Company Registration No. 11325201

QAHE LIMITED

ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2023

QAHE LIMITED

CONTENTS

	Page
Company Information	1
Strategic Report	2
Directors' Report	6
Independent Auditor's Report	10
Consolidated Income Statement	14
Consolidated Statement of Financial Position	15
Company Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Company Statement of Changes in Equity	18
Consolidated Cash Flow Statement	19
Notes to the Financial Statements	20

QAHE LIMITED

COMPANY INFORMATION

Directors	Nathan Runnicles Simon Nelson Timothy Slater (appointed 1 June 2023) Paul Geddes (resigned 1 June 2023)
Registered number	11325201
Registered office	International House 1 St Katherine's Way London E1W 1UN
Independent auditor	Deloitte LLP Statutory Auditor Leeds United Kingdom
Solicitor	DLA Piper UK LLP 1 St Paul's Place Sheffield S1 2JX

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2023

The Directors present their Strategic Report for the year ended 31 May 2023.

Principal Activity

QAHE Limited ("the Company") provides staff, related services, property and equipment in support of the activities of its subsidiaries and joint venture entities (herein referred to as "the Group").

The Group is a private higher education provider working in partnership with Universities in the UK to recruit, market and deliver a range of programmes to domestic and international students from foundation level to undergraduate and postgraduate degrees. Our partner universities include London Metropolitan University, Middlesex University, Northumbria University, Solent University, Ulster University, the University of South Wales and the University of Roehampton We offer more than 100-degree programmes in a range of subjects from Artificial Intelligence to Cyber to Business Management We teach these programmes seven days a week and currently have nearly 10,000 students studying with us across seven different teaching locations (including partner sites).

Future prospects

The Group expects to increase the number of students by further diversifying the portfolio of courses delivered and growing the number of partner universities The Group and Company offer a broad portfolio of courses to our prospective students in different UK locations Our breadth of offer has enabled the Group to continue to grow its student numbers in year

We are committed to working with our University partners to continue to adjust our offering to ensure that we serve the needs of our prospective students and provide a valuable learning experience that enhances their employability prospects In 2023, one of the group's associate entities, Northumbria London Campus Limited, agreed to extend its partnership with the University of Northumbria at Newcastle until 2036. This important partnership development followed the multi-year extension in 2022 of our relationship with Ulster University to 2032.

The UK government brought in student visa rules impacting the ability for international students to travel with dependants to the UK These rules came into effect on1 January 2024 The Directors continue to monitor the potential for any further regulatory change and the associated business risks given the current political climate and pending government election cycles

The Directors do not envisage any change to the Group's principal activity. The financial statements have been prepared on a going concern basis as set out in the Directors' Report.

Review of the business and key performance indicators

During the year, the Group has increased revenue and profits to £110.8m and £28.8m respectively. The Group's key financial performance and other performance indicators during the period were as follows:

Financial	2023	2022
	£m	£m
Revenue	110 8	97.8
Gross profit	61 2	43.3
Operating profit	28.8	19.3
Cash	7.6	12.8
Net assets	45.2	17.2
Other performance:	**2023**	**2022**
	Numbers	**Numbers**
Student numbers	9.800	7.600

Revenue grew by £13.0m to £110.8m (2022: £97.8m). Student numbers increased from 7,600 to 9,800 primarily driven by increases in QAHE (LM) Ltd and QAHE (Ulst) Ltd students Gross profit increased by £17.9m driven by higher revenue and the benefit of a more efficient delivery model Profit for the year ended 31 May 2023 was £12 2m greater than the year ended 31 May 2022 driven by the increase in revenue and delivery cost efficiencies. Share of Associates profit increased from £0.6m for the year ended 31 May 2022 to £9.5m in the year ended 31 May 2023. This was driven by increases in profit in Northumbria London Campus Limited as a result of higher student numbers. All our university partners and QAHE Limited are committed to developing our product portfolio and campus offering to ensure that we best serve the needs of our students and providing an enhanced learning experience on their journey to graduation and to support their future employment prospects During the year we invested in new product development to launch 14 new courses which have been positively received by students, with a further 23 launching after the year end We also increased the size of the teaching and learning team by 61% to support students on programme and continue to strengthen our undergraduate progression metrics. Our commitment to quality provision has been demonstrated in a successful UKVI audit in November 2023 with one of our key partners in which we received a near perfect report in relation to our work as a partnership.

Cash balances have decreased to £7 6m in 2023 (2022: £12.8m) as a result of cash transfers to other group companies. Net assets have increased to £45.2m from £17.2m in 202 driven by an increase in intercompany debtors. No dividends were distributed to shareholders during the year (2022: £nil)

Although the economic environment remains challenging, the Board are confident in the Group's longer-term prospects stimulated by the breadth of products and services that it provides and its domestic and international reach to attract students to the undergraduate and postgraduate courses on offer. We also continue to monitor the potential for regulatory change in higher education and the associated business risks given the current political climate and pending government election cycles. As such we continue to prudently manage our cost base while making balanced investments to support our growth prospects with new products and propositions in development for our partners, learners and students.

Principal risks and uncertainties and financial risk management

The Group's activities expose it to a number of financial risks and uncertainties including market, credit and liquidity risks

Market risk

Changes in the demand for the Group's services could arise from a number of market factors such as failure to attract domestic and international students to our degree courses

The Group is focused upon the quality of its services and ensuring it meets the educational and employability outcomes of its students With a rigorous focus on quality, student experience and outcomes, we are confident that the Group will continue to deliver strong value to our students. This in turn will sustain and grow our partnerships, despite competition in the marketplace from other service–providers The Group will also continue to pursue pricing and investment strategies that are intended to preserve and expand market share

Credit risk

The Group's principal financial assets are bank balances and trade debtors. The Group's credit risk is primarily attributable to its trade debtors.

Management continually reviews outstanding receivables and debtor recovery plans and work with our university partners to put in place sanctions on students where necessary. The amounts presented in the balance sheet are net of provision for doubtful debts.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large and diverse number of Students.

Liquidity risk

In order to maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, the IndigoCyan Holdco 3 Group operates a centralised treasury function, features of which include intercompany cash transfers and management of lease contracts

The IndigoCyan Holdco 3 Group has sufficient funds through existing cash balances, free cash flow and, its Revolving Credit facility which the group has access to service the annual cost of its financing and meet its other business needs The Group does not use derivative financial instruments for speculative purposes

Statement by the Directors in performance of statutory duties in accordance with s172

In the statement below we, take into account the likely consequences of long-term decisions; build relationships with stakeholders; understand the importance of engaging with our employees; understand the impact of our operations on the communities and the environment we depend upon, and attribute importance to behaving as a responsible business. The Board appreciates the importance of effective stakeholder engagement and that stakeholders' views should be considered in its decision-making

The Board of Directors of QAHE Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole and having regard (amongst other matters) to factors (a) to (f) of S172 Companies Act 2006, in the decisions taken during the year ended 31 May 2023

Our governance is designed to ensure that we take into account the views of all our stakeholders, so that our decision-making is collaborative and well-informed – both before and after we make our decisions public.

