Registered Company Number: 09889851

IQSA Group Limited

Directors' Report and Financial Statements

For the year ended 30 September 2019

IQSA Group Limited
Directors' Report and Financial Statements
For the year ended 30 September 2019

Contents

The Directors present their Report and the audited financial statements for the year ended 30 September 2019. In accordance with Companies Act, IQSA Group Limited ("the Company") has taken an exemption from the requirement to prepare a strategic report under section 414B of the Companies Act 2006.

Principal activities

The Company is a subsidiary of IQSA Holdings S.à r.l., a Company incorporated and registered in Luxembourg (the "Group"). The principal activity of the Company is to provide management services in relation to the assets owned by the Group. The Company is a private company limited by shares. For the year ending 30 September 2019 the company was a subsidiary of a group headed by IQSA Holdings S.à r.l..

Dividends

The Company did not pay any dividends during the year (2018: £nil). The Directors do not recommend the payment of a final dividend (2018: £nil).

Directorships

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Jim Garman (resigned 15 May 2020)
Peter John Pereira Gray (resigned 15 May 2020)
Penelope Lesley Hughes (resigned 15 May 2020)
Richard James Spencer (resigned 15 May 2020)
Simon David Austin Davies (appointed 15 May 2020)
Gemma Nandita Kataky (appointed 15 May2020)
Michael David Vrana (appointed 15 May 2020)

Change in Group structure

On 15 May 2020, IQSA Holdings S.à r.l. was acquired by Capella UK Bidco 1 Limited, a subsidiary of Capella Topco Limited, a Jersey limited company. The ultimate shareholders of Capella Topco Limited are investment funds advised by affiliates of The Blackstone Group Inc.

Accounting principles

Details of the main accounting principles adopted are disclosed in note 2 in these financial statements.

Financial Risk Management

Credit risk

Credit risk occurs when a counterparty to a financial instrument fails to discharge an obligation to the Company. It may occur through receivables, or cash and cash equivalents held at banks. The Company's receivables relate principally to amounts due from other group companies, and management monitors the ability of these debtors to meet their obligations on an ongoing basis.
Expected Credit Loss has been calculated as outlined in Note 2.1.3 and Note 2.2.

Interest rate risk

The Company finances its normal operations with cash generated by operations, and short term intercompany loans that are interest free.

Liquidity and cash flow risk

The Company finances its normal operations with cash generated by the Groups' operations, and intercompany loans. Management mitigates this risk through monitoring cash flow forecasts.

Directors' indemnities and insurance

The Company has agreed to indemnify each director and other officer throughout the year and at the approval date of the financial statements against liability incurred in relation to acts of omissions arising in the ordinary course of their duties. The indemnity applies only to the extent permitted by law.
The Company has in place appropriate third party Directors & Officers Liability insurance cover in respect of potential legal action against its Directors and officers.

Political donations

The Company has not made any political donations during the year and does not intend to make any political donations in 2020.

Financial instruments

The Company does not use derivative or hedging instruments.

Independent Auditors

The Directors of the Company resolved to reappoint PricewaterhouseCoopers LLP as auditors of the Company.

Registered Office

The registered office of the Company is 7th Floor Cottons Centre, Cottons Lane, London, United Kingdom, SE1 2QG.

Future developments

The Company will continue to provide operating, asset and development management services to the Group.

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to Independent Auditors

In the case of each Director in office at the date of the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern

Subsequent to the year end, IQSA Holdings S.à r.l. was acquired by Capella Bidco 1 Limited, a subsidiary of Capella Topco Limited, a Jersey limited company.
The Directors regularly test the business model to ensure that the Company has adequate working capital and has reviewed the current and projected financial position, making reasonable assumptions of the future trading performance of the Company. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for its foreseeable future and, therefore, they adopt the going concern basis in preparing the financial statements.

The Company is reliant on a letter of support from Capella Topco Limited. The Company has received confirmation that Capella Topco Limited intends to support the Company for a period of at least 12 months from the date these financial statements are approved.
A more detailed explanation of this going concern assessment performed by directors can be found in Note 2.1.1 of these financial statements.

