

Company Registration No. 09418863

QAHE (UR) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2020

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QAHE (UR) LIMITED

CONTENTS

	Page
Company Information	1
Directors' Report	2
Directors' Responsibility Statement	4
Income Statement and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8

QAHE (UR) LIMITED

COMPANY INFORMATION

Directors	Nathan Runnicles Julie Noone Paul Geddes
Registered number	09418863
Registered office	Rath House 55-65 Uxbridge Road, Slough, Berkshire United Kingdom SL1 1SG

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MAY 2020**

The Directors present their annual report on the affairs of QAHE (UR) Limited (the 'Company') and the financial statements for the year ended 31 May 2020.

Principal activity

The Company provides undergraduate degree courses to domestic and EU students at campuses in London, Birmingham and Manchester, in partnership with the University of Roehampton. During the year, the Company focussed on the recruitment of students from the UK and the EU. The course offering is subject to regular review and revision in order to ensure it is attractive for prospective students.

Dividends

The Company has not paid any dividends in the period. The Directors paid a dividend of £28.0m to its parent company, QAHE Limited, after the balance sheet date, on 8 October 2020.

Results

Turnover for the year grew by 6% to £37.2m, (2019: £35.0m). This relates to existing students progressing to future years in their undergraduate degree courses. The profit after taxation for the year was £10.6m, which is stable year on year.

The Company's had a net assets position of £33.0m as at the balance sheet date of 31 May 2020.

Directors

The Directors who served during the year and subsequently were:

Nathan Runnicles
William Macpherson (Resigned on 2 September 2019)
Geraldine Cole (Resigned 10 January 2020)
Julie Noone
Paul Geddes (Appointed 2 September 2019)

Financial key performance indicators

The Company is managed as part of the overall Group. For this reason, the Directors believe that specific KPIs for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group including this company is discussed in the Annual Report of IndigoCyan Holdco 3 Limited. This report can be viewed at www.qa.com. See note 11 for details of the ultimate controlling party and relationship between parent and entity.

Future developments

The Company expects to increase the number of students by further diversifying the portfolio of courses delivered and possibly growing the number of partner universities. The Company offers a broad portfolio of courses to our prospective students. 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 learning experience that is valuable to their life.

The Directors do not envisage any change to the Company's principal activity. No subsequent events have occurred since the period end. The financial statements have been prepared on a going concern basis and consideration of going concern issues are set out in the Directors' Report.

Principal risks and uncertainties

The Company expects to continue to offer a broad range of courses and quality educational services to its students. The Directors do not envisage any change to the Company's principal activity.

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MAY 2020**

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including liquidity, price risk and credit risk. The Company does not use derivative financial instruments for speculative purposes.

Liquidity risk

In order to maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, the Company co-operates with a centralised treasury function, features of which include intercompany cash transfers and management of operating lease contracts.

Credit risk

The Group's principal financial assets are bank balances and intercompany receivables. The Group's credit risk is primarily attributable to its intercompany receivables. The amounts presented in the balance sheet are net of provision for doubtful debts. A provision is made where there is objective evidence of non-recovery of the debt.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out on page 2. The Company is part of the IndigoCyan Holdco 3 Limited Group ("the Group") and the Directors have considered the adoption of the going concern basis of preparation of these financial statements with consideration to the wider group position and its business model. See note 11 for the details of the groups in which the Company is consolidated, and details of the ultimate controlling party.

Since late March 2020, the Group's trading has been impacted by the outbreak of the Covid pandemic which resulted in lower demand for our learning and apprenticeships' services, as our clients themselves responded to the impact of the pandemic on their own operations. The lockdown initially led to the closure of our training centres and the migration of all classroom-based learning to virtual delivery. The Group has taken cost reduction measures to help mitigate the effects of lockdown on the economy, together with working capital actions to preserve cash.

