

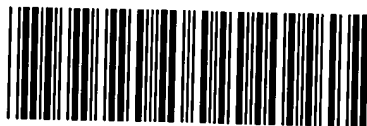
Alpha Plus Developments Limited

Annual Report and Financial Statements

Year ended 31 August 2020

Company Registration No. 10031343

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Alpha Plus Developments Limited
Annual Report and Financial Statements

Company No. 10031343

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Alpha Plus Developments Limited

Company No. 10031343

Annual Report and Financial Statements

Officers and professional advisors

Directors

M D Hanley-Browne

M J Sample

J E B Bowden

Secretary

J C Norton

Registered Office

50 Queen Anne Street, London, W1G 8HJ

Auditors

BDO LLP

31 Chertsey Street, Guildford, Surrey, GU1 4HD

Annual Report and Financial Statements

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 August 2020.

Directors

The Directors who served during the year and to the date of signing these accounts were:

G G Able (resigned 29 January 2021)

M D Hanley-Browne

M J Sample

J E B Bowden was appointed a Director on 4 January 2021.

Principal activities

The Company is an investment company. It was the founding limited partner, and has a 99.99% economic interest, in Alpha Plus US LP, a New York State registered limited partnership formed in 2016 to own and operate Wetherby-Pembridge School in New York City, which opened in September 2017.

Review of business and future developments

Interest payable on a loan from a fellow Group company amounted to £0.25m (2019: £0.16m) and the Company has reported a loss before tax of £0.25m (2019: £0.16m) as a consequence.

The Company contributed a further \$1,999,800 of additional capital into Alpha Plus US LP on 31 August 2020.

The activities of the Company are not expected to change in the foreseeable future.

As the Company does not yet have any distributable reserves, the Directors are unable to recommend the payment of a dividend.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including interest rate risk and foreign currency risk. These risks are described further in note 12 to the financial statements.

Other business risks

The Company's position as a partner in Alpha Plus US LP ("the Partnership") also exposes it to a number of other business risks. The Partnership's ability to attract students can be adversely impacted by the general economic environment and consideration is given to this when establishing tuition fee levels. The Company could also be negatively impacted by matters affecting the reputation of the Partnership's educational operations. The Partnership has internal review procedures to maintain educational standards and to comply with all relevant regulations.

Going concern

Given the significant impact of Covid-19 on the macro-economic conditions in which the Company is operating, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 August 2020.

Annual Report and Financial Statements

Directors' Report *continued*

Going concern *continued*

The financial statements have been prepared on a going concern basis. In considering whether this is appropriate, the Directors have taken into account the following:

- as at 31 August 2020, the Company had drawn loans totalling £6.9m from fellow Group undertaking, Alpha Plus Group Limited, which are repayable on demand, resulting in net current liabilities of £6.9m as at that date. This balance is not an operational liability as it represents funding for the Company's investment in subsidiary. No repayments have been requested since the first loan advance on 31 August 2017. The Directors, who are also directors of Alpha Plus Group Limited, have satisfied themselves that there is no indication that Alpha Plus Group Limited would require repayment of this balance to support its own operations in the period ending August 2022 based on a review of Alpha Plus Group Limited profit and cash flow forecasts; and
- the immediate parent company, Alpha Plus Holdings plc, has undertaken to continue to provide such financial support as the Company may require for a period of at least one year from the date these financial statements were approved. The Directors are satisfied that Alpha Plus Holdings plc has the ability to provide such support.

As a result, the Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future, and consider it appropriate to prepare the financial statements on a going concern basis.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' Report are shown above. Having made enquiries of fellow Directors and of the Company's auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

Ernst & Young LLP resigned during the year and BDO LLP were appointed in their place.

Exemption from preparation of separate strategic report

The Company has taken advantage of the exemption contained in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 from the requirement to prepare a separate strategic report.

Approved by the Board of Directors and signed on behalf of the Board



J C Norton

Secretary

25 May 2021

Annual Report and Financial Statements

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom 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 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 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

Annual Report and Financial Statements**Independent Auditor's Report to the Members of Alpha Plus Developments Limited****Opinion**

We have audited the financial statements of Alpha Plus Developments Limited ("the Company") for the year ended 31 August 2020 which comprise the statement of comprehensive income, the statement of financial position and the 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 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Annual Report and Financial Statements

Independent Auditor's Report to the Members of Alpha Plus Developments Limited

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 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 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 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.

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.

