

Company Registration No. 11325201

QAHE LIMITED

ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2021

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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 EW1 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

The Directors present their Strategic Report for the year ended 31 May 2021.

Principal Activity

The Company (QAHE Limited) provides services in support of the principal activity of the Group (QAHE Limited Group).

The Group is a private higher education provider working in partnerships with some of the UK's leading universities, including Middlesex University, Northumbria University, Solent University, Ulster University, London Metropolitan University, 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 growing the number of partner universities. 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 learning experience that is valuable to their life.

The Directors do not envisage any change to the Group's principal activity. The financial statements have been prepared on a going concern basis and consideration of going concern issues are 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	2021	2020
	£m	£m
Revenue	79.3	60.1
Gross profit	39.2	28.8
Profit for the year	13.0	11.0
Cash	24.6	3.6
Net assets	1.4	26.4

Other performance:	2021	2020
	Numbers	Numbers
Student numbers	9,974	8,700

Revenue grew by £19.2m to £79.3m (2020: £60.1m). The average revenue per students fell slightly compared to the prior period, due to a change in the mix of student funding type and also change in the mix of student region. Profit for the year ended 31 May 2021 was £2.0m greater than the year ended 31 May 2020. Despite the continued impact of the Covid pandemic, the Group had a successful trading period, resulting in revenue of £79.3m and profit after tax of £13.0m. In response to the Covid pandemic the Group transitioned to virtual delivery for the majority of courses, and now offers a variety of courses as fully live-online, blended delivery and 100% face-to-face, providing greater flexibility and choice to prospective students. Cash balances have risen to £24.6m in 2021 (2020: £3.6m) after improved trading in 2021 versus 2020. Net assets have reduced to £1.4m versus £26.4m in 2020, but this is after dividends made to shareholders in 2021 of £38.0m (2020: nil).

STRATEGIC REPORT (continued)

Review of the business

Management continue to monitor the impact of Brexit but are not aware of any immediate direct consequences that will impact the Group's performance. Despite a number of existing and new students being EU nationals, the vast majority were resident in the UK and have been granted settled or pre-settled status.

Although the economic environment remains challenging, with markets absorbing the impact of Covid and Brexit, the Board are confident in the Group's longer-term prospects stimulated by the breadth of products and services that it provides, at a time when there is an increasing need to address the UK's education, training and technology skills gap and improve employability prospects of university graduates.

Principal risks and uncertainties

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

Pandemic and Brexit Risk

Global pandemics or other health emergencies can result in restrictions to travel, access to property and reductions in GBP, impacting on demands for the Group's product and services. The initial stages of the pandemic saw reduced demand for in - person teaching. The Group is continuing to invest in its digital propositions to provide high quality virtual learning and has exited and reduced its footprint in a number of locations to reduce its fixed cost base to reflect a permanent shift to digital delivery.

Brexit resulted on restrictions to travel for some of the Group's international student customers. The Group had made attempts to mitigate this risk by the shift to digital delivery described above.

Market risk

Changes in the demand for the Group's services could arise from a number of market factors such as failure to attract EU and international students to our degree courses. Covid has impacted the level of international travel, however currently we are not noting any decline in demand.

Competitive Risk

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

Group's principal financial assets are bank balances and trade receivables. The Group's credit risk is primarily attributable to its trade receivables. Management continually reviews outstanding receivables together with payment plans for our students. The amounts presented in the balance sheet are net of provision for doubtful debts. The Group has no significant concentration of credit risk, with exposure spread over a large number of students and methods of restricting losses, by barring access to future courses.

QAHE LIMITED
STRATEGIC REPORT (continued)

Liquidity Risk

In order to maintain liquidity and ensure sufficient funds are maintained for ongoing operations and future developments, the wider Group operates a centralised treasury function, which includes intercompany cash transfers.

The Group has sufficient funds from existing cash balances, and free cash flow in order to meet business needs. The Group does not use derivative financial instruments for speculative purposes.

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

The Directors 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. For example, the Directors regularly attend board meetings with partner universities to discuss strategic and stakeholder issues.

The Directors successfully co-operated with stakeholders to deliver virtual courses, whilst maintaining the standards required by our partners and working co-operatively with our suppliers in order to achieve that. Excellent communications with employees was maintained. The Directors and senior management work collaboratively with our university partners, involving regular cross functional meetings regarding quality, course provision, student feedback.