The forecasting process undertaken by the Directors recognises the inherent uncertainty associated with predictions at the present time. Whilst the Directors believe that trading performance will remain robust, the Directors have assessed various scenarios, which consider the speed of economic recovery and demand for the Group's services. The Directors consider the most significant uncertainty impacting the forecasts is the possibility of further lockdowns albeit this is reduced with the progress of the vaccine rollout. The Directors have assessed the impact of there being no economic recovery from current trading to assess the impact of continuing or rolling lockdowns on the Group's cash flow forecasts throughout the going concern period. The Group has funding arrangements with its banks, which include drawn term loans and a £65.0m Revolving Credit Facility that was drawn in full in March 2020 to maximize the available liquidity. Since the year end £50.0m of this has been repaid.

The Group obtained a waiver (to 31 May 2021) on its financial leverage covenant (the ratio of third party bank debt to EBITDA) and have agreed to a minimum liquidity covenant of £20.0m in its place. The analysis confirmed the Group's current liquidity position and compliance with relevant covenants would enable the Group to operate in this scenario for a period of at least 12 months from the date of signing these financial statements.

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 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.

Director's 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.

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MAY 2020**

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

Throughout this Annual Report, we provide examples of how 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 QA 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) S172 Companies Act 2006, in the decisions taken during the year ended 31 May 2020. The business implications of the Covid pandemic have been fast moving and uncertain but the Directors consider that the decisions made will be in the best long-term interests all the Group's stakeholders. We aim to act responsibly and fairly with our stakeholders and engage with them to gain an understanding of their needs. Recognising the difficulty being experienced by many customers we have worked with them to reschedule courses and provide them with digital learning pathways so that they can continue to develop their talent during lockdown.

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practise), including Financial Reporting Standard 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 and loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

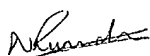
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent and;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will remain in business.

The Directors are responsible for keeping accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure the financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Post Balance Sheet events

Other than the dividends payment set out above, no subsequent events have occurred since the year end.

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



Director

28 May 2021

**INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2020**

	Note	2020 £m	2019 £m
Turnover	2	37.2	35.0
Cost of Sales		(18.3)	(13.9)
Gross Profit		18.9	21.1
Administrative expenses		(5.8)	(7.9)
Profit before tax		13.1	13.2
Tax on profit	5	(2.5)	(2.5)
Profit for the financial year		10.6	10.7

There was no other comprehensive income for the year.

All results derive from continuing operations.

The notes on pages 8 to 13 form part of these financial statements.

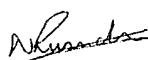
STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2020

	Note	2020 £m	2019 £m
ASSETS			
Non current assets			
Investments	6	-	-
Current assets			
Trade and other receivables	7	45.6	29.8
Cash and cash equivalents		-	4.5
Total assets		45.6	34.3
LIABILITIES			
Current liabilities			
Trade and other payables	8	(12.6)	(11.9)
Net assets		33.0	22.4
EQUITY			
Share capital	9	-	-
Profit and loss account	10	33.0	22.4
Shareholder's funds		33.0	22.4

For the year ended 31 May 2020, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its financial statements for the period in question under section 476. The Directors acknowledge their responsibilities for complying with requirements of the Act in respect of accounting records and the preparation of accounts.

The financial statements of QAHE (UR) Limited, registered number 09418863 were approved by the Board of Directors and authorised for issue on 28 May 2021.

Signed on behalf of the Board of Directors by:



Director
28 May 2021

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2020**

2019

	Share Capital £m	Profit and loss account £m	Total Equity £m
At 1 June 2018	-	11.9	11.9
Dividend paid for the year	-	(0.2)	(0.2)
Profit recognised within total comprehensive income for the year	-	10.7	10.7
At 31 May 2019	-	22.4	22.4

2020

	Share Capital £m	Profit and loss account £m	Total Equity £m
At 1 June 2019	-	22.4	22.4
Profit recognised within total comprehensive income for the year	-	10.6	10.6
At 31 May 2020	-	33.0	33.0

The notes on pages 8 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

General information and basis of accounting

QAHE (UR) Limited (the 'Company') is a private limited company and domiciled in England and Wales.

The financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The functional and presentational currency of the Company is considered to be Pound Sterling because that is the currency of the primary economic environment in which the Company operates. The report is presented in £ms, although precise share capital information is given in the note.

Summary of disclosure exemptions

The company 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:
 - i) paragraph 73 e) of IAS 16, Property, Plant and Equipment
 - ii) 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.
- 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.

