

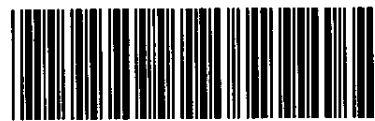
Company Registration No. 11325201

QAHE LIMITED

ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

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QAHE LIMITED

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QAHE LIMITED

COMPANY INFORMATION

Directors	Paul Geddes Julie Noone (resigned 1 December 2021) Nathan Runnicles Simon Nelson (appointed 1 December 2021)
Registered number	11325201
Registered office	International House 1 St Katherine's Way London E1W 1UN
Independent auditor	Deloitte LLP Statutory Auditor London United Kingdom
Solicitor	DLA Piper UK LLP 160 Aldergate Street Barbican London EC1A 4HT

QAHE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2022

The Directors present their Strategic Report for the year ended 31 May 2022.

Principal Activity

QAHE Limited ("the Company") provides staff, related services and property, plant and equipment in support of the principal activity of QAHE Limited Group ("the Group").

The Group is a private higher education provider working in partnership with some of the UK's leading universities, including Middlesex University, Northumbria University, Solent University, Ulster University, London Metropolitan University, University of South Wales and the University of Roehampton.

The Group delivers over 100 industry relevant educational and training programmes, all focussed on giving thousands of students key employability skills that are right for the modern workplace. Our programmes are offered across varying levels, from pre-degree foundation courses through to Masters degrees. This means we can cater for a broad range of students and offer them progression tracks.

Future prospects

The Group expects to increase the number of students by further diversifying the portfolio of courses delivered and through growing its student recruitment agent network and the number of universities we partner with. The Group and Company offer a broad portfolio of courses to our prospective students and that we have grown our student numbers even throughout the Covid pandemic. We are committed to working with our University partners to continue to adjust our offering to ensure that we serve the needs of our prospective students and provide a valuable learning experience.

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

Review of the business

During the year, the Group has increased revenue, gross profit, and operating profit versus the prior year. The Group continues to broaden the portfolio of higher education courses offered. The Group's key financial performance and other performance indicators during the period were as follows:

Financial	2022	2021
	£m	£m
Revenue	97.8	79.3
Gross profit	43.3	39.2
Profit for the year	15.8	13.0
Cash	12.8	24.6
Net assets	17.2	1.4
Other performance:	2022	2021
	Numbers	Numbers
Student numbers	10,068	7,729

Revenue grew by £18.5m to £97.8m (2021: £79.3m). The average revenue per students fell slightly compared to the prior period, due to a change in the mix of student funding type, timing of the student cohort and also change in the mix of student region. Operating costs were higher in year as the business invested in its operations, including higher staff numbers and property expansion, to ensure that the campus services best meet the needs of our students and provide a high quality learning experience. Profit for the year ended 31 May 2022 increased by £2.8m on the year ended 31 May 2021 due to the higher student numbers.

QAHE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2022

In the year we have launched 30 number of new programmes and over the year which has led to 1,853 new students this year. Cash balances decreased to £12.8m in 2022 (2021: £24.6m) due to increase in short term receivables from group undertakings. Net assets have increased to £17.2m versus £1.4m in 2021. No dividends were paid to shareholders in 2022(2021: £38.0m).

Since Brexit the Company has developed programmes which attract a wider base of nationalities than those historically served and expanded its international reach to grow student numbers.

Although the economic environment remains challenging, the Board are confident in the Group's longer-term prospects stimulated by the attractiveness of the UK education market to international students, the expanding student recruitment agent network and the breadth of products and services provided that are educating students and helping improve their employability prospects.

Financial key performance indicators

QAHE Limited and its subsidiaries is managed as part of the overall group headed by IndigoCyan Holdco 3 Limited ("The IndigoCyan Holdco 3 Group"). For this reason the Company Directors believe that specific KPIs for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of IndigoCyan Holdco 3 Limited, of which this Company is a subsidiary, is discussed in the IndigoCyan Holdco 3 Limited Annual Report.

