashflows. In order to complete the going concern assessment, the Directors have prepared a base cash flow forecast for the period up to 30 June 2024 and then a second forecast taking into account plausible 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 2022; and
- No further cost savings or mitigations.

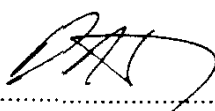
The Group is funded by a combination of available cash balances, external bank loan funding and shareholder loan notes and is subject to financial covenants in relation to the bank loans. The Directors have assessed the Group's ability to comply with these financial covenants based on the forecasts described above and concluded that the Group will be in compliance even in the plausible downside scenario.

The directors also note that the external bank loans of £165m are not repayable until 2028 and shareholder loan notes of £50m are not repayable until 2029. The interest rate on some of the bank debt (£135m) is capped at 10% meaning that interest costs are largely fixed despite Bank of England interest rate increases.

Although the Group faces some future risk of interruptions to trading because of teacher union led industrial action in the schools' sector, these are expected to have only a very short-term minimal impact on trading in the Educator Talent Solution businesses. This has been considered when preparing the cash flow forecast and the Directors do not expect the strikes to impact going concern.

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:


.....
Douglas Glenday

Date: 25th May 2023

Hood Topco Limited

Directors' Report

for the Period Ended 30th November 2022

The directors present their report with the financial statements of the company and the group for the Period Ended 30th November 2022.

PRINCIPAL ACTIVITY

The principal activity of the group in the period 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 17 February 2021.

On 30 July 2021, Hood Bidco Limited, a 100% owned subsidiary of Hood Topco Limited (indirectly), acquired Arthur Topco Limited. Details of the acquisition can be seen in note 12.

DIVIDENDS

A dividend of £582,000 was distributed to holders of Senior Super Preferred Shares for the Period Ended 30th November 2022. No further dividends will be distributed for the period.

FUTURE DEVELOPMENTS

An indication of likely future developments in the business have been included in the Strategic Report.

EVENTS SINCE THE END OF THE PERIOD

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

DIRECTORS

There were no directors who held office for the entire period from 1st July 2021 to the date of this report.

Changes in directors holding office during the period are as follows:

Matthew Robinson – resigned 21 December 2021

Simon Roddis – resigned 6 October 2022

John Bowman – appointed 30 July 2021

Jonathan Roback – appointed 30 July 2021

Douglas Glenday – appointed 30 July 2021

Daniel Simon – appointed 21 December 2021

David Lomer – appointed 6 October 2022

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 period.

Hood Topco Limited

Directors' Report

for the Period Ended 30th November 2022

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.

ENERGY AND CARBON

Our SECR covers the Greenhouse Gas (GHG) emissions for the period 1st July 2021 to 30th November 2022. The group's greenhouse gas emissions, reportable under SECR in this period were 445 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 carbon intensity is 1.45 tonnes CO_{2e} per £m turnover.

Greenhouse gas emissions

Figure 1 Greenhouse gas emissions for the period (tonnes CO_{2e})

Emissions source	2022 tCO _{2e}	2022 Share %
Fuel combustion: Natural Gas	19	4%
Purchased Electricity	167	38%
Fuel combustion: Transport	259	58%
Total emissions (CO _{2e})	445	100%
Turnover (£m)	307.2	
Intensity: (tonnes CO _{2e} per £m of turnover)	1.45	

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

Emissions source	2022	Share (%)
Scope 1	19	4%
Scope 2	153	35%
Scope 3	273	61%
Total	445	100%

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.

Hood Topco Limited

Directors' Report

for the Period Ended 30th November 2022

ENERGY AND CARBON - continued

Figure 3 Energy consumption for the period (kWh)

Emissions source	2022	2022 Share %
Natural Gas	109,366	6%
Electricity	773,042	40%
Transport fuel	1,050,359	54%
Total consumption (kWh)	1,932,767	100%

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 from 1st July 2021 to 30th November 2022, as per the financial accounts. Where it has not been possible to collect data for this precise period, the closest available data has been used as an estimate.

Energy efficiency initiatives

The Group are in the process of setting emission reduction targets and has signed up to have its targets assessed as part of the Science Based Targets Initiative. To support this process, they are exploring initiatives for the business focused on reducing emissions from transport and reducing emissions from their office sites.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare 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.

Hood Topco Limited

Directors' Report

for the Period Ended 30th November 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES – continued

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.

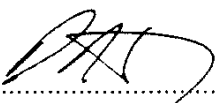
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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:


.....
Douglas Glenday

Date: 25th May 2023

Wallace House
4 Falcon Way
Welwyn Garden City
Hertfordshire
AL7 1TW

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

Opinion

We have audited the financial statements of Hood Topco Limited ("the Company") for the period ended 30 November 2022 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 30 November 2022 and of the Group's loss for the period 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.

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.