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) S172 Companies Act 2006, in the decisions taken during the year ended 31 May 2021.

The business implications of the Covid pandemic have been fast moving and uncertain, but the Directors consider that the decisions made will be in the best long-term interest of all the Group's shareholders. We aim to act responsibly and fairly with our stakeholders and engage with them to gain an understanding of their needs. *Recognising the difficulty being experienced by many customers we have worked with them to reschedule courses and provide them with digital learning pathways so that they can continue to develop their talent during lockdown. We believe these actions are in line with our culture and the high standards of business conduct and good governance we set ourselves.*

Covid pandemic and related disruption

The Group continues to face challenges as a result of the rapidly evolving impact and global response to the outbreak of Covid -19. The business implications of the Covid pandemic have been fast moving and uncertain but the Directors consider that the decisions made will be in the best long-term interests all the Group's stakeholders. We aim to act responsibly and fairly with our stakeholders and engage with them to gain an understanding of their needs. *Recognising the difficulty being experienced by many of our customers we have worked with them to reschedule courses and provide them with digital learning pathways so that they can continue to develop their talent during lockdown.*

The Group has taken steps to maintain a safe working environment and has made use of government financial schemes and reliefs. Whilst the Covid pandemic has impacted on trade in some parts of our Group, the Directors were pleased with progress in the context of the changes to the business environment in the last few months of the financial year, and look forward the next financial year with confidence.

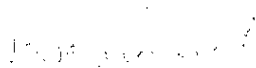
QAHE LIMITED

Subsequent events

On 1 July 2021, the immediate parent undertaking of QAHE Limited, Seckloe 208 Limited, acquired 85.5% of Circus Street London Limited, a global leader in providing commercial digital skills including ecommerce, data analytics and digital marketing skills through its subscription-based, proprietary digital platform.

In September 2021, the Group was subject to a cyber attack. Further details are included in the Annual Report for the group headed by IndigoCyan Holdco 3 Limited, (of which QAHE Limited is a member). The annual report for IndigoCyan Holdco 3 can be obtained from www.qa.com.

Approved by the Board on 31 March 2022 and signed on its behalf by:



Nathan Runnicles,
Director 31 March 2022

QAHE LIMITED

DIRECTORS' REPORT

The Directors present their Annual Report and the Audited Consolidated Financial Statements for the financial year ended 31 May 2021.

The business review, Key Performance Indicators ("KPIs"), and principal risks and uncertainties have been disclosed in the Strategic Report on page 2 and are included in this Director's 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
S Nelson (appointed 1 December 2021)

Principal activities

The Company provides training and educational services.

Dividends

Dividends of £38.0m were paid to shareholders during the year (2020: nil). The parent Company received dividends from its subsidiaries of £40m (2020: £nil) during the year. No dividends have been proposed since the balance sheet date.

Results

The profit after taxation for the financial year was £13.0m (2020: £11.0m). The Group's net assets decreased to £1.4m as a result of the dividends paid (2020: £26.4m).

Employee involvement

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

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 page 2. The Company, QAHE Limited, is the parent of the QAHE Limited Group "the Group" which is in turn part of IndigoCyan Holdco 3 Limited wider group. The Directors have considered the adoption of the going concern basis of preparation of these financial statements with consideration to the IndigoCyan Holdco 3 Limited wider group position and its business model.

QAHE LIMITED

DIRECTORS' REPORT (continued)

Going concern (continued)

Since late March 2020, the QAHE Limited Group's trading has been impacted by the Covid pandemic which resulted in lower demand for a period of time in our learning and apprenticeships' operation. The QAHE Group "the Group", is part of IndigoCyan Holdco 3 Limited from a banking facility perspective and has a letter of support from IndigoCyan Holdco 3 Limited. The IndigoCyan Holdco 3 Limited consolidated results have seen a consistent improvement in trading since last summer, and throughout the financial year ended 31 May 2021 outperformed its plan for the year. The IndigoCyan Holdco 3 Limited Consolidated Income statement as at 31 May 2021 showed an Adjusted EBITDA result which surpassed the Adjusted EBITDA result achieved in the prior year despite the extended lockdown restrictions. After proactively maximising available liquidity at the start of the Covid pandemic through drawing on the Revolving Credit Facility in full and, obtaining a covenant waiver on the facility to 31 May 2021, the IndigoCyan Holdco 3 group's positive trading progress and cash generation has supported a series of repayments since November 2021. Just £5.0m is outstanding on the facility at 31 December 2021.