We engage with our stakeholders as follows

Customers - our ambition is to deliver best-in class service to our customers We build strong, lasting relationships with our customers and spend considerable time with them to understand their needs and opinions in order that we can improve our offer and service for them. This insight informs our decision-making by, for example, helping to adapt our proposition to suit customer demands.

Partners – our aim is to work closely with our university partners to deliver a range of services that increase and diversify income and enrolment across student demographics and university subjects. We achieve this through joint boards, joint oversite committees, strengthened governance by co-locating university staff members where appropriate and sharing data. We have regular communication with our university partners across all areas of the business to inform our joint decision-making process

People - our people are key to our success and we want them to succeed individually and as a team There are many ways we engage with and listen to our people including colleague surveys, forums, listening groups, face-to-face briefings, internal communities, newsletters and through our anonymous colleague concern line Key areas of focus include health and wellbeing, development opportunities pay and benefits Regular reports about what is important to our people are made to the Board ensuring consideration is given to our people's needs.

Shareholders - the Board aims to understand the views of its shareholders and always to act in their best interests The Board engages with both CVC as ultimate majority shareholder and management shareholders throughout the year providing updates on trading performance. As part of these meetings shareholders are able to ask questions of the Directors.

We believe these actions are in line with our culture and the high standards of business conduct and good governance we set ourselves. A Director of the Group must act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

Approved by the Board on 22 March 2024 and signed on its behalf by:

Nathan Runnicles
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2023

The Directors present their Annual Report and the Audited Consolidated Financial Statements for the financial year ended 31 May 2023

The business review, key performance indicators ("KPIs"). principal risks and uncertainties and financial risk management have been disclosed in the Strategic Report on page 2 together with engagement with suppliers. customers and others covered by the statement on s172 in the Strategic Report on page 4. These are all included in this Directors' report by way of cross reference.

Directors of the Group and the Company

The Directors who held office during the year and subsequently except as noted. were as follows.

Nathan Runnicles
Simon Nelson
Timothy Slater (appointed 1 June 2023)
Paul Geddes (resigned 1 June 2023)

Principal activities

The Company provides training and educational services

Post balance sheet events

Post year end in October 2023. the IndigoCyan HoldCo 3 Limited Group completed a re-financing of its debt facilities. This resulted in a new senior credit facility of £265.0m with a maturity date of October 2029. Interest is set at GBP SONIA plus a margin of 6 0% An interest rate cap is in place at 2.25%. effective for the period from February 2023 to June 2024. on £200m of the senior credit facility A cap of 6.0% and a 3.66% collar has been entered into from June 2024 to May 2026 for £150m of the senior credit facility

In addition, the IndigoCyan HoldCo 3 Limited Group entered into the Revolving Credit Facility agreement, with a maturity date of September 2029. which provides £40.0m of committed financing. all of which can be drawn by way of loans or ancillary facilities The facility may be utilised for general corporate use, including the working capital needs of the Group and acquisitions. The facility bears interest at a rate per annum equal to GBP SONIA plus a current margin of 3.75% which is subject to an annual revision depending on the IndigoCyan HoldCo 3 Limited Group's leverage ratio. A commitment fee is payable in arrears on the last day of each quarter on available but unused commitment under the facility at a rate of 35% of the applicable margin under the facility

In 2023, one of the group's associate entities Northumbria London Campus Limited, has agreed to extend its partnership with the University of Northumbria at Newcastle until 2036 This important partnership development followed the multi-year extension in 2022 of our relationship with Ulster University to 2032

There have been no other events since the balance sheet date requiring disclosure.

Dividends

Dividends of £nil were paid to shareholders during the year (2022 £nil) The parent Company received dividends from its subsidiaries of £0 4m (2022: £0.2m) during the year No dividends have been proposed since the balance sheet date.

Results

The profit after taxation for the financial year was £28.2m (2022: £15.8m). The Group's net assets increased to £45.2m (2022: £17.2m).

Employee involvement

The Group places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on various factors affecting the performance of the Group

We use a combination of communication channels. platforms, and techniques to ensure our people feel engaged. informed and connected. This year we launched a new intranet platform which balance both people and business focused news and has been a key channel to help shape our D&I communities and wellbeing initiatives. The Executive team continue to hold monthly 'All Hands' employee calls where updates are given on financial performance, key strategic initiatives and used as an opportunity to celebrate Group and individual successes In addition, the Executive team also host regular Senior Leadership Team (SLT) calls which are more collaborative in their nature and are used to cover key issues or people initiatives. The sessions ensure management buy-in. along with consistency in the way managers were communicating with and running their teams

We continue to seek employee feedback to measure employee engagement levels and we do this through short and regular pulse surveys, allowing us to measure in the moment – for example, our most recent pulse survey explored the impact our hybrid working arrangement has had on employee engagement. The benefit of this approach is that we can measure the effectiveness of our actions over time – capitalising on things that are working well and focusing on areas which need a bit more attention. Over the past 12 months the pulse survey identified several areas of improvement based on feedback from our people. We then focused our efforts in the areas and delivered various initiatives across the Group important to our people, including reward and recognition.

Reward and recognition needed to have greater impact and to reach more people. QA Spirit enabled us to do this, and our recognition programme was brought to life through regular communications and events throughout the year – celebrating and recognising our values. IndigoCyan Holdco 3 Limited Group, of which the Company is a part, increased the number of employee shareholders from 387 in 2022 to 400 in 2023

Disabled persons

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

Future developments

The Directors are confident in the future prospects of the Group. See 'Future prospects' section of the Strategic Report.

Going concern

The Company's business activities together with the factors likely to affect its future development, performance and position are set out on pages 2 and 3. The Company is part of the IndigoCyan Topco Limited Group which in turn owns the IndigoCyan Holdco 3 Limited Group and the Directors have considered the adoption of the going concern basis of preparation of these financial statements with consideration to the wider IndigoCyan Holdco 3 Limited group position and its business model.

The Company has received a letter of support from IndigoCyan Holdco 3 Limited confirming committed funding for 12 months following the date of signing the financial statements. The Directors have reviewed the ability of IndigoCyan Holdco 3 Limited to provide the aforementioned support and no issues have been noted to that effect.