The accounting policies set out below, have, unless otherwise stated, been applied consistently in these financial statements.

In application of these accounting policies, described above, 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.

NOTES TO THE FINANCIAL STATEMENTS

Going concern

The financial statements have been prepared on a going concern as set out in the Directors' report on page 2. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report. The Directors have considered the adoption of the going concern basis of preparation of these financial statements with consideration to the wider Group position and its business model.

Turnover

All turnover relates to provision of higher education services. All turnover arises within the United Kingdom.

Basic financial instruments

Debtors/ creditors

Debtors are recognised initially at transaction price, less attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. If the arrangement constitutes a financing transaction, for example if a payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at the market rate of instrument for a similar debt instrument.

Impairment

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. 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 its carrying amount and the present value of future cash flows discounted at the asset's original effective rate.

For the financial instrument 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.

Impairment losses are recognised in profit and loss. When a subsequent event causes the amount of impairment loss to be decreased, the decrease in impairment loss is reversed through profit and loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

Taxation (continued)

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.

Dividends

Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Critical accounting judgements

In the application of the Company's accounting policies described above the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are explained in the individual accounting policies above 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. The key sources of estimation uncertainty are set out below.

Key sources of estimation uncertainty

Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use which is based on future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise. The uncertainty relates to the forecast cash flows.

2. Turnover

All turnover relates to the provision of education services.

All turnover arises within the United Kingdom.

3. Directors' remuneration

The Directors did not receive any remuneration for their services to the Company during the year, (2019: nil). It is not practicable to allocate their remuneration from other Group companies.

NOTES TO THE FINANCIAL STATEMENTS

4. Staff costs and numbers

The Company had no employees other than Directors during the year (2019: none). Although there are recharges from other group companies in respect of staff costs, the employment contracts with staff are not held by QAHE (UR) Limited.

5. Tax on profit

The tax on profit for the year is the same as the standard rate of corporation tax for the year of 19%, (2019:19%).

	2020	2019
	£m	£m
Profit before tax for the period	13.2	13.1
Tax charge at standard rate of 19%	(2.5)	(2.5)
Total tax charge	(2.5)	(2.5)

6. Investments

The Company holds 49.9% of the ordinary share capital of Roehampton Pathway Campus Limited. The carrying value of the investment is £499. The net assets of the entity are less than £0.1m. The registered address of Roehampton Pathway Campus Limited is: Grove House, Roehampton Lane, London SW15 5PJ.

7. Debtors: amounts falling due within one year

	2020	2019
	£m	£m
Trade receivables	-	5.5
Amounts due from Group and related party undertakings	42.4	24.3
Prepayments	3.2	-
	45.6	29.8

NOTES TO THE FINANCIAL STATEMENTS

8. Creditors: amounts falling due within one year

	2020	2019
	£m	£m
Trade creditors		
Accruals	3.2	2.9
Amounts due to Group and related party undertakings	0.5	0.2
Deferred income	4.3	5.3
Other creditors	1.7	1.0
Corporation tax	2.9	2.5
	12.6	11.9

9. Share Capital

	2020	2019
	£	£
1 Ordinary share of £1	1	1

10. Reserves

Profit and loss account

The profit and loss account represents accumulated profits since the Company was incorporated.

NOTES TO THE FINANCIAL STATEMENTS

11. Ultimate Controlling Party

The Company is a wholly owned subsidiary of QAHE Limited, a company registered in England and Wales.

The ultimate parent undertaking and ultimate controlling party is IndigoCyan Holdings Jersey Limited.

The most senior parent entity producing publicly available financial statements is Indigo Cyan Holdco 3 Limited. These financial statements are available on the Group's website: www.qa.com.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is IndigoCyan Holdco 3 Limited, incorporated in Jersey.

The address of is IndigoCyan Holdco 3 Limited is:
27 The Esplanade, St Helier, Jersey, JE1 1SG.

The parents of the smallest group in which these financial statements are consolidated is QAHE Limited, incorporated in the United Kingdom.

The address of QAHE Limited is:

Rath House, 55-65 Uxbridge House, Slough, Berkshire, SL1 1SG.