The IndigoCyan Holdco 3 consolidated cash position as at 31 January 2022 was £19.8m. The forecasting process undertaken by the Directors recognises the inherent uncertainty, notwithstanding the significant progress made through the vaccination programmes, associated with predictions at the present time given the potential risk from new Covid variants and lockdown restrictions that could again be applied. Whilst the Directors believe that trading performance will remain robust and continue to improve, the Directors have assessed various scenarios which consider the speed of economic recovery and demand for the IndigoCyan Holdco 3 wider group services.

The Directors consider the most significant uncertainty impacting the forecasts is the speed of recovery as lockdown restrictions ease. As such, the Directors have assessed the impact of different revenue growth rates on the IndigoCyan Holdco 3 wider group's cashflow forecasts. The analysis confirmed the IndigoCyan Holdco 3 wider group has sufficient liquidity and is forecast to comply with its financial covenants (which would be tested if the revolving credit facility is drawn in excess of £25m). The IndigoCyan Holdco 3 wider group has funding arrangements with its banks, which include drawn term loans and a £65m 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 QAHE Limited Group as well as the IndigoCyan Holdco 3 wider 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.

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. The Directors of QAHE Group have reviewed the ability of IndigoCyan Holdco 3 Limited to provide the aforementioned support and note no anticipated issues.

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.

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DIRECTORS' REPORT (continued)

Events subsequent to the balance sheet date

On 1 July 2021, a subsidiary, Seckloe 208 Limited, acquired 85.5% of Circus Street London Limited, a global leader in providing commercial digital skills including ecommerce, data analytics and digital marketing skills through its subscription-based, proprietary digital platform.

In September 2021, the QAHE Group and the wider Indigo Cyan Holdco 3 group was subject to a cyberattack. Further details are included in the Annual Report for the wider group headed by IndigoCyan Holdco 3 Limited which can be obtained from www.qa.com.

DIRECTORS' RESPONSIBILITY STATEMENT

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 international accounting standards in conformity with requirements of the Companies Act 2006 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.

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 Company'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 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.

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, 31 March 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 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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" (United Kingdom Generally Accepted Accounting Practice); 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 and consolidated statement of other comprehensive income;
- 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 18.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, and international accounting standards in conformity with the requirements of the Companies Act 2006. 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.

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 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.

QAHE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QAHE LIMITED (CONTINUED)

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 and relevant 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QAHE LIMITED (CONTINUED)

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.

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.

QAHE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QAHE LIMITED (CONTINUED)

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

31 March 2022

QAHE LIMITED

**CONSOLIDATED INCOME STATEMENT AND
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2021**

		Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
	Note		
Turnover	3	79.3	60.1
Cost of sales		(40.1)	(31.3)
Gross Profit		39.2	28.8
Administrative costs		(23.3)	(14.9)
Operating profit	5	15.9	13.9
Finance income	8	0.2	0.2
Profit before tax		16.1	14.1
Taxation	7	(3.1)	(3.1)
Profit for the financial year		13.0	11.0

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 19 to 39 form part of these financial statements.

QAHE LIMITED

**REGISTRATION NUMBER 11325201
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2021**

	Note	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
ASSETS			
Non-current assets			
Property, plant and equipment	9	6.2	4.5
Intangible assets	10	0.3	0.3
		<u>6.5</u>	<u>4.8</u>
Current assets			
Trade and other receivables	12	21.9	79.6
Cash and cash equivalents		24.6	3.6
Current assets		<u>46.5</u>	<u>83.2</u>
Total assets		<u>53.0</u>	<u>88.0</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	-	-
Retained earnings	15	5.0	(20.0)
Other reserve	15	(6.4)	(6.4)
Equity attributable to the owners of the Group		<u>(1.4)</u>	<u>(26.4)</u>
Current liabilities			
Trade and other payables	13	(51.6)	(58.6)
Corporation tax liability	14	-	(2.8)
		<u>(51.6)</u>	<u>(61.4)</u>
Provisions for liabilities due over more than one year			
Deferred taxation	14	-	(0.2)
Total equity and liabilities		<u>(53.0)</u>	<u>(88.0)</u>