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

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.
- Considering remuneration incentive schemes and performance targets for management and directors.
- 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. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to the low value of individual revenue transactions, meaning that in order for revenue to be materially misstated a significantly large number of individual revenue transactions have to be affected.

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.
- Assessing whether the judgments made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to 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.

This included communication from the Group audit team to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

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 Hood Topco Limited (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 fraud 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 Hood Topco Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 9, 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.



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

Date: 25 May 2023

Hood Topco Limited

Consolidated Statement of Comprehensive Income for the Period Ended 30th November 2022

	Notes	17 month period ending 30/11/2022 £m
Turnover	3	307.2
Cost of sales		(246.3)
GROSS PROFIT		60.9
Administrative expenses		(105.9)
OPERATING LOSS	6	(45.0)
Interest receivable and similar income		-
Interest payable and similar expenses	7	(27.2)
LOSS BEFORE TAXATION		(72.2)
Tax on loss	8	(1.0)
LOSS FOR THE FINANCIAL PERIOD		(73.2)
OTHER COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE DEFICIT FOR THE PERIOD		(73.2)

The notes form part of these financial statements

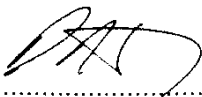
Hood Topco Limited (Registered number: 13207336)

Consolidated Balance Sheet

30th November 2022

	Notes	2022 £m
FIXED ASSETS		
Intangible assets	10	355.1
Tangible assets	11	2.0
Investments	12	0.6
		<u>357.7</u>
CURRENT ASSETS		
Debtors: amounts falling due within one year	13	43.3
Cash at bank	14	47.7
		<u>91.0</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	15	<u>(76.1)</u>
NET CURRENT ASSETS		<u>14.9</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		372.6
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	<u>(215.7)</u>
NET ASSETS		<u><u>156.9</u></u>
CAPITAL AND RESERVES		
Own shares	22	-
Called up share capital	21	117.0
Share premium	21	0.3
Retained earnings		39.6
Capital contribution reserve	22	-
SHAREHOLDERS' RESERVES		<u><u>156.9</u></u>

The financial statements were approved by the Board of Directors on 25th May 2023 and were signed on its behalf by:


.....
Douglas Glenday - Director

The notes form part of these financial statements

Hood Topco Limited (Registered number: 13207336)

Company Balance Sheet

30th November 2022

	Notes	2022 £m	2021 £m
FIXED ASSETS			
Investments	12	1.0	-
		<u>1.0</u>	<u>-</u>
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	13	266.0	-
Cash at bank		-	-
		<u>267.0</u>	<u>-</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(0.2)	-
		<u>265.8</u>	<u>-</u>
NET CURRENT ASSETS			
		<u>266.8</u>	<u>-</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>266.8</u>	<u>-</u>
NET ASSETS		<u>266.8</u>	<u>-</u>
CAPITAL AND RESERVES			
Called up share capital	21	117.0	-
Share premium		0.3	-
Retained earnings		<u>149.5</u>	<u>-</u>
SHAREHOLDERS' FUNDS		<u>266.8</u>	<u>-</u>

The financial statements were approved by the Board of Directors on 25th May 2023 and were signed on its behalf by:



.....
Douglas Glenday - Director

Hood Topco Limited

Consolidated Statement of Changes in Equity for the Period Ended 30th November 2022

	Notes	Called up share capital £m	Retained earnings £m	Share premium £m	Total equity £m
Balance at 17th February 2021		-	-	-	-
Profit for the period		-	-	-	-
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	-	-
Balance at 30th June 2021		-	-	-	-
Deficit for the period		-	(73.2)	-	(73.2)
Other comprehensive income		-	-	-	-
Total comprehensive deficit		-	(73.2)	-	(73.2)
New shares issued in the period	21	230.4	-	0.3	230.7
Reduction in nominal value of Preferred Shares	21	(113.4)	113.4	-	-
Dividend paid on Preferred Shares	21	-	(0.6)	-	(0.6)
Total transactions with owners, recognised directly in equity		117.0	112.8	0.3	230.1
Balance at 30th November 2022		117.0	39.6	0.3	156.9

The notes form part of these financial statements

Hood Topco Limited

Company Statement of Changes in Equity for the Period Ended 30th November 2022

	Called up share capital £m	Retained earnings £m	Share premium £m	Total equity £m
Balance at 17th February 2021	-	-	-	-
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
Balance at 30th June 2021	-	-	-	-
Profit for the period	-	36.7	-	36.7
Other comprehensive income	-	-	-	-
Total comprehensive income	-	36.7	-	36.7
New shares issued in the period	230.4	-	0.3	230.7
Reduction in nominal value of Preferred Shares	(113.4)	113.4	-	-
Dividend issued on Preferred Shares	-	(0.6)	-	(0.6)
Total transactions with owners, recognised directly in equity	117.0	112.8	0.3	230.1
Balance at 30th November 2022	117.0	149.5	0.3	266.8