Going concern (continued)

The IndigoCyan Holdco 3 Limited Group's positive trading progress and balance sheet strength in the year ended 31 May 2023 has allowed the IndigoCyan Holdco 3 Limited Group to repay £30.0m of its term loan and end the year with cash of £63.4m. At year end the wider IndigoCyan Holdco 3 Limited Group had access to an undrawn £65m revolving credit facility.

The forecasting process undertaken by the Directors recognises the inherent uncertainty of the current economic environment where inflationary, geopolitical, and recessionary risks are heightened.

The Directors believe, given IndigoCyan Holdco 3 Limited Group performance across the recent economic pressures, that trading results will remain robust and that there are growth opportunities for the business to pursue. However, the Directors have assessed various revenue and cashflow scenarios that factor in the impact of an economic recession and geopolitical risks on the demand for the IndigoCyan Holdco 3 Limited Group's services The analysis confirmed the IndigoCyan Holdco 3 Limited Group has sufficient liquidity and is forecast to comply with its financial covenants

In October 2023 IndigoCyan Holdco 3 Limited Group entered into a new financing agreement with a term loan of £265m and revolving credit facility of £40m. The facilities are in place until October 2029 and April 2029 respectively. On this basis, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing and approving these financial statements. In making this assessment, the Directors have considered the cash flow forecasts of the IndigoCyan Holdco 3 Limited Group, the availability of financial resources and facilities and compliance with covenants Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements

Environmental matters

Streamlined energy and carbon reporting disclosures are disclosed within the Ichnaea UK Bidco Limited accounts, see note 19.

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors and officers and these remain in force at the date of this report

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware
- of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with s487 of the Companies Act 2006.

Directors' responsibilities statement
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB)and the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

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

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

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

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

Nathan Runnicles
22 March 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QAHE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion.

- the financial statements of QAHE Limited (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 May 2023 and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards_and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements which comprise.

- the consolidated income statement
- the consolidated and Parent Company statements of financial position.
- the consolidated and Parent Company statements of changes in equity:
- the consolidated cash flow statement; and
- the related notes 1 to 20

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards_and IFRSs as issued by the IASB ` The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

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

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

We have nothing to report in this regard

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

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

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

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

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

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

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

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

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

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

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

- Valuation of revenue and bad debt provisions. There is a risk that the provisions in relation to student dropouts and payments and valued inappropriately. We have substantively tested historical withdrawal and bad debt rates and assessed management's inclusion of the findings from history in their current year assumptions. We have considered corroborative and contradictory challenges to management's position due to the macroeconomic environment specific to the student demographic.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements

In the light of the knowledge and understanding of the group and of the Parent Company and their environment obtained in the course of the audit. we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QAHE LIMITED

Use of our report

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

Louise Cooper, FCA (senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, UK

22 March 2024

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MAY 2023

	Note	2023 £m	2022 £m
Turnover	3	110 8	97 8
Cost of sales		(49.6)	(54 5)
Gross profit		61.2	43.3
Administrative costs		(42.3)	(24.0)
Share of profit from associates	12	9.9	-
Operating profit	5	**28.8**	**19.3**
Finance income	7	-	0 2
Finance costs	8	(0.6)	-
Profit before tax		**28.2**	**19.5**
Taxation	9	(0 2)	(3 7)
Profit for the financial year		**28.0**	**15.8**

There was no other comprehensive income for the current or preceding year As such no separate statement of other comprehensive income is presented

All results derive from continuing operations

The notes on pages 21 to 39 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2023

	Note	2023 £m	2022 £m
ASSETS			
Non-current assets			
Property, plant and equipment	**10**	17.1	6.6
Intangible assets	**11**	1.0	0.4
Investments	**12**	9.4	-
		27.5	**7.0**
Current assets			
Trade and other receivables	**13**	123.9	106.0
Cash and cash equivalents		7.6	12.8
		131.5	**118.8**
Total assets		**159.0**	**125.8**
EQUITY AND LIABILITIES			
Equity			
Share capital	**17**	-	-
Retained earnings	**17**	(38.8)	(10.8)
Other reserve	**17**	(6.4)	(6.4)
Equity attributable to the owners of the Group		**(45.2)**	**(17.2)**
Current liabilities			
Trade and other payables	**14**	(100.0)	(108.6)
Lease liabilities	**15**	(0.4)	-
		(100.4)	**(108.6)**
Non-Current Liabilities			
Provisions	**16**	(1.6)	-
Lease liabilities	**15**	(11.6)	-
Deferred tax liability	**9**	(0.2)	
		(13.4)	**-**
Total equity and liabilities		**(159.0)**	**(125.8)**

The financial statements of QAHE Limited (registered number: 11325201) were approved and authorised for issue by the Board and were signed on its behalf by:

Nathan Runnicles
Director
22 March 2024

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2023

	Note	2023 £m	2022 £m
ASSETS			
Non-current assets			
Property, plant and equipment	10	17.1	6.6
Intangible assets	11	1.0	0.4
Investments	12	3.4	3.4
		21.5	**10.4**
Trade and other receivables	13	114.2	103.7
Cash and cash equivalents		-	-
Current assets		**114.2**	**103.7**
Total assets		**135.7**	**114.1**
EQUITY AND LIABILITIES			
Share capital	17	-	-
Retained earnings	18	0.2	(0.5)
Equity attributable to owner of the Company		**0.2**	**(0.5)**
Current liabilities			
Trade and other payables	14	(122.1)	(113.6)
Lease liabilities		(0.4)	-
		(122.5)	**(113.6)**
Non-Current Liabilities			
Provisions		(1.6)	-
Lease liabilities		(11.6)	-
Deferred tax liability	9	(0.2)	
		(13.4)	**-**
Total equity and liabilities		**(135.7)**	**(114.1)**

As permitted by Section 408 of the Companies Act 2006 the Company has elected not to present its own Company Income Statement for the year. QAHE Limited reported a loss after tax for the financial year ended 31 May 2023 of £0.7m (year-ended 31 May 2022: £nil).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Nathan Runnicles
Director
22 March 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2023

	Note	Share Capital £m	Other Reserve £m	Retained Earnings £m	Total Equity £m
At 1 June 2021		**-**	**6.4**	**(5.0)**	**1.4**
Comprehensive income for the year					
Profit for the year		-	-	15.8	15.8
Total comprehensive income for the year		-	-	15.8	15 8
At 31 May 2022	**15**	**-**	**6.4**	**10.8**	**17.2**

	Note	Share Capital £m	Other Reserve £m	Retained Earnings £m	Total Equity £m
At 1 June 2022		**-**	**6.4**	**10.8**	**17.2**
Comprehensive income for the year					
Profit for the year		-	-	28.0	28.0
Total comprehensive income for the year		-	-	28.0	28 0
At 31 May 2023	**15**	**-**	**6.4**	**38.8**	**45.2**