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

Director
31 March 2022

QAHE LIMITED

**REGISTRATION NUMBER 11325201
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2021**

	Note	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
ASSETS			
Non-current assets			
Property, plant and equipment	9	6.2	4.5
Intangible assets	10	0.3	0.3
Investments	11	3.4	3.4
		9.9	8.2
Trade and other receivables	12	44.0	20.1
Cash and cash equivalents		2.4	0.8
Current assets		46.4	20.9
Total assets		56.3	29.1
EQUITY AND LIABILITIES			
Equity			
Share capital	15	-	-
Retained earnings	15	(0.5)	-
Equity attributable to the owners of the Group		(0.5)	-
Current liabilities			
Trade and other payables	13	(55.8)	(29.1)
Total equity and liabilities		(56.3)	(29.1)

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 profit after tax for the financial year ended 31 May 2021 of £38.5m (year-ended 31 May 2020: loss of £0.1m).

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

Director
31 March 2022

QAHE LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2021**

	Notes	Share Capital £m	Other Reserve £m	Retained Earnings £m	Total Equity £m
At 1 June 2019		-	6.4	9.0	15.4
Comprehensive income for the year					
Profit for the year		-	-	11.0	11.0
Total comprehensive income for the year		-	-	11.0	11.0
At 31 May 2020	15	-	6.4	20.0	26.4
		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 period		-	-	13.0	13.0
Distributions of equity: dividends	16	-	-	(38.0)	(38.0)
At 31 May 2021	15	-	6.4	(5.0)	1.4

The notes on pages 19 to 39 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2021

	Notes	Share Capital £m	Retained Earnings £m	Total Equity £m
At 1 June 2019		-	(0.1)	(0.1)
Comprehensive income for the year				
Profit for the period		-	0.1	0.1
Total comprehensive income for the year		-	0.1	0.1
At 31 May 2020	15	-	-	-
	Notes	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	16		(38.0)	(38.0)
At 31 May 2021	15	-	0.5	0.5

The notes on pages 19 to 39 form part of these financial statements.

**CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2021**

	Notes	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Profit for the year		13.0	11.0
Depreciation charge	9	1.1	1.2
Amortisation charge	10	0.1	0.2
Finance income	8	(0.2)	(0.2)
Taxation charge	7	3.1	2.7
Increase/(decrease) in trade and other receivables		57.7	(53.3)
(Decrease)/increase in trade and other payables		(51.1)	35.4
Net cash inflow/(outflow) from operating activities		23.7	(3.0)
Cash flows used in investing activities			
Purchase of plant, property, and equipment	9	(2.8)	(3.7)
Purchase of intangible assets	10	(0.1)	(0.1)
Net cash outflow from investing activities		(2.9)	(3.8)
Cash flows from financing activities			
Interest received		0.2	0.2
Net cash inflow received from financing activities		0.2	0.2
Increase/(decrease) in cash and cash equivalents		21.0	(6.6)
Cash and cash equivalents, start of year		3.6	10.2
Cash and cash equivalents, end of year		24.6	3.6

During the year ended 31 May 2021 dividends of £38.0m (2020: nil) were paid to shareholders and settled by means of intercompany balances instead of cash.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Accounting policies

1. General information and basis of accounting

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

These consolidated financial statements were prepared in accordance with 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.

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

Summary of disclosure exemptions

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

- the requirements of paragraph 62, B64 (d), B64 (e), B64 (g), B64 (h), B64 (j) to B64 (m), B64 (n) ii, B64 (o) ii, B64 (p), B64 (q) (ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the paragraphs of 91-99 of IFRS 13 Fair Value Measurement;
- the requirements in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - i) paragraph 73 e) of IAS 16, Property, Plant and Equipment;
 - ii) paragraph 118 e) of IAS 38 Intangible Assets;
- the requirements of paragraphs of 10 (d), 10 (f), 16, 38A, 38B, 38C, 40A, 40C, 40D, 111, and 134-136 of IAS Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18 A of IAS 24 Related Party Disclosures; 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.

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 financial statements have been prepared on a going concern as set out in the Directors' report on page 5. The Company's and Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report. The Group is part of the wider IndigoCyan Holdco 3 Limited group. See note 17 for details of the ultimate controlling entity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. General information and basis of accounting (continued)

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.

