Cambridge
Education Group

Annual report and financial statements CEG Digital Limited

For the year ended 31 August 2020

Company no. 10055469

Officers and professional advisers

Company registration number	10055469
Registered office	51-53 Hills Road Cambridge CB2 1NT
Directors	D Johnston B Webb
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Contents

Directors' report

The directors present their report and the audited financial statements of the group for the year ended 31 August 2020.

Principal activities

The principal activity of the group during the year was the provision of online and blended learning courses.

Results and dividends

The loss for the financial year amounted to £432,000 (2019: £1,844,000 loss). No dividends were paid during the year (2019: £nil).

Going concern

After making enquiries, the directors have a reasonable expectation that the parent group into which the company is consolidated has adequate resources to continue in operational existence for the foreseeable future, within the level of existing facilities and to meet long term liabilities as they fall due. The parent group has indicated it will continue to offer financial assistance to the company for a period of at least 12 months from the date these financial statements were approved. The group therefore continues to adopt the going concern basis in preparing its financial statements.

Business review and future developments

The directors consider the results satisfactory and foresee further growth in the coming year.

Directors

The directors who served the company during the year and up to the date of signing of these financial statements were as follows:

M Ioakimides	Resigned 11 November 2019
D Johnston	Appointed 11 November 2019
P Symes	Resigned 11 November 2019
B Webb	

Statement of directors' responsibilities

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 and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and company and of the profit or loss of the group for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed;
- 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 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. They 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.

Disclosure of information to auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Independent auditor

During the financial year BDO LLP was appointed as auditor following a competitive tender, the appointment taking effect for the audit of these financial statements Having expressed their willingness to continue in office, they will be deemed reappointed for the next financial year in accordance with section 487 (2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under part 15 of the Companies Act 2006.

On behalf of the board

D Johnston
Director
18th December 2020

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CEG DIGITAL LIMITED

Opinion

We have audited the financial statements of CEG Digital Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 August 2020 which comprise Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity, Company statement of financial position and Company statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 August 2020 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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 Group or Parent 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

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 Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Kieran Storan (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date: 21 December 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement

For the year ended 31 August 2020

	2020	2019
	£'000	£'000
Revenue	**6,240**	2,956
Cost of sales	**(1,702)**	(1,165)
Gross profit	**4,538**	1,791
Administrative expenses	**(5,163)**	(3,949)
Loss before interest and tax	**(625)**	(2,158)
Interest payable and similar expenses	**(8)**	(13)
Loss before tax	**(633)**	(2,171)
Tax credit on loss	**201**	327
Loss for the financial year	**(432)**	(1,844)

All of the activities of the company are classed as continuing.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account.

Consolidated statement of comprehensive income

For the year ended 31 August 2020

	2020	2019
	£'000	£'000
Loss for the financial year	**(432)**	(1,844)
Total comprehensive expense for the year	**(432)**	(1,844)

Consolidated statement of financial position

As at 31 August 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	6	**2,622**	2,085
Tangible assets	7	**16**	29
		2,638	2,114
Current assets			
Work in progress		**63**	-
Debtors	9	**1,574**	838
Cash at bank and in hand		**2,587**	167
		4,224	1,005
Creditors: amounts falling due within one year	10	**(18,333)**	(14,158)
Net current liabilities		**(14,109)**	(13,153)
Total assets less net current liabilities		**(11,471)**	(11,039)
Net liabilities		**(11,471)**	(11,039)
Capital and reserves			
Called-up share capital	13	**-**	-
Accumulated losses	13	**(7,971)**	(7,539)
Other reserves	13	**(3,500)**	(3,500)
Total equity		**(11,471)**	(11,039)

These financial statements have been prepared in accordance with the special provisions for small companies under part 15 of the Companies Act 2006.