The notes on pages 20 to 39 form part of these financial statements

QAHE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2023

	Note	Share capital £m	Retained Earnings £m	Total Equity £m
At 1 June 2021		**-**	**0.5**	**0.5**
Comprehensive income for the year				
Profit for the year		-	-	-
Total comprehensive income for the year		-	-	-
At 31 May 2022	**15**	**-**	**0.5**	**0.5**

	Note	Share capital £m	Retained Earnings £m	Total Equity £m
At 1 June 2022		**-**	**0.5**	**0.5**
Comprehensive income for the year				
Loss for the year		-	(0.7)	(0.7)
Total comprehensive income for the year		-	(0.7)	(0.7)
At 31 May 2023	**15**	**-**	**(0.2)**	**(0.2)**

The notes on pages 20 to 39 form part of these financial statements

QAHE LIMITED

CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2023

	Note	2023 £m	2022 £m
Profit for the year		28.0	15 8
Adjustments for:			
Depreciation charge	**10**	0 7	1 7
Amortisation charge	**11**	0.2	0.2
Impairment of intangible assets		-	0 1
Finance (income)/expense	**7/8**	0.6	(0.2)
Taxation charge	**9**	0.2	3.7
(Increase)/decrease in trade and other receivables		(17 9)	(84.1)
Increase in trade and other payables		(4 9)	53.3
Share of profit from associates		(9.4)	-
Net cash inflow/(outflow) from operating activities		**(2.5)**	**(9.5)**
Cash flows used in investing activities			
Purchase of plant, property, and equipment	**10**	(1.3)	(2 1)
Purchase of intangible assets	**11**	(0.8)	(0 4)
Net cash outflow from investing activities		**(2.1)**	**(2.5)**
Cash flows from financing activities			
Interest (paid)/received		(0.6)	0 2
Net cash inflow received from financing activities		**(0.6)**	**0.2**
(Decrease)/increase in cash and cash equivalents		**(5.2)**	**(11.8)**
Cash and cash equivalents, start of year		12 8	24.6
Cash and cash equivalents, end of year		**7.6**	**12.8**

The notes on pages 20 to 39 form part of these financial statements

1. General information and basis of accounting

QAHE Limited (the 'Company') is a private company limited by shares. domiciled in England and Wales incorporated in the UK under Companies' Act 2006.

The registered address of the Company is set out on page 1 and its principal activity can be found in the strategic report on page 2.

These consolidated financial statements were prepared in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and the parent Company's financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. These financial statements have been prepared on a historical cost basis.

The functional and presentational currency of the Company and Group is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Company and Group operates

Summary of disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC and has taken advantage of the following disclosure exemptions under FRS 101:

the requirements of paragraph 62. B64 (d), B64 (e), B64 (g). B64 (h). B64 (j) to B64 (m). B64 (n) ii. B64 (o) ii, B64 (p), B64 (q) (ii), B66 and B67 of IFRS 3 Business Combinations.
the requirements of IFRS 7 Financial Instruments: Disclosures.
the paragraphs of 91-99 of IFRS 13 Fair Value Measurement:
the requirements in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of.
• paragraph 73 e) of IAS 16. Property, Plant and Equipment.
• paragraph 118 e) of IAS 38 Intangible Assets,
the requirements of paragraphs of 10 (d). 10 (f). 16, 38A, 38B .38C. 40A. 40C, 40D. 111. and 134-136 of IAS Presentation of Financial Statements:
the requirements of IAS 7 Statement of Cash Flows.
the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors,
the requirements of paragraphs 17 and 18 A of IAS 24 Related Party Disclosures: and
the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or members of a Group. provided that any subsidiary which is a party to the transaction. is wholly owned by such a member

Where appropriate equivalent disclosures are provided in the group financial statements See note 16

The accounting policies set out in this report, have, unless otherwise stated, been applied consistently in these financial statements. In application of these accounting policies. the Directors are required make judgements. estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources The estimates and associated assumptions are explained in the accounting policies below and are based on historical experience and other factors that are considered to be relevant Actual results may differ from these estimates The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are *recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision* and future periods if the revision affects both current and future periods.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 2 and 3. The Company is part of the IndigoCyan Topco Limited Group which in turn owns the IndigoCyan Holdco 3 Limited Group and the Directors have considered the adoption of the going concern basis of preparation of these financial statements with consideration to the wider IndigoCyan Holdco 3 Limited group position and its business model

1. General information and basis of accounting (continued)

Going concern (continued)

The Company has received a letter of support from IndigoCyan Holdco 3 Limited confirming committed funding for 12 months following the date of signing the financial statements. The Directors have reviewed the ability of IndigoCyan Holdco 3 Limited to provide the aforementioned support and no issues have been noted to that effect

The IndigoCyan Holdco 3 Limited Group's positive trading progress and balance sheet strength in the year ended 31 May 2023 has allowed the IndigoCyan Holdco 3 Limited Group to repay £30 0m of its term loan and end the year with cash of £63.4m At year end the wider IndigoCyan Holdco 3 Limited Group had access to an undrawn £65m revolving credit facility.

The forecasting process undertaken by the Directors recognises the inherent uncertainty of the current economic environment where inflationary and recessionary risks are heightened.

The Directors believe, given IndigoCyan Holdco 3 Limited Group performance across the recent economic pressures, that trading results will remain robust and that there are growth opportunities for the business to pursue. However, the Directors have assessed various revenue and cashflow scenarios that factor in the impact of an economic recession on the demand for the IndigoCyan Holdco 3 Limited Group's services. The analysis confirmed the IndigoCyan Holdco 3 Limited Group has sufficient liquidity and is forecast to comply with its financial covenants

In October 2023 IndigoCyan Holdco 3 Limited Group entered into a new financing agreement with a term loan of £265m and revolving credit facility of £40m. The facilities are in place until October 2029 and April 2029 respectively On this basis, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing and approving these financial statements. In making this assessment, the Directors have considered the cash flow forecasts of the IndigoCyan Holdco 3 Limited Group, the availability of financial resources and facilities and compliance with covenants Accordingly they continue to adopt the going concern basis in preparing the Annual Report and financial statements

Basis of Consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings.

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

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal as appropriate Where possible adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group The purchase method of accounting is used to account for business combinations that result in acquisition of subsidiaries by the Group. The cost of a business combination is measured at the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

1. General information and basis of accounting (continued)

New standards, interpretations and amendments not yet effective

In the current year, the group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023 Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.
IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17).
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies;
Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
Amendments to IAS 12 Income Taxes— International Tax Reform — Pillar Two Model Rules; and
Amendments to IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates
At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture:
Amendments to IAS 1- Classification of Liabilities as Current or Non-current.
Amendments to IAS 1- Non-current Liabilities with Covenants;
Amendments to IAS 7 and IFRS 7- Supplier Finance Arrangements; and
Amendments to IFRS 16- Lease Liability in a Sale and Leaseback
The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

Turnover

All turnover arises within the United Kingdom

The Group earns revenue from the provision of services relating to the delivery of higher education services Revenue represents amounts received from students for services provided in the normal course of business together with non-refundable fees, exclusive of value added tax.