Principal risks and uncertainties and financial risk management

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

Market risk

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

The Group is highly passionate about the quality of its services and ensuring it meets the educational needs of its students. With quality at the forefront of everything the Group does, we are confident that the Group will deliver value to our students, which will sustain and grow our relationships, despite competition in the marketplace from other service-providers. The Group pursues pricing and investment strategies that are intended to preserve and expand market share.

Credit risk

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

Management continually reviews outstanding receivables and debtor recovery plans together with credit limits across for our customers. The amounts presented in the balance sheet are net of provision for doubtful debts.

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

Regulatory risk

The Group receives government funding indirectly (via students) for its undergraduate programmes from the Higher Education Funding Council for England. As such there are significant contractual and regulatory obligations that the Group is required to meet at all times. Changes to government funding could have a material impact on the Group's services if new policies were to disrupt demand. The Group's executive, legal and compliance teams continually monitor for legislative or regulatory changes that could impact the Group's services and work to ensure that all changes are proactively implemented on a timely basis.

QAHE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2022

Liquidity risk

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

The IndigoCyan Holdco 3 Group has sufficient funds through existing cash balances, free cash flow and, its Revolving Credit facility, to service the annual cost of its financing and meet its other business needs. To reduce the interest rate risk of changes in the Sterling Overnight Interbank Average ("SONIA") the IndigoCyan Holdco 3 Group has entered into a pay-fixed receive-floating interest rate swap. The swap's notional principal is £200.0m and it matures on 30 June 2024. The Group does not use derivative financial instruments for speculative purposes.

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

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

The Board of Directors of QAHE Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole and having regard (amongst other matters) to factors (a) to (f) of S172 Companies Act 2006, in the decisions taken during the year ended 31 May 2022.

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

We engage with our stakeholders as follows:

Customers - our ambition is to deliver best-inclass service to our customers. We build strong lasting relationships with our customers and spend considerable time with them to understand their needs and views and listen to how we can improve our offer and service for them. We use this knowledge to inform our decision-making, for example to tailor our proposition to suit customer demands.

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

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

QAHE LIMITED

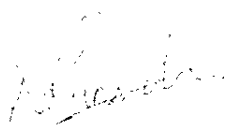
STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2022

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

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

SECR reporting is covered in the Annual Report of IndigoCyan HoldCo 3 Limited which is available at www.qa.com.

Approved by the Board on 29 November 2022 and signed on its behalf by:



Nathan Runnicles
Director
29 November 2022

QAHE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2022

The Directors present their Annual Report and the Audited Consolidated Financial Statements for the financial year ended 31 May 2022.

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

Directors of the Group and the Company

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

Paul Geddes
Julie Noone (resigned 1 December 2021)
Nathan Runnicles
Simon Nelson (appointed 1 December 2021)

Principal activities

The Company provides training and educational services.

Post balance sheet events

There have been no events subsequent to the balance sheet date requiring disclosure.

Dividends

Dividends of £nil were paid to shareholders during the year (2021: £38.0m). The parent Company received dividends from its subsidiaries of £0.2m (2021: £40.0m) during the year. No dividends have been proposed since the balance sheet date.

Results

The profit after taxation for the financial year was £15.8m (2021: £13.0m). The Group's net assets increased to £17.2m (2021: £1.4m).

Employee involvement

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

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

QAHE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2022

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

Reward and recognition needed to have greater impact and to reach more people. QA Spirit enabled us to do this, and our recognition programme was brought to life through regular communications and events throughout the year – celebrating and recognising our values. IndigoCyan Holdco 3 Limited Group, of which the Company is a part, increased the number of employee shareholders from 376 in 2021 to 387 in 2022.

Disabled persons

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

Future developments

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

Going concern

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

The IndigoCyan Holdco 3 Limited Group's positive trading progress and balance sheet strength in the year ended 31 May 2022 has allowed the IndigoCyan Holdco 3 Limited Group to repay the revolving credit facility in full and fund the £25m acquisition of Circus Street, a separate group company, from cash reserves. At year end the wider IndigoCyan Holdco 3 Limited Group had cash of £53.2m and access to an undrawn £65m revolving credit facility.