The Directors' Report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the Board

Simon Davies
Director
14 August 2020

Independent auditors' report to the members of IQSA Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, IQSA Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 September 2019; the Statement of Profit and Loss for the year ended 30 September 2019, the Statement of Changes in Equity for the year ended 30 September 2019; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 September 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Ian Benham

Ian Benham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 August 2020

IQSA Group Limited
Statement of Profit and Loss
For the year ended 30 September 2019

	Note	Year ended 30-Sep-19 £'000	Year ended 30-Sep-18 £'000
Revenue	4	364	260
Gross Profit		**364**	**260**
Administrative expenses		(314)	(210)
Profit before income taxation	5	**50**	**50**
Income tax expense	7	(10)	(9)
Profit for the financial year		40	41

All of the results stated above relate to continuing operations.

The notes on pages 9 to 16 form an integral part of these financial statements.

IQSA Group Limited
Statement of Financial Position
As at 30 September 2019

	Note	As at 30-Sep-19 £'000	As at 30-Sep-18 £'000
Fixed Assets			
Investments	8	-	-
Current assets			
Cash and cash equivalents		-	-
Trade and other receivables	9	166	546
		166	546
Total assets		166	546
Creditors - amounts falling due within one year	10	(16)	(436)
Total liabilities		(16)	(436)
Net assets		150	110
Equity attributable to equity holders			
Called up share capital	11	-	-
Retained earnings		150	110
Total equity		150	110

The financial statements on pages 6 to 16 were approved by the board of directors and authorised for issue on 14 August 2020 and are signed on its behalf by:

Simon Davies
Director

The notes on pages 9 to 16 form an integral part of these financial statements.

IQSA Group Limited
Statement of Changes in Equity
For the year ended 30 September 2019

	Called Up Share Capital £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 October 2018	-	110	110
Profit for the financial year	-	40	40
Balance at 30 September 2019	-	150	150

	Called Up Share Capital £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 October 2017	-	69	69
Profit for the financial year	-	41	41
Balance at 30 September 2018	-	110	110

The notes on pages 9 to 16 form an integral part of these financial statements.

1. General Information

The Company was incorporated on 26 November 2015 in the United Kingdom. Its principal activities are to provide management services in relation to the assets owned by the "Group". The Company is a subsidiary of IQSA Holdings S.à r.l., a Company incorporated and registered in Luxembourg (the "Group").

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of IQSA Group Limited have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101.

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statements of cash flows)
  - 16 (statement of compliance with all IFRS)
  - 38(A) (requirement for minimum of two primary statements, including cash flow statements),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)

- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)

- IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

2.1 Basis of preparation (continued)

- The requirements in IAS 24, 'Related party disclosures':
  to disclose related party transactions between two or more members of a group;
  paragraph 17 (key management compensation); and
  paragraph 18A related to key management service provided by a separate management entity.

2.1.1 Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its liabilities when they fall due. The Company is reliant on a letter of support from Capella Topco Limited. The Company has received confirmation that Capella Topco Limited intends to support the Company for a period of at least 12 months from the date these financial statements are approved. In addition, the Directors have received confirmation from Capella Topco Limited that the ultimate shareholders have provided Capella Topco Limited and its subsidiaries (the Group) with a guarantee to provide such funding as is necessary to meet the interest payments under the Group's debt facilities up to a total of £73.5m being the Group's forecast interest payments over the period up to and including 15 August 2021. In assessing the Group's and Company's ability to continue as a going concern, the Board has reviewed the trading and cash flow forecasts of the Group against the available financing facilities and covenants which include the Directors' assessment of the impact of COVID-19.

Financing

The Group meets its working capital and funding requirements through two secured senior loan facilities of an aggregate £2.7bn, with further capital expenditure facilities of £181m. These facilities have an initial maturity date of May 2022 with three 1-year extension options. The facilities require quarterly interest payments. They have no default covenants, but include a cash trap mechanism to restrict cash leaving the Group, triggered based on certain financial measures.

Trading forecasts and risks

The principal risk factor that affects the Group's performance is the impact on student accommodation occupancy of COVID-19. The Group prepares, annually, a five year strategic financial model which is tested against the Group's banking covenants. The strategic plan is prepared on a bottom-up, site by site basis, and is reviewed by the Group's executive before being approved by the Board.