The notes form part of these financial statements

Hood Topco Limited

Consolidated Cash Flow Statement for the Period Ended 30th November 2022

	Notes	2022 £m
Cash flows from operating activities		
Cash generated from operations	A	27.1
Tax paid		(6.4)
Net cash from operating activities		20.7
Cash flows from investing activities		
Purchase of intangible fixed assets	10	(2.4)
Purchase of tangible fixed assets	11	(1.6)
Net cash movement on acquisition of subsidiaries		(387.8)
Net cash from investing activities		(391.8)
Cash flows from financing activities		
Share capital received	21	230.7
Dividend paid	21	(0.6)
Bank loan capital received	17	165.0
Bank loan interest paid		(14.0)
Fees paid for arrangement of external and investor debt	17	(9.5)
Loan note capital received	17	80.0
Loan note capital repaid	17	(30.0)
Loan note interest paid		(2.8)
Net cash from financing activities		418.8
Increase in cash and cash equivalents		47.7
Cash and cash equivalents at beginning of period	B	-
Cash and cash equivalents at end of period	B	47.7

The notes form part of these financial statements

Hood Topco Limited

Notes to the Consolidated Cash Flow Statement for the Period Ended 30th November 2022

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

	Notes	2022 £m
Loss for the financial period		(73.2)
Depreciation charges	6 & 11	1.1
Amortisation charges	6 & 10	61.6
Impairment of goodwill	6 & 10	21.2
Finance costs		27.2
Taxation	8	<u>1.0</u>
Operating profit		38.9
Increase in trade and other debtors		(13.5)
Increase in trade and other creditors		<u>1.7</u>
Cash generated from operations		<u>27.1</u>

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:

Period Ended 30th November 2022	£m 30/11/2022
Cash and cash equivalents	<u>47.7</u>

At 30th November 2022 Cash and Cash Equivalents includes amounts totalling £29.8m held to settle client payroll liabilities (see note 14), these funds are not formally ring fenced. A corresponding liability is included in Other Creditors (see note 15).

The notes form part of these financial statements

Hood Topco Limited

Notes to the Consolidated Financial Statements for the Period Ended 30th November 2022

1. STATUTORY INFORMATION

Hood 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 £m unless otherwise disclosed.

GOING CONCERN ASSESSMENT BY THE BOARD OF HOOD TOPCO LIMITED

Notwithstanding a loss for the period ended 30th November 2022 of £73.2m, 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 amortisation of £61.6m, the goodwill impairment charge of £21.2m and depreciation of £1.1m.

Trading performance in the financial period is strong with volumes back to pre-COVID-19 levels and the business is generating positive cashflows. In order to complete the going concern assessment, the Directors have prepared a base cash flow forecast for the period up to 30 June 2024 and then a second forecast taking into account plausible 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 2022; and
- No further cost savings or mitigations.

The Group is funded by a combination of available cash balances, external bank loan funding and shareholder loan notes and is subject to financial covenants in relation to the bank loans. The Directors have assessed the Group's ability to comply with these financial covenants based on the forecasts described above and concluded that the Group will be in compliance even in the plausible downside scenario.

The directors also note that the external bank loans of £165m are not repayable until 2028 and shareholder loan notes of £50m are not repayable until 2029. The interest rate on some of the bank debt (£135m) is capped at 10% meaning that interest costs are largely fixed despite Bank of England interest rate increases.

Although the Group faces some future risk of interruptions to trading because of teacher union led industrial action in the schools' sector, these are expected to have only a very short-term minimal impact on trading in the Educator Talent Solution businesses. This has been considered when preparing the cash flow forecast and the Directors do not expect the strikes to impact going concern.

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

GOING CONCERN ASSESSMENT BY THE BOARD OF HOOD TOPCO LIMITED - 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 company 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 7 Statement of Cash Flows;
- 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 2022. 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.

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

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 and estimates:

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.

Goodwill acquired in a business combination is allocated, at the date of acquisition, to the CGU that benefitted from that business combination. The allocation of goodwill to a CGU or group of CGUs is judgmental and the Directors consider that goodwill is usually attributable to a grouping of similar businesses in the same geography.

For the purposes of testing for impairment to goodwill, each CGU or group of CGUs to which goodwill has been allocated is tested individually.

The recoverable amounts of the CGUs to which goodwill has been allocated is calculated on Value in Use model ("VIU"). As VIU is derived from estimates of future cash flows, the impairment testing of goodwill is also subject to these estimates. The group recognised a net charge of impairment this year for £21.2 million for the period.

Impairment of non-current asset investments and intercompany debtors (company only)

On an annual basis the company assesses assets not carried at fair value to determine whether there is an indication that the asset may be impaired. This assessment, which involves a degree of judgement and assumptions about future prospects, is performed for investments. The recoverable amount of the investment is the higher of the fair value less costs to sell and value in use.