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

The Directors believe, given IndigoCyan Holdco 3 Limited Group performance across the recent pandemic, that trading results will remain robust and that there are growth opportunities for the business to pursue. However, the Directors have assessed various revenue and cashflow scenarios that factor in the impact of an economic recession on the demand for the IndigoCyan Holdco 3 Limited Group's services. The analysis confirmed the IndigoCyan Holdco 3 Limited Group has sufficient liquidity and is forecast to comply with its financial covenants (which would only be tested if the revolving credit facility is drawn in excess of £25.0m).

QAHE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2022

The IndigoCyan Holdco 3 Limited Group has funding arrangements with its banks, which include drawn term loans and an undrawn £65.0m revolving credit facility, in place until June 2024 and June 2023 respectively. On this basis, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing and approving these financial statements. In making this assessment, the Directors have considered the cash flow forecasts of the IndigoCyan Holdco 3 Limited Group, the availability of financial resources and facilities and compliance with covenants. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

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

Directors' indemnities

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

Disclosure of information to auditor

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

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

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

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

Directors' responsibilities statement

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

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

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

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

QAHE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2022

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

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

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

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

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



Nathan Runnicles
29 November 2022

QAHE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QAHE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of QAHE Limited (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 May 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated and Parent Company statements of financial position;
- the consolidated and Parent Company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 16.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

QAHE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QAHE LIMITED

Other information

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

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

We have nothing to report in this regard.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

QAHE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QAHE LIMITED

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

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

- Revenue recognition – accuracy of withdrawal provision. The Group's revenue relates to the provision of training to students in conjunction with university partnerships. Revenue is recognised over the academic year with a deferral at each year end for the element of course not yet delivered. A judgement is required to be made in respect of the portion of students dropping out which has been identified as a potential risk of fraud. We have:
 - Understood the revenue process and the key controls in place within the business;
 - Tested the design and implementation ("D&I") of the key controls related to the revenue process;
 - Considered the accounting policies and revenue recognition applied against the requirements of IFRS 15;
 - Tested the accuracy and completeness of the underlying data used within management's provision models through to supporting documentation;
 - Performed substantive testing over revenue balances and transactions;
 - Tested areas of judgement through challenge of management assumptions, consideration of corroborative and contradictory evidence and retrospective review of assumptions against actual results; and
 - Performed an analytical review to provide comfort over the balances recognised and movements within the period in the context of changes within the business during the period.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

QAHE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QAHE LIMITED

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

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.



Peter Saunders (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London UK

29 November 2022

QAHE LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MAY 2022**

		Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
	Note		
Turnover	3	97.8	79.3
Cost of sales		(54.5)	(40.1)
Gross Profit		43.3	39.2
Administrative costs		(24.0)	(23.3)
Operating profit	5	19.3	15.9
Finance income	8	0.2	0.2
Profit before tax		19.5	16.1
Taxation	7	(3.7)	(3.1)
Profit for the financial year		15.8	13.0

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

All results derive from continuing operations.

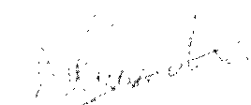
The notes on pages 20 to 34 form part of these financial statements.

QAHE LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2022**

	Note	2022 £m	2021 £m
ASSETS			
Non-current assets			
Property, plant and equipment	9	6.6	6.2
Intangible assets	10	0.4	0.3
		7.0	6.5
Current assets			
Trade and other receivables	12	106.0	21.9
Cash and cash equivalents		12.8	24.6
Current assets		118.8	46.5
Total assets		125.8	53.0
EQUITY AND LIABILITIES			
Equity			
Share capital	14	-	-
Retained earnings	14	(10.8)	5.0
Other reserve	14	(6.4)	(6.4)
Equity attributable to the owners of the Group		(17.2)	(1.4)
Current liabilities			
Trade and other payables	13	(108.6)	(51.6)
		(108.6)	(51.6)
Total equity and liabilities		(125.8)	(53.0)