These financial statements on pages 8 to 23 were approved by the directors and authorised for issue on 18 December 2020 and are signed on their behalf by:

D Johnston
Director
Company registration number: 10055469

Consolidated statement of changes in equity

For the year ended 31 August 2020

	Called-up share capital £'000	Other reserves £'000	Accumu-lated losses £'000	Total equity £'000
At 1 September 2018	**-**	**-**	**(5,695)**	**(5,695)**
Loss for the financial year	-	-	(1,844)	(1,844)
Total comprehensive expense for the financial year	-	-	(1,844)	(1,844)
Reserve arising from business combination		(3,500)	-	(3,500)
At 31 August 2019	**-**	**(3,500)**	**(7,539)**	**(11,039)**
Loss for the financial year	-	-	(432)	(432)
Total comprehensive expense for the financial year	-	-	(432)	(432)
At 31 August 2020	**-**	**(3,500)**	**(7,971)**	**(11,471)**

Company statement of financial position

As at 31 August 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	6	**13**	21
Tangible assets	7	**6**	10
Investment in subsidiary undertakings	8	**3,500**	3,500
		3,519	3,531
Current assets			
Work in progress		**63**	-
Debtors	9	**6,573**	5,812
Cash at bank and in hand		**2,133**	15
		8,769	5,827
Creditors: amounts falling due within one year	10	**(15,352)**	(11,950)
Net current liabilities		**(6,583)**	(6,123)
Total assets less net current liabilities		**(3,064)**	(2,592)
Net liabilities		**(3,064)**	(2,592)
Capital and reserves			
Called-up share capital	13	**-**	-
Accumulated losses	13	**(3,064)**	(2,592)
Total equity		**(3,064)**	(2,592)

The loss after tax dealt with in the financial statement of the company and attributable to members was £472,000 (2019: £877,000 loss).

These financial statements have been prepared in accordance with the special provisions for small companies under part 15 of the Companies Act 2006.

These financial statements on pages 8 to 23 were approved by the directors and authorised for issue on 18 December 2020 and are signed on their behalf by:

D Johnston
Director
Company registration number: 10055469

Company statement of changes in equity

For the year ended 31 August 2020

	Called-up share capital £'000	Accumulated losses £'000	Total equity £'000
At 1 September 2018	**-**	**(1,715)**	**(1,715)**
Loss for the financial year	-	(877)	(877)
Total comprehensive expense for the financial year	-	(877)	(877)
At 31 August 2019	**-**	**(2,592)**	**(2,592)**
Loss for the financial year	-	(472)	(472)
Total comprehensive expense for the financial year	-	(472)	(472)
At 31 August 2020	**-**	**(3,064)**	**(3,064)**

Notes to the financial statements

1 General information

CEG Digital Limited ("the company") is a private company limited by shares and incorporated in England, United Kingdom under the Companies Act 2006. The address of the registered office, which is also the principal place of business, is given on page 1. The principal activity of the company and its subsidiaries (together "the group") is the provision of online and blended learning courses.

2 Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards including "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102 Section 1A" applicable to small entities) and the Companies Act 2006 (including part 15 special provisions for small companies).

3 Summary of significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year in these financial statements.

a) Basis of preparation

These financial statements have been prepared on a going concern basis under the historic cost convention.

The functional currency of the group is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Values are presented in thousands of pounds sterling except where the nature of the disclosure or the value disclosed is such that disclosure in pounds sterling is more appropriate.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

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

b) Going concern

The parent group of which the group and company are a part meets its day-to-day working capital requirements through its bank facilities. The directors have prepared both detailed budgets and long-term forecasts for the group, taking account of reasonably possible changes in trading performance. After making enquiries, the directors have a reasonable expectation that both the group and company have adequate resources to continue in operational existence for the foreseeable future, within the level of existing facilities and to meet long term liabilities as they fall due. The group therefore continues to adopt the going concern basis in preparing its financial statements.

c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all subsidiary undertakings together, made up to 31 August.

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

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

d) Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transaction. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions are recognised in the income statement.

Monetary assets and liabilities in foreign currencies are translated into the functional currency of pounds sterling at the rates of exchange ruling at the balance sheet date. Gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

e) Revenue

Revenue is stated net of VAT (if applicable) and is recognised when the significant risks and rewards are considered to have transferred.

Revenue shown in the income statement represents amounts receivable in respect of the provision of online and blended educational courses and is recognised as the performance of those services occurs.

f) Interest

Interest expense is recognised in the year in which it is incurred using the effective interest rate method.

g) Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is received.