The provision of learning and other support services is considered to occur over time as either classroom training or on–line training is provided where the customer receives and consumes the benefit of the learning as it is under IFRS15.35 and therefore revenue is recognised over time rather than at a point in time

Where any turnover is billed in advance, the undelivered amount is recognised as a contract liability and will be recognised within the next twelve months.

Revenue is recognised up to the point it is deemed recoverable, net of credit notes and other revenue provisions. This revenue is recognised in the period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its obligations to students and customers. Credit note provisions are reviewed and aligned to final delivered and recoverable revenue amounts three months after the revenue recognition period is complete as all billing and credit notes have been raised at this point Credit note provisions are annually aligned to updated forecasts outside of these reviews.

Third party revenues arising from services outsourced on behalf of customers such as recruitment services are recognised gross where the Group is the principal in the arrangement in line with the substance of the agreement. The revenue is recognised on delivery of the performance obligation as required under IFRS 15.32. In some cases, the customer contracts include variable consideration. In this case the Group estimates the level of variable consideration that will be earned

1. General information and basis of accounting (continued)

Finance income and costs policy

Interest income is recognised in the Statement of comprehensive income using the effective interest method

Finance costs (including interest payable) which are directly attributable to interest bearing bank loans are capitalised as part of the cost of that financial liability Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at the effective interest rate

Defined contribution pension obligations

A defined contribution pension plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constrictive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service. in the current or prior periods. For defined contribution plans. contributions are paid into publicly or privately administered pension insurance plans on a mandatory or contractual basis.

The contributions are recognised as employee benefit expense when they are due.

If the contributions exceed the contribution for service, the excess is recognised as an asset

Property, plant, and equipment

Property plant and equipment is stated in the statement of financial position at cost. less any accumulated depreciation and subsequent accumulated impairment losses.

The cost of property. plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged on all assets except assets in the course of construction Depreciation is charged so as to write off assets over the course of their estimated useful lives as follows:

Asset class	Depreciation method and rate
Short term leasehold improvements	Straight line over the life of the lease 10 – 15 years
Fixtures. fitting and equipment	3 years straight line
Right of use assets	Straight line over the life of the lease

Intangible assets

Intangible assets are stated in the statement of financial position at cost or fair value. less any accumulated amortisation and subsequent accumulated impairment losses.

Amortisation

Amortisation is charged on all intangible assets.

Asset class	Amortisation method and rate
Software	3 years straight line

1. General information and basis of accounting (continued)

Research and development

Research and development costs are expensed except in cases where development costs meet certain identifiable criteria for deferral. Deferred development costs, which have probable future economic benefits, can be clearly defined and measured, and are incurred for the development of new products or technologies, are capitalised. These development costs, net of related research and development investment tax credits, are not amortised until the products or technologies are commercialised or when the asset is available for use, at which time, they are amortised on straight-line basis over the estimated life of the commercial production of such products or technologies of up to 3 years.

The amortisation method and the life of the commercial production are assessed annually, and the assets are tested for impairment whenever an indication exists that an asset might be impaired

Investments

Investments are carried at cost, less any impairment

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, is recognised immediately in the profit or loss in the period in which the investment is acquired. The Group recognises its share of the profit or loss of the associate or joint venture both in the profit or loss account and against the value of the investment in the period that it occurs. If the associate or joint venture makes a loss in the period, the Group has to make good that loss by way of a reduction in the management fee charged to the associate or joint venture

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in bank accounts, recognised within current assets. Balances held with money market funds are presented as cash where the maturity is less than three months.

Trade receivables

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of trade receivables on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

Trade receivables consist of a large number of customers and geographical areas Ongoing credit evaluation is performed on the financial condition of accounts receivable. In this regard, the Directors consider that the Group's credit risk is significantly reduced

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 180 days past due because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivables that have been written off are subject to enforcement activities.

1. General information and basis of accounting (continued)

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit and loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired

For the financial instrument measured at cost less impairment an impairment is calculated as the difference between the 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

Impairment losses are recognised in the Consolidated Income Statement When a subsequent event causes the amount of impairment loss to be decreased. the decrease in impairment loss is reversed through the profit or loss for the financial year

Trade payables

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

The effective interest method is a method of calculating amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate. transaction costs and other premiums or discounts) through the expected life of the financial liability. or (where appropriate) a shorter period. to the net carrying amount on initial recognition

Financial Instruments

Initial recognition

Financial assets and liabilities comprise assets and liabilities reflected in the statement of financial position. although excluding property. plant and equipment. investment properties intangible assets. deferred tax assets. prepayments deferred tax liabilities and employee benefits plan

The Group recognises financial assets and financial liabilities in the statement of financial position when and only when the Group becomes party to the contractual provisions of the financial instrument

Financial instruments are initially recognised at fair value Financial liabilities are initially recognised at fair value. representing the proceeds received net of premiums. discounts and transactions costs that are directly attributable to the financial liability.

Subsequent to initial measurement financial assets and financial liabilities are measured at either amortised cost or fair value.

A financial asset is impaired if objective evidence indicates that a loss event after the initial recognition of the asset. and 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 financial asset measured at amortised cost is calculated as the difference between the carrying amount and the present value of future cash flows discounted at the asset's original effective rate.

1. General information and basis of accounting (continued)

Financial Instruments (continued)

De-recognition
Financial assets

The Group derecognises a financial asset when:
- The contractual rights to the cash flow from financial asset expire.
- It transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred; or
- The Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset and the sum of consideration received is recognised as a gain or loss in the profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However for the leases of land and buildings, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use asset of the end of the lease term. The estimated useful lives of right of-use assets are determined on the same basis as those of property and equipment. In addition the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:
- Fixed payments, including in-substance fixed payments, and
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-to-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets in "property, plant and equipment" and lease liabilities in "loans and borrowings" in the statement of financial position.

1. General information and basis of accounting (continued)

Leases (continued)

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery (such as photocopiers) that have a lease term of 12 months or less and leases of low value assets (assets that fall below the Group's capital equipment recognition policy), including IT equipment. The Group recognises the lease payments associated with these assets as an expense on a straight-line basis over the lease term

Taxation

Tax on profit or loss 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 directly in equity or other comprehensive income. in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period. using tax rates enacted at the balance sheet date. and any adjustment to tax payable in respect of prior periods.