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



Nathan Runnicles
Director
29 November 2022

QAHE LIMITED

**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2022**

		Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	9	6.6	6.2
Intangible assets	10	0.4	0.3
Investments	11	3.4	3.4
		<u>10.4</u>	<u>9.9</u>
Trade and other receivables	12	103.7	44.0
Cash and cash equivalents		-	2.4
Current assets		<u>103.7</u>	<u>46.4</u>
Total assets		<u>114.1</u>	<u>56.3</u>
EQUITY AND LIABILITIES			
Share capital	14	-	-
Retained earnings	14	(0.5)	(0.5)
Equity attributable to owner of the Group		<u>(0.5)</u>	<u>(0.5)</u>
Current liabilities			
Trade and other payables	13	(113.6)	(55.8)
Total equity and liabilities		<u>(114.1)</u>	<u>(56.3)</u>

As permitted by Section 408 of the Companies Act 2006 the Company has elected not to present its own Company Income Statement for the year. QAHE Limited reported a result after tax for the financial year ended 31 May 2022 of £nil (year-ended 31 May 2021: profit of £38.5m).

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



Nathan Runnicles
Director
29 November 2022

QAHE LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2022**

	Note	Share Capital £m	Other Reserve £m	Retained Earnings £m	Total Equity £m
At 1 June 2020		-	6.4	20.0	26.4
Comprehensive income for the year					
Profit for the year		-	-	13.0	13.0
Total comprehensive income for the year		-	-	13.0	13.0
Distributions of equity: dividends	14	-	-	(38.0)	(38.0)
At 31 May 2021	14	-	6.4	(5.0)	1.4

		Share Capital £m	Other Reserve £m	Retained Earnings £m	Total Equity £m
At 1 June 2021		-	6.4	(5.0)	1.4
Comprehensive income for the year					
Profit for the year		-	-	15.8	15.8
Total comprehensive income for the year		-	-	15.8	15.8
At 31 May 2022	14	-	6.4	10.8	17.2

The notes on pages 20 to 34 form part of these financial statements.

QAHE LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2022**

	Note	Share capital £m	Retained Earnings £m	Total Equity £m
At 1 June 2020		-	-	-
Comprehensive income for the year				
Profit for the year		-	38.5	38.5
Total comprehensive income for the year		-	38.5	38.5
Distributions of equity: dividends	14	-	(38.0)	(38.0)
At 31 May 2021	14	-	0.5	0.5
	Note	Share capital £m	Retained Earnings £m	Total Equity £m
At 1 June 2021		-	0.5	0.5
Comprehensive income for the year				
Profit for the year		-	-	-
Total comprehensive income for the year		-	-	-
At 31 May 2022	14	-	0.5	0.5

The notes on pages 20 to 34 form part of these financial statements.

QAHE LIMITED

**CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2022**

	Note	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Profit for the year		15.8	13.0
<u>Adjustments for:</u>			
Depreciation charge	9	1.7	1.1
Amortisation charge	10	0.2	0.1
Impairment of intangible assets		0.1	-
Finance income	8	(0.2)	(0.2)
Taxation charge	7	3.7	3.1
(Increase)/decrease in trade and other receivables		(84.1)	57.7
Increase/(decrease) in trade and other payables		53.3	(51.1)
Net cash (outflow)/inflow from operating activities		(9.5)	23.7
Cash flows used in investing activities			
Purchase of plant, property, and equipment	9	(2.1)	(2.8)
Purchase of intangible assets	10	(0.4)	(0.1)
Net cash outflow from investing activities		(2.5)	(2.9)
Cash flows from financing activities			
Interest received		0.2	0.2
Net cash inflow received from financing activities		0.2	0.2
(Decrease)/increase in cash and cash equivalents		(11.8)	21.0
Cash and cash equivalents, start of year		24.6	3.6
Cash and cash equivalents, end of year		12.8	24.6

During the year ended 31 May 2022 dividends of £nil (2021: £38.0m) were paid to shareholders and settled by means of intercompany balances instead of cash.