Alpha Plus Developments Limited

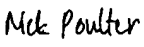
Company No. 10031343

Annual Report and Financial Statements

Independent Auditor's Report to the Members of Alpha Plus Developments Limited

Use of our report

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

DocuSigned by:

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Nick Poulter (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Guildford, UK
25 May 2021

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

Annual Report and Financial Statements**Statement of comprehensive income for the year ended 31 August 2020**

		2020	2019
	Notes	£000	£000
Interest payable and similar charges	6	(251)	(163)
Loss before tax		(251)	(163)
Tax credit / (charge)	7	386	(90)
Profit /(loss) and total comprehensive income / (deficit) for the year		135	(253)

All amounts arise from continuing operations.

The notes on pages 11 to 19 form part of these financial statements.

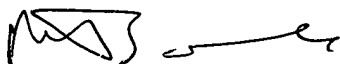
Annual Report and Financial Statements

Balance sheet as at 31 August 2020

	Notes	2020 £000	2019 £000
Non-current assets			
Investments	8	6,617	5,117
Deferred tax assets	7	338	-
		<u>6,955</u>	<u>5,117</u>
Debtors	9	59	11
Creditors: amounts falling due within one year	10	(6,914)	(5,163)
Net current liabilities		<u>(6,855)</u>	<u>(5,152)</u>
Net assets / (liabilities)		<u><u>100</u></u>	<u><u>(35)</u></u>
Equity attributable to equity shareholders			
Share capital	11	-	-
Retained reserves		100	(35)
Total equity		<u><u>100</u></u>	<u><u>(35)</u></u>

The notes on pages 11 to 19 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 25 May 2021



M J Sample
Director of Finance

Annual Report and Financial Statements

Statement of changes in equity for the year ended 31 August 2020

	Share capital	Retained reserves	Total equity
	£000	£000	£000
At 31 August 2018	-	218	218
Loss and total comprehensive deficit for the year	-	(253)	(253)
At 31 August 2019	-	(35)	(35)
Profit and total comprehensive income for the year	-	135	135
At 31 August 2020	-	100	100

The notes on pages 11 to 19 form part of these financial statements.

Annual Report and Financial Statements**Notes to the financial statements for the period ended 31 August 2020****1. Corporate information**

The financial statements of Alpha Plus Developments Limited ("the Company") for the year ended 31 August 2020 were authorised for issue in accordance with a resolution of the Directors on 25 May 2021. The Company is a private company limited by shares and is incorporated and domiciled in England and Wales.

2. Basis of preparation

These financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in accordance with applicable United Kingdom law and Accounting Standards which have been consistently applied throughout the current and previous years. The particular accounting policies adopted are described below.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the exemption from the requirement to prepare group financial statements available under s400 of the Companies Act 2006, as it is a wholly owned subsidiary undertaking of Alpha Plus Holdings plc, which produces consolidated financial statements that include the financial statements of the Company. These financial statements therefore present information about the Company as an individual undertaking and not about its group. The consolidated financial statements of Alpha Plus Holdings plc may be viewed or downloaded at www.alphaplusgroup.co.uk/investors.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13: Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), 16 and 134-136 of IAS 1: Presentation of Financial Statements;
- the requirements of IAS 7: Statement of Cash Flows;
- the requirements of paragraphs 30-31 of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements in IAS 24: Related Party Disclosures to disclose related party transactions entered into between members of a group provided that any subsidiary which is party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36: Impairment of Assets.

3. Going concern

Given the significant impact of Covid-19 on the macro-economic conditions in which the Company is operating, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 August 2020.

Annual Report and Financial Statements**Notes to the financial statements for the year ended 31 August 2020 *continued*****3. Going concern *continued***

The financial statements have been prepared on a going concern basis. In considering whether this is appropriate, the Directors have taken into account the following:

- as at 31 August 2020, the Company had drawn loans totalling £6.9m from fellow Group undertaking, Alpha Plus Group Limited, which are repayable on demand, resulting in net current liabilities of £6.9m as at that date. This balance is not an operational liability as it represents funding for the Company's investment in subsidiary. No repayments have been requested since the first loan advance on 31 August 2017. The Directors, who are also directors of Alpha Plus Group Limited, have satisfied themselves that there is no indication that Alpha Plus Group Limited would require repayment of this balance to support its own operations in the period ending August 2022 based on a review of Alpha Plus Group Limited profit and cash flow forecasts; and
- the immediate parent company, Alpha Plus Holdings plc, has undertaken to continue to provide such financial support as the Company may require for a period of at least one year from the date these financial statements were approved. The Directors are satisfied that Alpha Plus Holdings plc has the ability to provide such support.