Deferred tax is provided on timing differences which arise on the inclusion of income tax and expenses in tax assessments in periods different from those in which they are recognised in the financial statements The following tax adjustments 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.

Deferred tax is not recognised on permanent differences arising because of certain types of income and expenditure 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 at the tax rate that is expected to apply to the reversal of the related difference. using tax rates that are enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted

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

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event. it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation

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

Share capital

Ordinary shares are classified as equity Equity interests are measured at the fair value of the cash or other resources received or receivable. net of the direct costs of issuing the equity instruments.

Dividends

The Company makes a distribution (including cash dividends) only out of 'profits available for distribution' by reference to the 'relevant accounts' drawn up in accordance with applicable UK law and accounting standards, and if Directors consider that the company can meet its liabilities as they fall due. Profits available for distribution are a company's accumulated realised profits less its accumulated realised losses.

The Company accounts for dividends in the year that they are declared to shareholders. Dividend income is recognised in the year it is received.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of certain financial assets, liabilities, income and expenses

A key judgment in calculating the revenue and bad debt provisions is using historical data to predict future defaults or student dropout rates If the actual experience differs from the assumptions in the provision, this could result in a material difference to the revenue recognised

In the opinion of the directors there are no key sources of estimation uncertainty.

3. Turnover

All turnover arose within the UK

The analysis of the Group's revenue for the period from continuing operations is as follows:

	31 May 2023	31 May 2022
	£m	£m
Rendering of services	94.1	81.8
Other revenue	16.7	16 0
	110.8	**97.8**

Revenue from training and educational services is recognised upon delivery of the performance obligation as required under IFRS 15.35 Training and educational services revenue is recognised over the period of teaching, on a monthly basis in a straight-line manner over time.

Other revenue relates to management recharges and fees for recruitment services for our partner universities Third party revenues arising from services outsourced on behalf of customers such as recruitment services are recognised gross where the Group is the principal in the arrangement with the associated risks and rewards flowing to the Group The revenue is recognised on delivery of the performance obligation as required under IFRS 15 32 In some cases, the customer contracts include variable consideration. In this case the Group estimates the level of variable consideration that will be earned

4. Directors' remuneration

The Company has remunerated one Director in the year (2022: 2). Remuneration for the Directors within the Group was £0 5m (2022 £0 3m). The highest paid Director received £0.5m (2022 £0 2m). Pension contributions for Directors for the year ended 31 May 2023 were less than £0.1m (2022 less than £0 1m)

5. Operating profit

Operating profit is stated after charging

	Note	2023	2022
		£m	£m
Depreciation – owned assets	**9**	0.7	1 7
Amortisation - intangible assets	**11**	0.2	0.2
Impairment of intangible assets		-	0.1
Staff costs	**6**	35.5	29.8
Audit fees		0.1	0.1
Exceptional costs		1.0	0.8

5. Operating profit (continued)

The Directors consider that disclosing certain items within the notes to the accounts within exceptional items improves understanding of the underlying business Where items within administration costs or cost of sales. are non-recurring or strategic in nature the Directors consider disclosure as exceptional items within the notes to the accounts provides an alternative and enhanced understanding of the financial statements

Exceptional costs of £1 0m (2022. £0 8m) have been incurred during the year related to the implementation of the Salesforce system and strategic reviews using third party consultants. The costs are considered to be exceptional because they are unusual and non-recurring.

6. Staff costs - Group and Company

	2023 £m	2022 £m
Wages and salaries	31.0	26 2
Social security costs	3.5	2 8
Pension costs	1.0	0.8
Total staff costs	**35.5**	**29.8**

	2023 No.	2022 No.
Teaching and learning	234	145
Sales and administration	301	345
Total staff numbers	**535**	**490**

7. Finance income

Group

	2023 £m	2022 £m
Finance income	-	0.2

8. Finance costs

Group

	2023 £m	2022 £m
Finance costs	0.6	-

9. Taxation

Group

Corporation tax	**2023**	**2022**
Current tax	**£m**	**£m**
UK Corporation tax	-	3.7
	-	3.7
Deferred		
Adjustments in respect of prior periods	0.2	-
Total taxation charge	**0.2**	**3.7**

During the year ended 31 May 2023 UK Corporation tax has been calculated at a blended rate of 20% (being 19% until 31 March 2023 and 25% thereafter) on estimated assessable profits for the year

	2023	**2022**
	£m	**£m**
Profit before tax	28.2	19.5
Tax on profit for the year at 20% (2022: 19%)	5.6	3.7
Expenses not deductible for tax purposes	-	0.2
Adjustments	-	(0.2)
Share of profit from associates	(1.9)	-
Group relief	(3.7)	-
Deferred tax debit relating to prior periods	0.2	-
Total tax charge in the consolidated income statement	**0.2**	**3.7**

The tax charge in the current year is lower (2022: lower) than the standard tax as a result of the level of the Group's disallowable expenses, related principally to interest which is non-deductible under the Corporate Interest Restriction rules.

The Budget in March 2021 announced that the main rate of UK corporation tax would increase to 25% from 1 April 2023. The Finance Bill 2021 included the requisite legislation to enact this rate change and was substantively enacted on 24 May 2021. Accordingly, deferred tax has been calculated using estimated rates which represent corporation tax rates in effect during the period in which deferred tax assets or liabilities are expected to unwind.

Deferred tax

	Group		Company	
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Deferred tax liabilities – Accelerated capital allowances	0.2	-	0.2	-

10. Property, plant and equipment - Group and Company

	Leasehold improvements	Furniture, fittings and equipment	Right of use assets	Total
	£m	£m	£m	£m
Cost at 1 June 2022	**7.6**	**4.7**	**-**	**12.3**
Additions	1 7	0.2	8.3	10.2
Transfers from fellow group undertakings	0 9	-	8.7	9.6
Transfers to group undertakings	(0.8)	-	-	(0 8)
At 31 May 2023	**9.4**	**4.9**	**17.0**	**31.3**
Accumulated depreciation at 1 June 2022	**2.3**	**3.4**	-	**5.7**
Depreciation (reversal)/charge	(0 1)	0 7	0.1	0 7
Transfers out	(0.2)	-		(0.2)
Transfers from fellow group undertakings	0 3	-	7.7	0.3
At 31 May 2023	**2.3**	**4 1**	**7.8**	**14.2**
Net book value at 31 May 2023	**6.6**	**0.8**	**9.2**	**17.1**