The notes on pages 20 to 34 form part of these financial statements.

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General information and basis of accounting

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

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

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

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

Summary of disclosure exemptions

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

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

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

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

Going concern

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

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General information and basis of accounting (continued)

Going concern (continued)

The IndigoCyan Holdco 3 Limited Group's positive trading progress and balance sheet strength in the year ended 31 May 2022 has allowed the IndigoCyan Holdco 3 Limited Group to repay the revolving credit facility in full and fund the £25m acquisition of Circus Street, a separate group company, from cash reserves. At year end the wider IndigoCyan Holdco 3 Limited Group had cash of £53.2m and access to an undrawn £65m revolving credit facility.

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

The Directors believe, given IndigoCyan Holdco 3 Limited Group performance across the recent pandemic, that trading results will remain robust and that there are growth opportunities for the business to pursue. However, the Directors have assessed various revenue and cashflow scenarios that factor in the impact of an economic recession on the demand for the IndigoCyan Holdco 3 Limited Group's services. The analysis confirmed the IndigoCyan Holdco 3 Limited Group has sufficient liquidity and is forecast to comply with its financial covenants (which would only be tested if the revolving credit facility is drawn in excess of £25.0m).

The IndigoCyan Holdco 3 Limited Group has funding arrangements with its banks, which include drawn term loans and an undrawn £65.0m revolving credit facility, in place until June 2024 and June 2023 respectively. On this basis, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing and approving these financial statements. In making this assessment, the Directors have considered the cash flow forecasts of the IndigoCyan Holdco 3 Limited Group, the availability of financial resources and facilities and compliance with covenants. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

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

Basis of Consolidation

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

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

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

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

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

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General information and basis of accounting (continued)

New standards, interpretations and amendments not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting period beginning on or after 1 June 2022. The Group has elected not to early adopt these standards which are described below:

- Reference to the Conceptual Framework (Amendments to IFRS 3);
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16); and
- Annual Improvements to IFRS Standards 2018- 2020.

The standards listed above are not expected to have a material impact on the financial statements. There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

During the year the Company or the wider Group in which it has investments has adopted the following amendments and interpretations which have not had a material effect on the financial statements.

- Interest rate benchmark reform (Amendments to IFRS 9 and IFRS 7);
- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
- IFRS 17 Insurance Contract;
- Classification of Liabilities as Current or Non-Current (amendments to IAS1);
- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use; and
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture.

Turnover

All turnover arises within the United Kingdom.

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

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

Where any turnover is billed in advance, the undelivered amount is included within deferred income and will be recognised within the next twelve months.

Revenue is recognised up to the point it is deemed recoverable, net of credit notes. This revenue is recognised in the period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its obligations to students and customers.

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

Finance income

Finance income is recognised in the period, using the effective interest rate method.

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General information and basis of accounting (continued)

Defined contribution pension obligations

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

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

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

Property, plant, and equipment

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

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

Depreciation

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

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

Intangible assets

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

Amortisation

Amortisation is charged on all intangible assets.

Asset class	Amortisation method and rate
Software	3 years straight line

Investments

Investments are carried at cost, less any impairment.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, is recognised immediately in the profit or loss in the period in which the investment is acquired.

Cash and cash equivalents

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

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General information and basis of accounting (continued)

Trade receivables

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

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

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

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

Impairment

The Company and Group recognise impairments to debtors using expected life-time losses to be recognised from the initial recognition of the receivables. For other assets, impairments are recognised where there is objective evidence that the asset is impaired.

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit and loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. An impairment loss in respect of financial asset measured at amortised cost is calculated as the difference between the carrying amount and the present value of future cash flows discounted at the asset's original effective rate.