The strategic plan, approved by the Board in November 2019 reflected the directors' best estimate of the prospects of the business before COVID-19. The plan has then been updated for the actual performance to 30 June 2020 and overlaid for the expected financial impact of COVID-19 to arrive at a revised base case for the purposes of assessing the going concern of the Group. The base case has been further stress tested for a more severe impact of COVID-19 and uncertainties surrounding diplomatic relations with China, where a significant number of the Group's students originate, that is referred to as the reasonable worst case (RWC) scenario below.

The most significant risk factor that affects the Group's going concern is the impact of the COVID-19 pandemic on the occupancy levels. In preparing the RWC, for the 2020/21 academic year commencing in September 2020, the Group has included the following key assumptions:

2. Significant accounting policies (continued)

2.1.1 Going concern (continued)

Trading forecasts and risks (continued)

- For the 20/21 academic year for students that pay directly to IQSA (whether direct let agreements or under a nomination agreements), assumed occupancy, and therefore income levels, were reduced and start dates delayed.
- Significantly reduced summer 2020 income.
- Cost forecasts for these periods have been flexed downwards in line with occupancy levels where appropriate, for example utility costs.
- Cash outflows in respect of capital expenditure have been reduced to remove some elements of uncommitted capital expenditure.
- In the event of further period of UK lock down, refunds/non collection of direct let revenue is similar to that experienced during the initial lock down in March 2020.
- For the 21/22 academic year income and costs return to pre Covid levels.

Under the reasonable downside case, when including the support provided by the interest guarantee from the ultimate shareholders, the Group has adequate resources to continue in operational existence for the foreseeable future and therefore can provide the necessary support to the Company if required. Accordingly, the directors have confirmed that, after due consideration, they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2.1.2 New standards, amendment and IFRS IC interpretations

IFRS 9 replaces the "incurred loss" impairment model in IAS 39 with a forward-looking expected credit loss model. It is no longer necessary for a loss event to occur before an impairment loss is recognised under the new model. Under the new expected loss approach, the Company assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

The Company's significant assets that are subject to IFRS 9's new expected credit loss model are financial assets from the leasing of investment properties in which the general 3-stage approach is applied.
The Company was required to revise its impairment methodology under IFRS 9. This did not result in a material change in the loss allowance recognised under IFRS 9 compared to the previous impairment provision held under IAS 39. In accordance with the transitional provisions, comparative figures have not been restated.

IFRS 15 'Revenue from Contracts with Customers' has been adopted from 1 October 2018, using the modified retrospective approach and does not have an impact on the timing of revenue recognition.
IFRS 15 does not apply to rental income (within the scope of IAS 17 Leases) which makes up most of the Company's revenue. The Company's other revenue from contracts with customers, as defined in IFRS 15 comprises ancillary revenue.
There are no significant changes to the way the Company has historically accounted for income as a result of the adoption of IFRS 15.

2.2 Consolidation

The Company is a wholly owned subsidiary of IQSA Holdings S.à r.l. and included within the consolidated statements of the Group, which are publicly available. The Company is therefore exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

2.3 Foreign currency transactions

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.4 Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses. Investments are tested annually for indicators of impairment.

2.5 Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established based on an expected credit loss model applying the simplified approach, which uses a lifetime expected loss allowance for all trade receivables and other receivables.

2.6 Share capital

Ordinary shares are classified as equity. External costs, if any, directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of any tax effects.

2.7 Creditors

Creditors are obligations to pay for goods or services that they have acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.8 Income tax

The tax expense for the period comprises current tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds respectively.

2.8 Income tax (continued)

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authority.

2.9 Employee benefits

The Company has no direct employees. All staff costs are recharged from a fellow group undertaking. Staff benefits are detailed in detail in the Group consolidated financial statements.

2.10 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting, where the effect is expected to be material, the expected future flows at a pre-tax rate which reflects current market assessments of the time value of money and the risk specific to the liability. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.11 Revenue recognition

The Company recognises revenue on an accruals basis when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. Revenue comprises of management fees charged to IQSA Holdings S.à r.l., a Holding Company within the Group.

3 Critical accounting estimates and judgements

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

3.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition seldom equal the related actual results. There are no estimates and assumptions that will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 Revenue

	Year ended 30-Sep-19 £'000	Year ended 30-Sep-18 £'000
Management fee income	364	260
	364	260

Income is derived through the recharge of costs plus a mark up to IQSA Holdings S.à r.l..