As a result, the Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future, and consider it appropriate to prepare the financial statements on a going concern basis.

4.1 Accounting policies**Interest payable**

Obligations for loans and borrowings, including loans to and from group companies, are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Taxes***Current tax***

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Annual Report and Financial Statements**Notes to the financial statements for the year ended 31 August 2020 *continued*****4.1 Accounting policies *continued******Taxes continued******Deferred tax continued***

Deferred tax assets are recognised for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Investments

Investments in subsidiary undertakings are shown at cost less provision for impairment. A review for indicators of impairment is completed at least annually and a value in use assessment is carried out if it is considered that the fair value of an asset may not support its carrying cost. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

Distributions from subsidiary undertakings are recognised in profit and loss once the right to receive the distribution is established.

Foreign currencies

Transactions in foreign currencies are initially recorded at the respective currency spot rate. Monetary assets and liabilities denominated in foreign currencies are translated at the currency spot rate at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

The assets and liabilities of foreign operations are translated into Sterling at the prevailing exchange rate on the reporting date and the statements of profit or loss are translated at the average exchange rate applicable during the reporting period. Exchange differences arising are recognised in other comprehensive income.

Financial instruments

Obligations for loans and borrowings, including loans to and from fellow Group companies, are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Annual Report and Financial Statements**Notes to the financial statements for the year ended 31 August 2020 *continued*****4.2 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Impairment of investments

Impairment exists when the carrying value of an asset exceeds its recoverable amount which is the higher of its fair value less costs of disposal and its value in use. The Company takes a long-term view when investing in entities that open new schools or relocate or otherwise expand existing schools and colleges. A new school typically fills with an annual pupil or student intake at the beginning of each academic year starting with the youngest age group. A school educating pupils aged between 3 and 11, for example, will consequently take at least eight years to fill. The Company consequently prepares financial projections covering periods of up to seven years when considering the value in use of fixed assets which includes making long-term assumptions regarding future pupil and student numbers, annual fee increases and cost inflation. This is longer than the default period of five years detailed in IAS 36.

Recognition of deferred tax assets

The Company has unutilised tax losses which are available to be set-off against future profits. This represents a temporary difference for deferred tax purposes and a subsequent deferred tax asset is recognised. IAS 12 provides that deferred tax assets should be recognised in respect of unutilised losses where it is probable that taxable profits will subsequently arise against which the losses can be utilised. The Directors have prepared and reviewed future financial projections for the Company and hence have recognised a deferred tax asset to the extent that losses are considered likely to be utilised over a five year period.

4.3 New standards and interpretations

No new standards or interpretations that would materially affect the Company's reported accounts became effective during the year.

5 Operating expenses

None of the Directors received any remuneration from the Company. The Directors of the Company are remunerated by fellow Group company, Alpha Plus Group Limited. Auditor's remuneration of £1,000 (2019: £1,000) was paid by fellow group company, Alpha Plus Group Ltd.

6 Interest payable

	2020	2019
	£000	£000
Interest payable to Group companies	251	163

Annual Report and Financial Statements

Notes to the financial statements for the year ended 31 August 2020 *continued***7 Tax**

The Company's share of profits or losses in its US-based investments are directly attributable to the Company and are subject to UK corporation tax.

Income statement	2020	2019
	£000	£000
Current tax:		
Receipt / (payment) in respect of group relief surrendered / (claimed)	48	(90)
Deferred tax:		
Relating to origination and reversal of temporary differences	338	-
Tax credit / (charge) reported in the statement of comprehensive income	386	(90)

A reconciliation between tax credit and the product of accounting loss multiplied by the UK corporation tax rate for the years ended 31 August 2020 and 2019 is as follows:

	2020	2019
	£000	£000
Company loss before tax	(251)	(163)
Share of partnership losses before tax	(2,266)	(1,517)
Total losses before tax	(2,517)	(1,680)
At UK corporation tax rate of 19%	478	319
Unrecognised deferred tax	(92)	(228)
Expenses not deductible	-	(91)
Group relief	-	(90)
Tax credit / (charge)	386	(90)

Annual Report and Financial Statements

Notes to the financial statements for the year ended 31 August 2020 *continued*7 Tax *continued*

Deferred tax

Deferred tax relates to the following:

	Balance sheet		Income statement	
	2020	2019	2020	2019
	£000	£000	£000	£000
Unutilised tax losses	338	-	(338)	-
Deferred tax asset	338	-		
Deferred tax credit			(338)	-
Reconciliation of net deferred tax assets	2020	2019		
	£000	£000		
Opening balance	-	-		
Recognised during the year	338	-		
Closing balance	338	-		

At 31 August 2020, the Company had tax losses of £1.8m (2019: £0.2m) that are available indefinitely for offset against future taxable profits of the Company. The tax value of these losses is £0.3m (2019: £40,000) of which £0.3m (2019: £nil) has been recognised.