For the financial instrument measured at cost less impairment, an impairment is calculated as the difference between the carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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

Trade payables

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

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General information and basis of accounting (continued)

Trade payables (continued)

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

Financial Instruments

Initial recognition

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

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

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

De-recognition

The Group derecognises a financial asset when:

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

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

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

Taxation

Tax on profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on timing differences which arise on the inclusion of income tax and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following tax adjustments are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met.

Deferred tax is not recognised on permanent differences arising because of certain types of income and expenditure are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates that are enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General information and basis of accounting (continued)

Taxation (continued)

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

Share capital

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

Dividends

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

The Company accounts for dividends in the year that they are paid to shareholders.

2. Critical accounting judgements and key sources of estimation uncertainty

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

In the opinion of the directors there are no critical accounting judgements and key sources of estimation uncertainty impacting the financial statements. There are no critical judgements in applying accounting policy. The key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing material adjustments to the financial statements in the next financial year are set out below:

Provision for receivables

When measuring Expected Credit Losses (ECL), the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Due to the fact that group uses forward looking inputs and assumptions in modelling this provision, this gives rise to an estimation uncertainty on additional provisions and / or reversals in the future periods.

3. Turnover

All turnover arose within the UK. The analysis of the Group's revenue for the period from continuing operations is as follows:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Rendering of services	81.8	68.7
Other revenue	16.0	10.6
	97.8	79.3

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. Turnover (continued)

Revenue from training and educational services is recognised upon delivery of the performance obligation as required under IFRS 15.35. Training and educational services revenue is recognised over the period of teaching, on a monthly basis in a straight-line manner over time. For the provision of services, there is no significant judgement required to determine when the customer benefits from that service, as the benefits are received over the period of teaching at the same point in time as the revenue is recognised.

Other revenue relates to management recharges and fees for recruitment services for our partner universities. Third party revenues arising from services outsourced on behalf of customers such as recruitment services are recognised gross where the Group is the principal in the arrangement with the associated risks and rewards flowing to the Group. The revenue is recognised on delivery of the performance obligation as required under IFRS 15.32. In some cases, the customer contracts include variable consideration. In this case the Group estimates the level of variable consideration that will be earned.

4. Directors' remuneration

The Company has remunerated two Directors in the year (2021: 1). Remuneration for the Directors within the Group was £0.3m (2021: £0.5m). The highest paid Director received £0.2m (2021: £0.5m). Pension contributions for Directors for the year ended 31 May 2022 were less than £0.1m (2021: less than £0.1m).

5. Operating profit

Operating profit is stated after charging:

	Note	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Depreciation – owned assets	9	1.7	1.1
Amortisation - intangible assets	10	0.2	0.1
Impairment of intangible assets		0.1	-
Staff costs	6	29.8	22.9
Audit fees		0.1	0.1
Exceptional costs		0.8	1.9

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

Exceptional costs of £0.8m (2021: £1.9m) have been incurred during the year related to strategic reviews using third party consultants. The costs are considered to be exceptional because they are unusual and non-recurring.

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6. Staff costs - Group and Company

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Wages and salaries	26.2	20.3
Social security costs	2.8	2.0
Pension costs	0.8	0.6
Total staff costs	29.8	22.9

	Year ended 31 May 2022 No.	Year ended 31 May 2021 No.
Teaching and learning	145	142
Sales and administration	345	232
Total staff numbers	490	374

7. Taxation

Group

	Year Ended 31 May 2022 £m	Year Ended 31 May 2021 £m
Corporation tax		
Current tax:	£m	£m
UK Corporation tax	3.7	3.3
	3.7	3.3
Deferred		
Adjustments in respect of prior periods	-	(0.2)
Total taxation charge	3.7	3.1

The tax on profit before tax for the year is the same as the standard rate of corporation tax of 19% (2021: 19%).