The group operates a number of defined contribution plans for employees. A defined contribution plan is a pension plan under which fixed contributions are paid into an arrangement separate from that group. Once the contributions have been paid, the group has no further payment obligations. The contributions are recognised as an expense when they are due. Differences between contributions payable and actually paid are shown as either accruals or prepayments in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

The group operates a number of annual bonus plans for employees. An expense is recognised in the income statement when the group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

h) Current tax

Current tax is the amount of income tax payable on the taxable profit for the year. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

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 to be paid to the tax authorities.

i) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

j) Intangible assets

Intangible assets are non-monetary assets without physical substance which are separable or arise from contractual or other legal rights.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Development costs that are directly attributable to the design and testing of identifiable academic courses controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the academic course development so that it will be available for use;
- management intends to complete the academic course development and use or sell it;
- there is an ability to use or sell the academic course and materials;
- it can be demonstrated how the academic course will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the academic course are available; and
- the expenditure attributable to the academic course during the development can be reliably measured.

Costs associated with maintaining academic courses are recognised as an expense as incurred.

k) Amortisation

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of intangible assets to their residual values over their estimated useful economic lives, as follows:

Curriculum development	5 year straight line

Amortisation is charged to administrative expenses in the income statement.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

l) Tangible assets

Tangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the group and the cost can be measured reliably. Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

m) Depreciation and residual values

Depreciation is calculated so as to write off the cost of tangible assets, less their estimated residual value, over the useful economic life of those assets as follows:

Plant and equipment	15% - 25% straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting year. The effect of any change is accounted for prospectively.

n) Impairment of non-financial assets

The group assesses at each reporting date whether an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the assets. If it is not possible to estimate the recoverable amount of the individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in the income statement unless the asset is carried at revalued amount where impairment loss of a revalued asset is a revaluation decrease.

An impairment loss is reversed in a subsequent period, if and only if, the reasons for impairment loss have ceased to apply.

o) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

p) Current debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administrative expenses.

q) Financial instruments

Basic financial assets, including trade and other debtors, amounts owed by group undertakings, and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Financing transactions are measured at the present value of the future receipts discounted at the market rate of interest and are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

Basic financial liabilities including trade and other creditors, and amounts owed to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. For such transactions the debt instrument is measured at present value of the future receipts discounted at a market rate of interest and subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends and other distributions to the group's shareholders are recognised as a liability in the year in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

4 Critical accounting estimates and judgements

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the directors, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are described below.

Impairment of intangible assets

The group considers whether intangible assets are impaired. This estimate is based on a variety of factors such as expected use of the assets, expected useful life of cash generating units to which the assets are attributed, and any legal, regulatory or contractual provisions that can limit useful life and assumptions. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flow from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience. The net carrying amount of the debtors and the associated impairment provision are given in note 9.

Taxation

The group establishes provisions based on reasonable estimates of direct and indirect tax rates and where relevant for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that is recognised, based upon likely timing and level of future taxable profits together with an assessment of the tax rates that will be applicable in future and the effect of future tax planning strategies.

5 Average number of employees

	2020 No.	2019 No.
The average number of persons employed was:	**70**	51

Directors' remuneration is borne by other group companies and it is deemed not possible to allocate a charge from other group companies.

6 Intangible assets

Curriculum development	**Group £'000**	**Company £'000**
Cost:		
At 1 September 2019	3,403	41
Additions	1,134	-
Disposals	(124)	-
At 31 August 2020	**4,413**	**41**
Accumulated amortisation:		
At 1 September 2019	1,318	20
Charge for the year	597	8
Disposals	(124)	-
At 31 August 2020	**1,791**	**28**
Net book value:		
At 31 August 2020	**2,622**	**13**
At 31 August 2019	2,085	21

7 Tangible assets

Plant & equipment	**Group £'000**	**Company £'000**
Cost:		
At 1 September 2019	51	15
Additions	-	-
At 31 August 2020	**51**	**15**
Accumulated depreciation:		
At 1 September 2019	22	5
Charge for the year	13	4
At 31 August 2020	**35**	**9**
Net book value:		
At 31 August 2020	**16**	**6**
At 31 August 2019	29	10

8 Investments

Investment in subsidiaries	**Company £'000**
Cost and net book value:	
At 31 August 2020 and 31 August 2019	**3,500**

Investments are the directly-held subsidiaries in note 14.