Change in Corporation Tax rate

The Finance Bill 2020 reversed the Finance Act 2016 reduction in the headline rate of corporation tax from 19% to 17% with effect from 1 April 2020. This was substantively enacted on 17 March 2020, and therefore the company's deferred tax assets and liabilities are calculated at 19%.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. As the proposal to change the rate had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Annual Report and Financial Statements

Notes to the financial statements for the year ended 31 August 2020 *continued*

8 Investments

	Unlisted investments
	£000
Cost and net book value	
At 31 August 2018	3,476
Additions	1,641
At 31 August 2019	5,117
Additions	1,500
At 31 August 2020	6,617

The Company is the limited partner, and has a 99.99% economic interest, in Alpha Plus US LP, a New York State registered limited partnership with its registered office c/o Corporation Service Company, 80 State Street, Albany, NY, USA. On 31 August 2020, the Company contributed additional capital of \$1,999,800 into Alpha Plus US LP.

The figures above represent the aggregate Sterling equivalent of capital contributions made to date.

Impairment review***Impairment review for non-current assets***

For the purpose of impairment testing, Alpha Plus US LP is treated as a cash generating unit. In accordance with IAS 36 *Impairment of assets*, an impairment provision is recognised if carrying value is higher than recoverable amount. Recoverable amount is the greater of fair value less costs of disposal and value in use.

Key assumptions used in value in use calculations

The key assumptions for the Company's value in use calculations are projected pupil/student numbers, annual fees per pupil/student and weighted average cost of capital (WACC). The Company prepares financial projections for periods of up to seven years reflecting the period over which short term operational changes such as increases or decreases in a school's operational capacity can directly impact future cash flows. Earnings beyond this period are extrapolated using a long term growth rate of 2% (2019: 2%) per annum with a terminal year multiple of 12.75 (2019: 11) then applied. These cash flows are then discounted at a post-tax rate of 10.0% (2019: pre-tax 12.2%) per annum which represents the Company's WACC.

These calculations have determined that the value in use exceeds the carrying value of the Company's investment in Alpha Plus US LP and, consequently, no impairment is recognised.

Annual Report and Financial Statements**Notes to the financial statements for the year ended 31 August 2020 *continued*****9 Debtors**

	2020	2019
	£000	£000
Amounts owed by Group companies	59	11

Amounts owed by Group companies are non-interest bearing and are repayable on demand.

10 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Amounts owed to Group companies	6,914	5,163

Amounts owed to Group companies are repayable on demand and the Directors consider carrying amount to be an approximation of fair value. Interest is payable at the rate of 5% per annum.

11 Issued share capital

	2020	2019
	£000	£000
One Ordinary Share of £1 each - issued and fully paid	-	-

12 Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including interest rate risk and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's principal financial liability comprises a loan received from a fellow Group undertaking. Since the interest rate on this loan is fixed at 5% per annum, the Company is not exposed to any significant interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency exchange rates. The Company's exposure to foreign currency risk primarily relates to investments in US Dollars in a New York State registered limited partnership in which the Company is a partner. The Company has not hedged its exposure to movement in the US Dollar to Sterling exchange rate.

13 Related party transactions

In accordance with the exemption under paragraph 8(k) of FRS 101, the Company does not disclose transactions with the immediate parent company, Alpha Plus Holdings plc, or with other entities which are also wholly-owned by the immediate parent company.

Annual Report and Financial Statements

Notes to the financial statements for the year ended 31 August 2020 *continued*

14 Ultimate parent company

The immediate parent company is Alpha Plus Holdings plc. The consolidated financial statements of Alpha Plus Holdings plc, which is the smallest group in which the Company is consolidated, are publicly available.

The Directors consider DV4 Limited, a company registered in the British Virgin Islands, to be the ultimate parent company and controlling party and is the largest group into which the Company is consolidated.