The net assets of the debtor company are considered and, if not sufficient to repay the loan balance at the balance sheet date, consideration is given to the future cash flows generation potential of the debtor to assess the recoverability of amounts owed.

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

2. ACCOUNTING POLICIES – continued

Turnover

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

When the outcome of a transaction involving the rendering of services can be estimated reliably, turnover associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Where services are performed by an indeterminate number of acts over a specified period of time, turnover is recognised on a straight-line basis over the specified period.

Turnover is typically recognised on the delivery of teaching and tutoring, by reference to the proportion of a training course completed or over the term of a support services contract.

Intangible assets, goodwill and negative goodwill

For all business combinations entered into during the period, the Group and Company recognises intangible assets separately from goodwill if the intangible meets all of the following three criteria:

- meets the recognition criteria per FRS 102.18.4; and
- are separable; and
- arise from contractual or other legal rights.

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or groups 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 amortisation 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	10 years
- Trademarks	10 years
- Customer contracts	3 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.

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

2. ACCOUNTING POLICIES – continued

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.

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.

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued **for the Period Ended 30th November 2022**

2. ACCOUNTING POLICIES – continued

Basic financial instruments - continued

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 period 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.

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.

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

2. ACCOUNTING POLICIES – continued

Pension costs and other post-retirement benefits

The group operates defined contribution pension schemes. 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.

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

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued **for the Period Ended 30th November 2022**

2. ACCOUNTING POLICIES – continued

Impairment excluding deferred tax assets – continued

Non-financial assets continued

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.

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.

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.

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

3. TURNOVER

Turnover for the period ending 30th November 2022 was all generated from business activities in the UK.

Revenue recognised was generated from two main business activities:

	17 month period ending 30/11/2022 £m
Teaching and tutoring services	236.5
Education management services	70.7
Total turnover	307.2

4. EMPLOYEES AND DIRECTORS

	17 month period ending 30/11/2022 £m
Wages and salaries	54.5
Social security costs	6.1
Other pension costs	1.3
Total staff costs	61.9

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

Administration	1,136
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Due to the nature of the work, temporary Educators in the Education Talent Solutions division are classed as Agency Workers, not employees and the contractual terms reflect this. Agency Workers are not included in the staff numbers or staff costs above.

Some directors and employees who meet the eligibility criteria hold shares in Hood Topco Limited. These are held on behalf of the employees and administered by an Employee Benefit Trust. The charge associated with the employee share scheme was deemed to be immaterial for the period and has not been adjusted in the accounts.

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

5. DIRECTORS' EMOLUMENTS

	17 month period ending 30/11/2022 £m
Directors' remuneration	<u>2.6</u>

£50,000 of retirement benefits in total were paid to 17 director's personal pension plans.

The aggregate emoluments of the highest paid director is £324,000. £2,000 of retirement benefits were paid on behalf of this director.

There were no directors in respect of whose services shares were received or receivable under long term incentive schemes.

6. OPERATING LOSS

	17 month period ending 30/11/2022 £m
The operating loss is stated after charging:	
Other operating leases	4.0
Depreciation - owned assets	1.1
Impairment of goodwill	21.2
Amortisation of goodwill	55.4
Amortisation of customer contracts	1.9
Amortisation of trademarks	0.3
Amortisation of other intangible assets	4.0
Auditors' remuneration	0.4

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	17 month period ending 30/11/2022 £m
Bank loan interest	15.2
Amortisation of capitalised finance costs	2.2
Loan note interest payable	<u>9.8</u>
	<u>27.2</u>

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

8. TAXATION

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

	17 month period ending 30/11/2022 £m	17 month period ending 30/11/2022 £m
UK corporation tax		
Current tax on income for the period	3.6	
Total current tax		3.6
Deferred tax		
Origination and reversal of timing differences	(2.0)	
Effect of tax rate change	(0.6)	
Total deferred tax		(2.6)
Total tax charge		1.0

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:

	17 month period ending 30/11/2022 £m
Loss before tax	(72.2)
Loss multiplied by the standard rate of corporation tax in the UK of 19%	(13.7)
Effects of:	
Expenses and interest not deductible for tax purposes	17.3
Tax rate changes	(0.6)
Movement on unrecognised deferred tax	(2.0)
Total tax charge	1.0

The main rate of corporation tax for the current financial period is 19%. In the Spring Budget 2021, the UK Government announced that from 1st April 2023 the corporation tax rate would increase to 25%. This change was substantively enacted on 24th May 2021. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023.

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

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 profit for the parent company for the period was £36.7m, arising from interest income on intercompany loan notes. The company has no Other Comprehensive Income.