5 Profit before income taxation

	Year ended 30-Sep-19	Year ended 30-Sep-18
Profit before income taxation has been arrived at after charging:	£'000	£'000
Wages and salaries	250	158
Social security costs	33	21
Staff Costs	283	179
Auditors' remuneration (Audit services only)	7	6

6 Employees and directors

No staff members were directly employed by the entity during the year. Wages and salary costs relate to staff costs recharged to the Company by a member of the Group. Directors emoluments are borne by the Company and included within staff costs.

The average number of persons whose salaries were recharged to the Company during the year was as follows:

	Year ended 30-Sep-19 Number	Year ended 30-Sep-18 Number
Employees	-	-
Directors	1	1
	1	1

7 Income tax expense

	Year ended 30-Sep-19 £'000	Year ended 30-Sep-18 £'000
(a) Tax expenses included in profit or loss		
Current tax:		
- UK Corporation tax on profits for the year	10	9
Total Current tax	10	9
(b) Tax expenses included in other comprehensive income		
Deferred tax:		
- Origination and reversal of timing differences	-	-
Total Tax expense included in other comprehensive income	10	9
(c) Tax expenses included in profit or loss		
Profit before taxation	50	50
Profit before taxation multiplied by the standard rate of tax of 19% (2018: 19.00%)	10	9
Expenses not deductible for tax purposes:	-	-
Total tax expense	10	9

7 Income tax expense (continued)

The Company has no losses for tax purposes available to offset against future profits.

The Company has applied the main rate of corporation tax of 19% for the year ended 30 September 2019 (2018: 19%).

8 Investments	**Shares in Group Undertakings £'000**
At 30 September 2018	-
Additions	-
At 30 September 2019	-

Investments comprise of 100% of the ordinary share capital of IQSA Services Limited, which is not a publicly traded Company. The investment consists of 1 share at a value of £1.

9 Trade and other receivables	**30-Sep-19 £'000**	**30-Sep-18 £'000**
Prepayments and accrued income	1	-
Amounts owed by group undertakings	165	546
	166	546

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

10 Creditors: amounts falling due within one year	**30-Sep-19 £'000**	**30-Sep-18 £'000**
Amounts owed to group undertakings	-	400
Corporation tax	1	19
Accruals	15	17
	16	436

10 Creditors: amounts falling due within one year (continued)

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

11 Called up share capital	**As at 30-Sep-19 £'000**	**As at 30-Sep-18 £'000**
Issued:		
Ordinary shares – 1 (2018: 1) ordinary share of £1 each	-	-

12 Related party transactions

The Company has a management agreement with IQSA Holdings S.à r.l. The Company charges a management fee to IQSA Holdings S.à r.l. which comprises of a recharge of the Company's costs plus a mark up. During the year the Company charged fees totalling £364,000 (2018: £260,000) and the outstanding amount due at the balance sheet date was £165,000 (2018: £546,000).

13 Contingent liabilities and capital commitments

The Company is included in a group VAT registration for VAT purposes and is therefore jointly and severally liable for its, and all other group companies VAT liability.

14 Control

IQSA Holdings S.à r.l., the main Shareholder at 30 September 2019, having its registered office at 2, Rue du Fossé, L-1536 Luxembourg, is the ultimate parent company into which the Company's financial statements are consolidated.

The Group's ultimate shareholders at 30 September 2019 were The Goldman Sachs Group, Inc. who indirectly owned 64.45%, The Wellcome Trust and Greystar UK Portfolio I Investors who owned 28% and 3.6% respectively.

15 Subsequent events

On 15 May 2020, IQSA Holdings S.à r.l. was acquired by Capella UK Bidco 1 Limited, a subsidiary of Capella UK Topco Limited, both of which are incorporated in the United Kingdom. The ultimate shareholders of Capella UK Topco Limited are investment funds advised by affiliates of The Blackstone Group Inc.

On 30 January 2020 the World Health Organisation declared the coronavirus was a global health emergency. The going concern considerations were made in the light of the pandemic. The pandemic is considered a non-adjusting post balance sheet event.