	Year Ended 31 May 2022 £m	Year Ended 31 May 2021 £m
Profit before tax	19.5	16.1
Tax on profit for the year at 19% (2021: 19%)	3.7	3.1
Expenses not deductible for tax purposes	0.2	0.2
Adjustments	(0.2)	(0.2)
Total tax charge in the consolidated income statement	3.7	3.1

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

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8. Finance income

	Year Ended 31 May 2022 £m	Year Ended 31 May 2021 £m
Finance income	0.2	0.2

9. Property, plant and equipment - Group and Company

	Leasehold improvements £m	Furniture, fittings and equipment £m	Total £m
Cost at 1 June 2021	6.1	4.4	10.5
Additions	1.5	0.6	2.1
Disposals	-	(0.3)	(0.3)
At 31 May 2022	7.6	4.7	12.3
Accumulated depreciation at 1 June 2021	1.5	2.8	4.3
Charge	0.8	0.9	1.7
Disposals	-	(0.3)	(0.3)
At 31 May 2022	2.3	3.4	5.7
Net book value at 31 May 2022	5.3	1.3	6.6
	Leasehold improvements £m	Furniture, fittings and equipment £m	Total £m
Cost at 1 June 2020	3.9	3.8	7.7
Additions	2.2	0.6	2.8
At 31 May 2021	6.1	4.4	10.5
Accumulated depreciation at 1 June 2020	0.9	2.3	3.2
Charge	0.6	0.5	1.1
At 31 May 2021	1.5	2.8	4.3
Net book value at 31 May 2021	4.6	1.6	6.2

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10. Intangible assets - Group and Company

	Software	Total
	£m	£m
Cost at 1 June 2021	0.6	0.6
Additions	0.4	0.4
Disposals	(0.2)	(0.2)
Cost at 31 May 2022	0.8	0.8
Accumulated amortisation at 1 June 2021	0.3	0.3
Charge	0.2	0.2
Disposals	(0.1)	(0.1)
At 31 May 2022	0.4	0.4
Net book value at 31 May 2022	0.4	0.4
	Software	Total
	£m	£m
Cost at 1 June 2020	0.5	0.5
Additions	0.1	0.1
Cost at 31 May 2021	0.6	0.6
Accumulated amortisation at 1 June 2020	0.2	0.2
Charge	0.1	0.1
At 31 May 2021	0.3	0.3
Net book value at 31 May 2021	0.3	0.3

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11. Investments

Group subsidiaries

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

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

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

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

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

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

The above companies are accounted for as investments for both the Company and the Group. The cost and carrying value of these investments at the beginning and end of the period is less than £0.1m. The principal activity of these companies is the provision of higher education services

The companies are not consolidated as subsidiaries or accounted for as equity associates. The investments had net assets of less than £2.5m as at 31 May 2022 (31 May 2021, less than £1.3m). The only investment with significant net assets, Northumbria London Campus Limited, is consolidated by Northumbria University, which has a majority shareholding. QAHE Limited have received confirmation from Northumbria University that Northumbria University does not object to QAHE Group not equity accounting for Northumbria London Campus Limited. The remaining investments have net assets of less than £0.3m (2021: £0.1m) and are controlled by the relevant partner universities.

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12. Trade receivables

Group

	2022	2021
	£m	£m
Trade receivables	26.5	12.1
Provision for impairment of trade receivables	(7.2)	(4.9)
Net trade receivables	<u>19.3</u>	<u>7.2</u>
Receivables – IndigoCyan Holdco 3 Limited group and related party undertakings	83.1	12.3
Prepayments	1.4	1.0
Other receivables	2.2	1.3
Deferred tax asset	-	0.1
	<u>106.0</u>	<u>21.9</u>

The Group's exposure to credit and market risks relating to trade and other receivables is disclosed in the Strategic Report. The receivables from related party undertakings are repayable on demand and do not accrue interest. Related parties include amounts owed from companies within the wider IndigoCyan Holdco 3 Limited group of £83.1m, (2021: £6.8m) and amounts owed from partner universities £nil (2021: £5.5m).