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill	Customer contracts	Trade-marks	Other intangible assets	Total
	£m	£m	£m	£m	£m
COST					
As at 1st July 2021	-	-	-	-	-
Assets recognised on acquisition of subsidiaries	419.6	4.6	2.3	12.4	438.9
Additions	-	-	-	2.4	2.4
Impairment	(21.2)	-	-	-	(21.2)
As at 30th November 2022	<u>398.4</u>	<u>4.6</u>	<u>2.3</u>	<u>14.8</u>	<u>420.1</u>
AMORTISATION					
As at 1st July 2021	-	-	-	-	-
Amortisation in the books of subsidiaries acquired	-	-	-	3.4	3.4
Amortisation for period	55.4	1.9	0.3	4.0	61.6
As at 30th November 2022	<u>55.4</u>	<u>1.9</u>	<u>0.3</u>	<u>7.4</u>	<u>65.0</u>
NET BOOK VALUE					
As at 30th November 2022	<u>343.0</u>	<u>2.7</u>	<u>2.0</u>	<u>7.4</u>	<u>355.1</u>
As at 30th June 2021	-	-	-	-	-

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. On the acquisition of Arthur Topco Ltd, EdPlace Ltd and Neo People Management Ltd goodwill of £413.8m, £2.5m and £3.3m respectively arose. The directors have decided to amortise this over 10 years which reflects the expected useful life of goodwill stemming from this acquisition.

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

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

11. TANGIBLE FIXED ASSETS

Group

	Fixtures & Fittings £m	Computer Equipment £m	Leasehold Property Improvements £m	Total £m
Cost				
At 1st July 2021	-	-	-	-
Assets in the books of subsidiaries acquired	3.4	7.5	0.4	11.3
Additions	0.2	1.3	0.1	1.6
At 30th November 2022	<u>3.6</u>	<u>8.8</u>	<u>0.5</u>	<u>12.9</u>
Depreciation				
At 1st July 2021	-	-	-	-
Depreciation in the books of subsidiaries acquired	3.1	6.3	0.4	9.8
Charge for the period	0.1	1.0	-	1.1
At 30th November 2022	<u>3.2</u>	<u>7.3</u>	<u>0.4</u>	<u>10.9</u>
NET BOOK VALUE				
At 30th November 2022	<u>0.4</u>	<u>1.5</u>	<u>0.1</u>	<u>2.0</u>
At 30th June 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

12. FIXED ASSET INVESTMENTS

Group

	Other investments £m
COST	
As at 1st July 2021	-
Investments in the books of subsidiaries acquired	1.6
Acquisition of remaining share capital of investment, now consolidated	(1.0)
As at 30th November 2022	<u>0.6</u>
NET BOOK VALUE	
As at 30th November 2022	<u>0.6</u>
As at 30th June 2021	<u>-</u>

Company

	Shares in group undertakings £m
COST	
As at 1st July 2021	-
Additions	1.0
As at 30th November 2022	<u>1.0</u>
NET BOOK VALUE	
As at 30th November 2022	<u>1.0</u>
As at 30th June 2021	<u>-</u>

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

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:

Hood Pikco Limited

Registered office: Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK

Nature of business: Holding company

Holding: 100% Ordinary Shares

Indirectly held subsidiary undertakings:

Subsidiary undertaking	Registered office address	Principal activity	Percentage held/class
Hood Midco Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Holding company	100% ordinary shares
Hood Bidco Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Holding company	100% ordinary shares
Arthur Midco 1 Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Holding company	100% ordinary shares
Arthur Pikco Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Holding company	100% ordinary shares
Arthur Topco Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Holding company	100% ordinary shares
Arthur Midco 2 Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Holding company	100% ordinary shares
Supporting Education Group Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Holding company	100% ordinary shares
Education Personnel Holdco Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Holding company	100% ordinary shares
Education Personnel Share Trust Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Held shares in trust	100% ordinary shares
Education Personnel Bidco Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Holding company	100% ordinary shares
Teaching Personnel Holdings Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Holding company	100% ordinary shares
Teaching Personnel Loans Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Holding company	100% ordinary shares
Personnel Holdings Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Holding company	100% ordinary shares
Teaching Personnel Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Provision of teaching staff	100% ordinary shares
Protocol Education Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Provision of teaching staff	100% ordinary shares

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

12. FIXED ASSET INVESTMENTS - continued

Indirectly held subsidiary undertakings (continued):

Subsidiary undertaking	Registered office address	Principal activity	Percentage held/class
Fleet Education Services Limited	251-253 Chiswick High Road, London, W4 4PU, UK	Tuition services	100% ordinary shares
Intuition Clubs Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, 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	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, 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	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Holding company	100% ordinary shares
Strictly Education Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Provision of support services	100% ordinary shares
3BM Education Services Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Provision of support services	100% ordinary shares
Strictly Education 4S Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Provision of support services	100% ordinary shares
EdPlace Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Tuition services	100% ordinary shares
Neo: People Management Limited	Wallace House, 4 Falcon Way, Welwyn Garden City, Hertfordshire, AL7 1TW, UK	Provision of support services	100% ordinary shares

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

12. FIXED ASSET INVESTMENTS - continued

Acquisitions in the current period

Acquisition of Arthur Topco Limited and its subsidiaries

On 30th July 2021, Hood Bidco Limited, a subsidiary of Hood Topco Limited, acquired 100% of the share capital of Arthur Topco Limited and its subsidiaries against total consideration and completion adjustments of £433.4m. The consideration comprises the cash consideration paid and the directly attributable costs incurred by the Company relating to the acquisition of Arthur Topco Limited.