	Leasehold improvements	Furniture, fittings and equipment	Right of use assets	Total
	£m	£m	£m	£m
Cost at 1 June 2021	**6.1**	**4.4**	-	**10.5**
Additions	1 5	0 6	-	2 1
Disposals	-	(0.3)	-	(0 3)
At 31 May 2022	**7.6**	**4.7**	**-**	**12.3**
Accumulated depreciation at 1 June 2021	**1.5**	**2.8**	**-**	**4.3**
Charge	0.8	0 9	-	1 7
Disposals	-	(0.3)	-	(0 3)
At 31 May 2022	**2.3**	**3.4**	**-**	**5.7**
Net book value at 31 May 2022	**5.3**	**1.3**	**-**	**6.6**

11. Intangible assets - Group and Company

	Software	Total
	£m	£m
Cost at 1 June 2022	**0.8**	**0.8**
Additions	0.8	0.8
Cost at 31 May 2023	**1.6**	**1.6**
Accumulated amortisation at 1 June 2022	**0.4**	**0.4**
Charge	0.2	0.2
At 31 May 2023	**0.6**	**0.6**
Net book value at 31 May 2023	**1.0**	**1.0**

	Software	Total
	£m	£m
Cost at 1 June 2021	**0.6**	**0.6**
Additions	0.4	0.4
Disposals	(0.2)	(0.2)
Cost at 31 May 2022	**0.8**	**0.8**
Accumulated amortisation at 1 June 2021	**0.3**	**0.3**
Charge	0.2	0.2
Disposals	(0.1)	(0.1)
At 31 May 2022	**0.4**	**0.4**
Net book value at 31 May 2022	**0.4**	**0.4**

12. Investments

Group Subsidiaries

Subsidiaries	£m
Cost	
At 31 May 2022 and 31 May 2023	3.4
Impairment	
At 31 May 2022 and 31 May 2023	-
Carrying amount	
At 31 May 2022 and 31 May 2023	**3.4**

All subsidiaries are 100% owned direct investments of the Company with a registered office of 1 St Katharine's Way, London. E1W 1UN. and are incorporated in England. The principal activity of all subsidiaries except QAHE (Services) Limited, QAHE (SU) Limited and QAHE (Solent) Limited, is the provision of higher education services

The principal activity of QAHE (Services) Limited is student recruitment. The principal activity of QAHE (Solent) Limited was the provision of support services. The trade of QAHE (Solent) Limited was transferred to QAHE (SU) Limited during the year ended 31 May 2021 and so QAHE (Solent) Limited is now dormant The cost to the Company and the carrying value of investments in these subsidiaries is £3.4m (2022: £3.4m) The relevant company names are listed below with their company number

Company Name	Country of Incorporation	Company Registration Number
QAHE (Ulst) Limited	England and Wales	07397103
QAHE (NU) Limited	England and Wales	08468104
QAHE (UR) Limited	England and Wales	09418863
QAHE (Solent) Limited	England and Wales	11299797
QAHE (SU) Limited	England and Wales	11852515
QAHE (MDX) Limited	England and Wales	10990471
QAHE (Services) Limited	England and Wales	09134452
QAHE (LM) Limited	England and Wales	12435190
QAHE Pathways Limited	England and Wales	13308665

The above subsidiaries have taken an audit exemption in accordance with s479a of the Companies Act 2006 as QAHE Limited has guaranteed the subsidiaries' liabilities. The Directors consider the possibilities of the guarantees being called upon as remote

12. Investments (continued)

In addition to the subsidiaries. the Company has indirect investments through its subsidiaries (percentage held by subsidiaries in brackets below) in the following companies

Material associates

- Northumbria London Campus Limited (49 9%)

Immaterial associates

- Branch Campus (London and Birmingham) Limited (49%)
- Roehampton Pathway Campus Limited (49.9%)
- Solent Pathway Campus Limited (49%)
- USW Pathway College Limited (49.9%)

Historically the Group and the Company's investments in associated had net assets of less than £0.1m and the investments were not consolidated as subsidiaries or accounted for as equity associates. During the year ended May 23 the group brought it's accounting for its associate companies in line with the requirements of IAS28 and accounted for these using the equity method In line with the guidance of IAS28:10 these have been accounted for in line with the substance of the agreements whereby allocations designated to each of the owners of the companies differ from the ownership percentages This has meant QAHE has recognised 100% of the profits or losses of these entities after providing for a dividend payable to the university partner in the case of Northumbria London Campus Limited, the only material associate.

Details of associates

Details of the Group's associates at the end of the reporting period are as follows:

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group	
			31 May 2023	31 May 2022
Branch Campus (London & Birmingham) Limited	Provision of services in support of the provision of degree courses to domestic and international students	Murray House, 4 Murray Street. Belfast. Northern Ireland, BT1 6DN	49.0%	51.0%
Northumbria London Campus Limited	Provision of post-graduate level higher education courses.	Sutherland Building, Northumbria University, Ellison Place, Newcastle Upon Tyne, NE1 8ST	49.9%	49 9%
Roehampton Pathway Campus Limited	Provision of foundation programmes to international students	Grove House Roehampton Lane. London. SW15 5PJ	49.9%	49.9%
Solent Pathway Campus Limited	Provision of foundation programmes to international students	Finance Services, East Park Terrace. Southampton, Hampshire, SO14 0YN	49 0%	49 0%
USW Pathway College Limited	Provision of foundation programmes to international students.	University Of South Wales, Treforest, Pontypridd, Wales, CF36 1DL	49.9%	49.9%

12. Investments (continued)

Associates	£m
At 1 June 2022	-
Share of profit or loss	9.6
Dividend payable to the University of Northumbria at Newcastle	(0.2)
At 31 May 2023	**9.4**

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

	Northumbria London Campus Limited 31 May 2023 £m
Current assets	43.6
Current liabilities	(34.0)
Net assets	9.6
Proportion of the Group's ownership interest in the joint venture	4.8
Profit attributable to the Group	4.6
Carrying amount of the Group's interest in the joint venture	9.4
Revenue	43.9
Profit for the year	8.1

Aggregate information of associates that are not individually material

	31 May 2023 £m
Current assets	2.3
Current liabilities	(2.1)
Net assets	0.2
Revenue	3.2
Profit for the year	1.8

13. Trade receivables

Group

	2023 £m	2022 £m
Trade receivables	25.2	26.5
Provision for impairment of trade receivables	(6.7)	(7.2)
Net trade receivables	**18.5**	**19.3**
Receivables – IndigoCyan Holdco 3 Limited group and related party undertakings	6.1	83 1
Receivables – QAHE Holdings Limited	94.0	-
Prepayments	2.2	1.4
Other receivables	3.1	2 2
	123.9	**106.0**

The Group's exposure to credit and market risks relating to trade and other receivables is disclosed in the Strategic Report The receivables from related party undertakings are repayable on demand and do not accrue interest. Related parties include amounts owed from companies within the wider IndigoCyan Holdco 3 Limited group of £6.1m. (2022 £83 1m) and amounts owed from partner universities £nil (2022 £nil).