9 Debtors

	Group		**Company**	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Trade debtors	**742**	295	**357**	140
Amounts owed by group undertakings	-	-	**6,040**	5,649
Deferred tax	**7**	3	**3**	1
Other debtors	-	3	-	-
Prepayments and accrued income	**825**	537	**173**	22
	1,574	838	**6,573**	5,812

Trade debtors are stated after provisions for impairment of £65,000 (2019: £25,000).

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

Prepayments include £550,000 (2019: £450,000) that will be charged to the income statement more than one year after the year end.

10 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Trade creditors	**92**	599	**37**	145
Amounts owed to group undertakings	**14,662**	11,684	**14,661**	11,684
Social security and other taxes	**840**	372	**514**	49
Accruals	**955**	504	**140**	72
Deferred income	**1,784**	999	**-**	-
	18,333	14,158	**15,352**	11,950

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

11 Related party transactions

As a wholly-owned subsidiary of Camelot Topco Limited, the company is exempt from the requirement to disclose transactions with other members of the group of which it is a member.

12 Contingent liabilities

The group is a co-guarantor of the bank loan of an intermediate parent undertaking, Camelot Bidco Limited. At 31 August 2020 this amounted to £15,000,000 (2019: £nil).

13 Called-up share capital and reserves

Allotted, called-up and fully paid:

Group and company

	2020		2019	
	No.	**£**	No.	£
Ordinary shares of £1 each	**1**	**1**	1	1

The ordinary shares are not redeemable, have voting rights of one vote per share and are all equally entitled to dividends and any distribution of capital. All shares are classified as equity.

The accumulated losses reserve represents the cumulative profits and losses, net of dividends paid and other adjustments.

The group other reserve represents the excess of the consideration paid for the acquisition of Hull Online Limited over the nominal value of shares acquired. The combination was accounted for using merger accounting.

14 List of subsidiary undertakings

At 31 August 2020 the company had the following subsidiary undertakings, all of which are directly held:

Subsidiary undertakings	Registered office	Nature of business	Interest
CEG Online Limited	i.	Online & blended university courses	100% ordinary shares
Falmouth Flexible Ltd	i.	Online & blended university courses	100% ordinary shares
Hull Online Limited	i.	Online & blended university courses	100% ordinary shares
Queen Mary Digital Limited	i.	Online & blended university courses	100% ordinary shares
Portsmouth Online Limited [a]	i.	Online & blended university courses	100% ordinary shares
Southampton Global Limited	i.	Online & blended university courses	100% ordinary shares
CEG International Limited	i.	Dormant	100% ordinary shares

i. 51-53 Hills Road, Cambridge, CB2 1NT, United Kingdom.

a On 10 March 2020 the subsidiary changed its name from CEG Dormant 2 Limited.

15 Subsidiaries exempt from audit

The following subsidiary undertakings have claimed exemption from the requirements of the UK Companies Act 2006 section 479A relating to the audit of individual financial statements for the year ended 31 August 2020. The immediate parent company, CEG Digital Limited, has given a statement of guarantee under the Companies Act 2006 section 479A to guarantee all outstanding liabilities to which the respective subsidiary is subject at 31 August 2020.

Subsidiary	Company number
CEG Online Limited	10558669
Falmouth Flexible Ltd	10062305
Hull Online Limited	9924999
Portsmouth Online Limited	9952086
Queen Mary Digital Limited	10212307
Southampton Global Limited	10112318

16 Ultimate controlling party

The immediate parent company is Cambridge Education Group Limited, a company incorporated in the United Kingdom.

The ultimate parent company is Camelot Topco Limited, a company incorporated in the United Kingdom with a registered office at the same address as that of the company, as shown on page 1.

Camelot Holdco Limited is the parent company of the smallest group which prepares publicly available consolidated financial statements that incorporate the results of the company and its subsidiaries. Copies of those consolidated financial statements may be obtained from the address given on page 1.

Camelot Topco Limited is the parent undertaking of the largest group which prepares publicly available consolidated financial statements that incorporate the results of the company and its subsidiaries. Copies of the consolidated financial statements may be obtained from the address given on page 1.

The ultimate controlling party is Bridgepoint Europe IV Fund, managed by Bridgepoint Advisers Limited, which owns the majority of the shares in the ultimate parent company on behalf of various funds.