Arthur Topco Limited and its subsidiaries are engaged in 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.

Effect of acquisition

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

	Book values recognised on acquisition	Fair value adjustments	Recognised values on acquisition
Acquiree's net assets at the acquisition date:	£m	£m	£m
Tangible fixed assets	1.6	-	1.6
Intangible fixed assets	3.0	11.0	14.0
Investments	1.6	-	1.6
Trade and other debtors	29.1	-	29.1
Cash	50.4	-	50.4
Trade and other creditors	(75.8)	2.2	(73.6)
Deferred tax liabilities	-	(3.5)	(3.5)
Net identifiable assets and liabilities	9.9	9.7	19.6
Total cost of business combination:			
Cash consideration and completion adjustments relating to business combination			428.4
Costs directly attributable to the business combination			5.0
Total consideration and completion adjustments			433.4
Goodwill recognised on the acquisition			413.8

On completion, Investor Loan Notes, Bank Loans and accrued interest totalling £428.4m were settled by Hood Bidco Limited on behalf of Arthur Topco Limited and its subsidiaries, this is included in the Completion Adjustments above.

An adjustment to the fair value of deferred income at 30th July 2021 of £2.2m was reversed in the period to 30th November 2022.

Goodwill was allocated to the 8 cash generating units (CGUs) acquired. The expected useful life of goodwill stemming from this acquisition is 10 years.

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

12. FIXED ASSET INVESTMENTS - continued

Acquisitions in the current period – continued

Acquisition of Arthur Topco Limited and its subsidiaries - continued

At 30th November 2022, a goodwill impairment review was carried out as there were indicators of impairment, being the increase in interest rates and general uncertainty in the UK market. It was concluded that there was impairment in 2 CGUs, Protocol Education Limited and Fleet Education Services Limited, as cash forecasts had reduced since the time of the acquisition. A goodwill impairment charge of £21.2m is included in Administration Expenses. In the other 6 CGUs, it was concluded that there was good headroom and no impairment was necessary.

Acquisition of EdPlace Limited

On 30th June 2021, Supporting Education Group Limited (SEGL), a subsidiary of Hood Topco Limited, acquired the remaining 80% of share capital of EdPlace Limited. Prior to the acquisition, SEGL held 20% of the share capital meaning that EdPlace Limited is now a 100% owned subsidiary. The total consideration of £3.5m comprises the cash consideration paid and the directly attributable costs incurred by the Company relating to the acquisition of EdPlace Limited.

EdPlace Limited is engaged in the provision of online study tools. The acquisition will enable the Company to diversify its portfolio of products and services.

In period ending 30th November 2022 the business contributed revenue of £0.2m and a loss before tax of £0.2m to the results of the group for the period.

Effect of acquisition

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

	Book values recognised on acquisition	Fair value adjustments	Recognised values on acquisition
	£m	£m	£m
Acquiree's net assets at the acquisition date:			
Intangible fixed assets	-	1.8	1.8
Trade and other creditors	(0.3)	-	(0.3)
Deferred tax liabilities	-	(0.5)	(0.5)
Net identifiable assets and liabilities	(0.3)	1.3	1.0
Total cost of business combination:			
Cash consideration relating to purchase of 20% of share capital			0.9
Cash consideration relating to purchase of 80% of share capital			2.4
Costs directly attributable to the business combination			0.2
Total consideration			3.5
Goodwill recognised on the acquisition			2.5

The expected useful life of goodwill stemming from this acquisition is 10 years.

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

12. FIXED ASSET INVESTMENTS - continued

Acquisitions in the current period – continued

Acquisition of Neo People Management Limited

On 1st November 2022, Supporting Education Group Limited, a subsidiary of Hood Topco Limited, acquired 100% of the share capital of Neo People Management Limited for a total consideration of £4.0m. The consideration comprises the cash consideration paid and deferred, and the directly attributable costs incurred by the Company relating to the acquisition of Neo People Management Limited.

Neo People Management Limited is engaged in providing payroll services to the education sector. The acquisition will enable the Company to diversify its portfolio of products and services.

In period ending 30th November 2022 the business contributed revenue of £0.1m and profit before tax of nil to the results of the group for the period.