	Gross Carrying Amount 2023 £m	Provision 2023 £m	Net Carrying Amount 2023 £m
Not past due	18.2	(2.2)	16.0
< 30 days past due	-	-	-
30-60 days past due	0 5	(0 2)	0.3
60-180 days past due	6.5	(4.3)	2 2
	25.2	**(6.7)**	**18.5**

	Gross Carrying Amount 2022 £m	Provision 2022 £m	Net Carrying Amount 2022 £m
Not past due	8 6	-	8.6
< 30 days past due	-	-	-
30-60 days past due	0.1	(0.1)	-
60-180 days past due	17.8	(7.1)	10.7
	26.5	**(7.2)**	**19.3**

13. Trade receivables (continued)

The Group has partnerships with its university partners to deliver degree programmes through associates. The universities are co-investors with the Group in various investment companies which deliver these higher education programmes and the universities are the majority shareholders Therefore, these universities are considered related parties for QAHE Group. See note 11 for details of the associates. During the course of the year the Group made purchases of £9.2m (2022: £3 6m) from these associates and made sales of £16.8m (2022: £17 0m) to the associates. In addition to this, the Group's university partners received student funding on behalf of the Group and remitted this to the IndigoCyan Holdco 3 Group Limited During the year the Group received funds from its university partners totalling £19.7m (2022. £41.3m) and at the balance sheet date the partners owed the Group £13.5m (2022: £10.7m) and the Group owed its partners £47.4m (2022. £16.3m).

Company

	2023 £m	2022 £m
Receivables from IndigoCyan Holdco 3 Limited group and related party undertakings	17.8	102 3
Receivables – QAHE Holdings Limited	94 0	-
Prepayments	2.2	1.4
Deferred tax asset	-	-
Other receivables	0.2	-
	114.2	**103.7**

The Company's exposure to credit and market risks relating to trade and other receivables is disclosed in the Strategic Report. The receivables from Group and related party undertakings are repayable on demand and do not accrue interest

The receivables from Group and related party undertakings are repayable on demand and do not accrue interest. Related parties include amounts owed from companies within the QAHE Group, £11.3m (2022. £18.9m) and the wider IndigoCyan Holdco 3 Limited group of £97 9m. (2022 £83 4m).

14. Trade and other payables

Group

	2023 £m	2022 £m
Trade payables	3 1	3.6
Accrued expenses	12 3	11.5
Amounts due to IndigoCyan Holdco 3 Limited group and other related party undertakings	34.0	50.3
Social security and other taxes	1.6	1.1
Contract liabilities	43.4	36.4
Other payables	5.6	5.7
	100.0	**108.6**

Amounts due to related party undertakings are payable on demand so are classified as current liabilities. The amounts due to related party undertakings are repayable on demand and do not accrue interest. Related parties include amounts due to companies within the wider IndigoCyan Holdco 3 Limited group £34.0m, (2022: £37.7m) and amounts to partner universities £10 6m (2022: £12 6m).

The Group's exposure to market and liquidity risks related to trade payables is disclosed in the Strategic Report.

14. Trade and other payables (continued)

Company

	2023 £m	2022 £m
Trade payables	3.2	3 7
Accrued expenses	3.8	2.3
Amounts due to QAHE Group, IndigoCyan Holdco 3 Limited and group related party undertakings	113 8	106 5
Social security and other taxes	1.3	1.1
	122.1	**113.6**

The Company's exposure to market and liquidity risks related to trade payables is disclosed in the Strategic Report.

Amounts due to Group and related undertakings are payable on demand so are classified as current liabilities. The Group undertakings' liabilities do not accrue interest

The split of amounts owed to IndigoCyan Holdco3 Limited and group related party undertakings is as follows: QAHE Group £111.2m (2022: £65 6m). IndigoCyan Holdco 3 Limited group £3.3m (2022. £40 9m), and amounts owed to partner universities £nil (2022: £nil)

15. Lease liabilities

	Group		Company	
	31 May 2023 £m	31 May 2022 £m	31 May 2023 £m	31 May 2022 £m
Non-current lease liabilities	11 6	-	11.6	-

	Group		Company	
	31 May 2023 £m	31 May 2022 £m	31 May 2023 £m	31 May 2022 £m
Current portion of lease liabilities	0 4	-	0.4	-

16. Provisions for liabilities

Group and company	Dilapidations £m
At 1 June 2022	-
Additional provisions	1.6
Provisions used	-
Unused provision reversed	-
As at 31 May 2023	**1.6**

16 Provisions for liabilities (continued)

Provisions for liabilities are expected to be settled as follows.

	£m
Within one year	1 0
In the second to fifth years inclusive	0 6
After five years	-
As at 31 May 2023	**1.6**

17. Share capital and reserves

Group and company

	2023	2022
	£	£
100 authorised allotted and fully paid-up shares of £1 each	100	100

18. Retained earnings

The retained earnings reserve represents accumulated profits and losses since the Company was incorporated less distributions of those earnings in the form of dividends to shareholders

Other reserve

The other reserve was created upon acquisition of subsidiaries in the year ended 31 May 2020. effectively representing a merger reserve from a common control transaction. It is considered to be a distributable reserve

Dividends

Dividends of £nil were paid during the year ended 31 May 2023 (2022: £nil)

19. Ultimate Controlling party, Parent and ultimate parent undertaking

The Company's immediate parent undertaking is QAHE Holdings Limited The company was acquired from Seckloe 208 Ltd in January 2023

The Directors regard IndigoCyan Holdings Jersey Limited a company registered in Jersey. through its holding of 85% of the voting rights of IndigoCyan Topco Limited as the ultimate holding company IndigoCyan Holdings Jersey Limited is controlled by funds managed by CVC Capital Partners VI. The only parent entity producing publicly available financial statements is IndigoCyan Holdco 3 Limited These financial statements are available at www.qa.com Copies of the consolidated accounts of IndigoCyan Holdco 3 Limited are also available from the registered office IndigoCyan Holdco 3 Limited's registered address is 27 Esplanade, St Helier, Jersey. JE1 1SG.

20. Post balance sheet events

Post year end in October 2023 the IndigoCyan HoldCo 3 Limited Group completed a re-financing of its debt facilities. This resulted in a new senior credit facility of £265 0m with a maturity date of October 2029.

In addition, the IndigoCyan HoldCo 3 Limited Group entered into the Revolving Credit Facility agreement with a maturity date of September 2029. which provides £40.0m of committed financing, all of which can be drawn by way of loans or ancillary facilities.

One of the group's associate entities, Northumbria London Campus Limited, has agreed to extend its partnership with the University of Northumbria at Newcastle.