	Gross Carrying Amount 2022	Provision 2022	Net Carrying Amount 2022
	£m	£m	£m
Not past due	8.6	-	8.6
< 30 days past due	-	-	-
30-60 days past due	0.1	(0.1)	-
60-180 days past due	17.8	(7.1)	10.7
	<u>26.5</u>	<u>(7.2)</u>	<u>19.3</u>
	Gross Carrying Amount 2021	Provision 2021	Net Carrying Amount 2021
	£m	£m	£m
Not past due	2.5	(0.3)	2.2
< 30 days past due	5.7	(1.4)	4.3
30-60 days past due	1.0	(0.7)	0.3
60-180 days past due	2.9	(2.5)	0.4
	<u>12.1</u>	<u>(4.9)</u>	<u>7.2</u>

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12. Trade receivables (continued)

The Group has partnerships with its university partners to deliver degree programs through Branch Campuses. The universities are co-investors with the Group in various investment companies which deliver these higher education programs and the universities are the majority shareholders. Therefore, these universities are considered related parties for QAHE Group. See note 11 for details of the investment companies. During the course of the year the Group made purchases of £3.6m (2021: £1.4m) from these investment companies and made sales of £17.0m (2021: £11.8m) to the investment companies. In addition to this, the Group's University partners received student funding on behalf of the Group and remitted this to the IndigoCyan Holdco 3 Group Limited. During the year the Group received funds from its University partners totalling £41.3m (2021: £41.8m) and at the balance sheet date the partners owed the Group £10.7m (2021: £5.5m) and the Group owed its partners £16.3m (2021: £5.7m).

Company

	2022	2021
	£m	£m
Receivables from IndigoCyan Holdco 3 Limited group and related party undertakings	102.3	42.8
Prepayments	1.4	1.1
Deferred tax asset	-	0.1
	103.7	44.0

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

The receivables from Group and related party undertakings are repayable on demand and do not accrue interest. Related parties include amounts owed from companies within the QAHE Group, £18.9m (2021: £30.7m) and the wider IndigoCyan Holdco 3 Limited group of £83.4m (2021: £12.1m).

13. Trade and other payables

Group

	2022	2021
	£m	£m
Trade payables	3.6	0.5
Accrued expenses	11.5	9.9
Amounts due to IndigoCyan Holdco 3 Limited group and other related party undertakings	50.3	13.2
Social security and other taxes	1.1	1.0
Deferred income	36.4	24.1
Other payables	5.7	2.9
	108.6	51.6

Amounts due to related party undertakings are payable on demand so are classified as current liabilities. The amounts due to related party undertakings are repayable on demand and do not accrue interest. Related parties include amounts due to companies within the wider IndigoCyan Holdco 3 Limited group £37.7m, (2021: £7.5m) and amounts to partner universities £12.6m (2021: £5.7m).

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

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13. Trade and other payables (continued)

Company

	2022	2021
	£m	£m
Trade payables	3.7	0.5
Accrued expenses	2.3	0.4
Amounts due to QAHE Group, IndigoCyan Holdco 3 Limited and group related party undertakings	106.5	53.8
Social security and other taxes	1.1	1.1
	113.6	55.8

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

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

The split of amounts owed to, IndigoCyan Holdco 3 Limited and group related party undertakings is as follows: QAHE Group £65.6m (2021: £49.0m); IndigoCyan Holdco 3 Limited group £40.9m (2021: £4.1m)), and; amounts owed to partner universities £nil (2021: £0.7m).

14. Share capital and reserves

Group and company

	2022	2021
	£	£
100 authorised, allotted and fully paid-up shares of £1 each	100	100

Retained earnings

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

Other reserve

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

15. Dividends

Dividends of £nil were paid during the year ended 31 May 2022 (2021: £38.0m). This represents dividends per share of £nil for the year ended 31 May 2022 (2021: £380,000).

16. Ultimate Controlling party, Parent and ultimate parent undertaking

The Company's immediate parent undertaking is Seckloe 208 Limited.

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