Effect of acquisition

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

	Book values recognised on acquisition	Fair value adjustments	Recognised values on acquisition
	£m	£m	£m
Acquiree's net assets at the acquisition date:			
Tangible fixed assets	-	-	-
Intangible fixed assets	-	0.3	0.3
Trade and other debtors	0.2	-	0.2
Cash	0.4	-	0.4
Trade and other creditors	(0.1)	-	(0.1)
Deferred tax liabilities	-	(0.1)	(0.1)
Net identifiable assets and liabilities	0.5	0.2	0.7
Total cost of business combination:			
Initial cash consideration relating to business combination			1.7
Completion bonuses paid to employees			0.6
Deferred consideration at fair value			0.6
Contingent consideration at fair value			0.7
Costs directly attributable to the business combination			0.4
Total consideration			4.0
Goodwill recognised on the acquisition			3.3

The expected useful life of goodwill stemming from this acquisition is 10 years.

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

13. DEBTORS

Amounts falling due within one year:

	Group 2022 £m	Company 2022 £m
Trade debtors	32.3	-
Prepayments & accrued income	9.2	-
Other debtors	1.7	-
Corporation tax	0.1	-
	<u>43.3</u>	<u>0.0</u>

Amounts falling due after more than one year:

	Group 2022 £m	Company 2022 £m
Amounts owed by group undertakings	-	266.0
	<u>0.0</u>	<u>266.0</u>

The intercompany loan notes are repayable on demand and accrue interest at a rate of 12%.

14. CASH AND CASH EQUIVALENTS

	Group 2022 £m	Company 2022 £m
Cash at bank and in hand	17.9	-
Cash held on behalf of clients	29.8	-
Cash and cash equivalents per cash flow statement	<u>47.7</u>	<u>-</u>

At 30th November 2022, cash held to settle client payroll liabilities amounted to £29.8m, a corresponding liability is included in Other Creditors (see note 15).

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

15. CREDITORS

Amounts falling due within one year:

	Group 2022 £m	Company 2022 £m
Trade creditors	4.0	-
Deferred tax liability	1.5	-
Social security and other taxes	12.3	-
Other creditors	35.9	-
Accrued interest	1.2	-
Accruals and deferred income	21.2	0.2
	<u>76.1</u>	<u>0.2</u>

Other Creditors includes £29.8m 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 2022 £m	Company 2022 £m
Deferred and contingent consideration (see note 12)	1.3	-
Bank loans (see note 17)	158.3	-
Other loans (see note 17)	49.1	-
Accrued interest	7.0	-
	<u>215.7</u>	<u>-</u>

17. LOANS

An analysis of the maturity of loans is given below:

	Group 2022 £m	Company 2022 £m
Loans due after 5 years, repayable otherwise than by instalments:		
Bank loans	158.3	-
Other loans	49.1	-
	<u>207.4</u>	<u>-</u>

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

17. LOANS – continued

Group	Currency	Interest rate	2022 £m
Bank loans	GBP	SONIA + 6.0%	165.0
Investor Mezzanine loan notes	GBP	10.0%	50.0
Capitalised loan arrangement fee	GBP		(7.6)
			<u>207.4</u>

Net debt:

	2022 £m
Total loans including capitalised loan arrangement fee	207.4
Cash and cash equivalents	(47.7)
	<u>159.7</u>

Repayable after more than 5 years:

			2022 £m
Investor Mezzanine loan notes	GBP	10.0%	50.0
Capitalised loan arrangement fee	GBP		(0.9)
			<u>49.1</u>
Bank loans	GBP	SONIA + 6.0%	165.0
Capitalised loan arrangement fee	GBP		(6.7)
			<u>158.3</u>

On 30th July 2021, Investor Mezzanine Loan Note capital of £80m was received. On 30th June 2022, £30m of Investor Mezzanine Loan Note capital and all associated accrued interest was repaid.

The bank loans are repayable in 2028 and the investor loan notes are repayable in 2029.

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	2022
	£m
Non-cancellable operating leases:	
Within one year	2.7
Between one and five years	3.4
In more than five years	0.5
	6.6

19. FINANCIAL INSTRUMENTS

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2022
	£m
Assets measured at amortised cost	90.8
Liabilities measured at amortised cost	(268.3)
	(177.5)

20. DEFERRED TAX LIABILITY

	2022
	£m
At the beginning of the period	-
Movement arising from the acquisition of subsidiaries	4.1
Charge for the period (see note 8)	(2.6)
At the end of period	1.5

The elements of deferred taxation are as follows:

	2022
	£m
Difference between accumulated depreciation and amortisation and capital allowances	2.0
Short term timing differences	(0.2)
Losses	(0.3)
Deferred tax liability (see note 15)	1.5

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

20. DEFERRED TAX - continued

Unrecognised deferred tax asset

The elements of deferred taxation are as follows:

	2022 £m
Interest disallowed under Corporate Interest Restriction	11.1
Unutilised losses	1.5
	<u>12.6</u>

At 30th November 2022 the Group has disallowed interest under the Corporate Interest Restriction of £44.6m. The deferred tax asset of £11.1m has not been recognised as it is not probable that it will be recoverable against future taxable profits.

At 30th November 2022 the Group has unutilised losses of £5.9m. The deferred tax asset of £1.5m has not been recognised as it is not probable that it will be recoverable against future taxable profits.

The main rate of corporation tax for the current financial period is 19%. In the Spring Budget 2021, the UK Government announced that from 1st April 2023 the corporation tax rate would increase to 25%. This change was substantively enacted on 24th May 2021. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023. As such the unrecognised deferred tax has been calculated at 25%.

21. SHARE CAPITAL

Group and company

Allotted, issued and fully paid:

Number	Class	Nominal value	Total share nominal value	Share consideration
			2022 £m	2022 £m
8,100,000	Ordinary A Shares	£0.10	0.8	0.8
1,633,500	Ordinary B Shares	£0.10	0.2	0.2
100	Junior Super Preferred Shares	£0.01	-	-
114,854,957	Senior Preferred Shares	£0.01	1.1	1.1
114,854,957	Junior Preferred Shares	£1.00	114.9	115.2
			<u>117.0</u>	<u>117.3</u>

The holders of Ordinary and Preferred shares are entitled to receive dividends as declared from time to time. The holders of A Ordinary shares are entitled to one vote per share at meetings of the company, no other class of shares hold voting rights. The Preferred shares are non-redeemable and non-convertible, the holders are not entitled to a fixed dividend or voting rights.

On 30th July 2021, 100 Senior Super Preferred Shares with a nominal value of £0.01 were allotted. On 30th June 2022, a dividend was paid on these shares, along with a payment to the holders for the £1 total nominal value of the shares. The shares were then cancelled.

On 30th June 2022, the nominal value of the Senior Preferred shares in issue was reduced from £1.00 to £0.01 in order to create distributable reserves.

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

22. RESERVES

Own Share Reserve

Other Reserves consists of the Own Share Reserve which comprises the costs of shares in Hood 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.

Capital Contribution Reserve

The capital contribution reserve of £25,000 arose during the period ending 30th November 2022 due to the waiver of Preference share capital 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 2022 was £120,041,000 which represents the Senior bank loan balances less cash available to repay the debt. These amounts are already reflected in the group balance sheet at the end of period.

24. RELATED PARTY DISCLOSURES

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

Total compensation of key management personnel (including the directors) in the period amounted to £4.0m.

25. SUBSEQUENT EVENTS

From 1st December 2022 the interest rate for the bank loans reduced from 6% to 5.75% due to improved ratios at 30th November 2022, as set out in the Senior Facilities Agreement. £5m of bank debt was repaid on 31st January 2023.

There are no other material events occurring after 30th November 2022 to disclose.

26. ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The company is a subsidiary undertaking of Hood Investment S.a.r.l, a company incorporated in Luxembourg. The majority shareholder in Hood Investment S.a.r.l is ICG Europe Fund VIII Investment S.a.r.l, a company incorporated in Luxembourg whose ultimate controlling party is ICG Europe Fund VIII Feeder SCSp.

Hood Topco Limited

Notes to the Consolidated Financial Statements - continued for the Period Ended 30th November 2022

27. 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. Hood Topco Limited has given a guarantee under section 479C and all members of the company agree to the exemption of an audit for the Period Ended 30th November 2022.

Held by the company	Registration number
Hood Pikco Limited	13207431
Hood Midco Limited*	13207464
Hood Bidco Limited*	13207543
Arthur Topco Limited*	08875170
Arthur Midco 1 Limited*	08886704
Arthur Pikco Limited *	08918325
Arthur Midco 2 Limited *	08886782
Supporting Education Group Limited*	08886715
Education Personnel Holdco Limited *	07315041
Education Personnel Share Trust Limited *	07441694
Education Personnel Bidco Limited *	07315069
Teaching Personnel Holdings Limited *	06287318
Teaching Personnel Loans Limited*	06663882
Personnel Holdings Limited *	04127840
Intuition Clubs Limited *	10418763
Best Practice Network Holdings Limited *	07134079
Judicium Education Limited *	08703545
Judicium Consulting Limited *	03926056
Judicium UK Work Permits Limited *	04916251
Judicium Education Support Services Limited *	03961169
Judicium School Services Limited *	07526549
School Business Services Limited *	06443524
Fronting The Challenge Projects Limited *	03234281
Thrive Approach Limited*	11995121
Education Services Solutions Limited *	10112564
Strictly Education Limited *	05107810
3BM Education Services Limited *	12122770
Strictly Education 4S Limited *	04889149
EdPlace Limited*	07448614
Neo: People Management Limited*	07951864

*held indirectly