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 Company's accounting period beginning on or after 1 June 2021. The Company has elected not to early adopt these standards which are described below:

- The Company has elected not to early adopt these standards which are described below:
Interest rate benchmark reform (Amendments to IFRS 9 and IFRS 7); and
- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16); and
- IFRS 17 Insurance Contract; and
- Classification of Liabilities as Current or Non-Current (amendments to IAS1); and
- 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. General information and basis of accounting (continued)

New standards, interpretations and amendments not yet effective

The standards listed 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 Company.

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.

- Amendments to References to the Conceptual Framework for IFRS Standards;
- Definition of a Business (amendments to IFRS 3);
- Definition of a Material (amendments to IAS1 and IAS 8);
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract – Annual Improvements to IFRS Standards 2018-2020 Cycle; and
- Amendment to IFRS 16: Covid 19-Related Rent Concessions.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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
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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. General information and basis of accounting (continued)

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.

Trade receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts.

Trade receivables are measured initially at transaction price. They are subsequently measured at amortised cost using the effective interest method, net of provision for impairment (using effective credit loss provisions, where material, under IFRS 9).

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Financial assets

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1) General information and basis of accounting (continued)**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.

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

In the application of the Company and Group's accounting policies described above, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are explained in the individual accounting policies above and are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is recognised 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. 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:

Key sources of estimation uncertainty**Provision for receivables**

In assessing the impairment of financial assets, an estimation of the amount and timing of future cash flows as well as an assessment of whether credit risk on the financial asset has significantly changed since initial recognition and incorporation of forward-looking information in the measurement of Expected Credit Losses (ECL). See note 12.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2021 £m	Year ended 31 May 2020 £m
Rendering of services	68.7	51.5
Other revenue	10.6	8.6
	79.3	60.1

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 income 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 one Directors in the year (2020: 2). Remuneration for the Directors was £0.5m (2020: £0.4m). The highest paid Director received £0.5m (2020: £0.3m). Pension contributions for Directors for the year ended 31 May 2021 were less than £0.1m (2020: less than £0.1m).

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Operating profit

Operating profit is stated after charging:

	Note	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Depreciation – owned assets	9	1.1	1.2
Amortisation - intangible assets	10	0.1	0.2
Staff costs	6	22.9	15.1
Audit fees		0.1	0.1
Exceptional costs		1.9	1.1

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 £1.9m (2020: £1.1m) of property costs, including rent and rates have been included within administrative costs in arriving at the operating profit for the Group for the year ended 31 May 2021 and prior year. The exceptional property costs which were incurred whilst properties were undergoing fit out and/or were unavailable for classroom used due to lockdown restrictions.

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Staff costs

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Wages and salaries	20.3	13.3
Social security costs	2.0	1.6
Pension costs	0.6	0.2
Total staff costs	22.9	15.1

	Year ended 31 May 2021 No.	Year ended 31 May 2020 No.
Teaching and learning	142	129
Sales and administration	232	180
Total staff numbers	374	309

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Taxation

Group

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Corporation tax		
Current tax:		
UK Corporation tax	3.3	2.8
	<u>3.3</u>	<u>2.8</u>
Deferred		
Adjustments in respect of prior periods	(0.2)	0.3
	<u>3.1</u>	<u>3.1</u>
Total taxation charge		

The tax on profit before tax for the year is the same as the standard rate of corporation tax of 19% (2020: 19%).

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Profit before tax	16.1	14.1
Tax on profit for the year at 19% (2020:19%)	3.1	2.7
Expenses not deductible for tax purposes	0.2	0.3
Adjustments	(0.2)	0.1
Total tax charge		
in the Consolidated Income Statement	<u>3.1</u>	<u>3.1</u>

The Finance Act 2016 included legislation to reduce the main rate of UK Corporation Tax to 17% from 1 April 2020, however the Budget in March 2020 announced that main rate of UK Corporation Tax would remain at 19%. This was substantively enacted by the Provisional Collection of Taxes Act on 17 March 2020. Accordingly, Deferred Tax balances at 31 May 2020 were calculated at 19%.

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 (continued)

7. Taxation (continued)

Group

	2021 £m	2020 £m
Income tax liability (UK Corporation tax).	-	2.8
	<u>-</u>	<u>2.8</u>

The prior year Income tax liability (UK Corporation tax) has been transferred to Amounts owed to Group undertakings.

8. Finance income

Group

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Finance income	<u>0.2</u>	<u>0.2</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Property, plant, and equipment

Group and company

Group

	Leasehold Improvements	Furniture, Fittings, and equipment	Total
	£m	£m	£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
	Leasehold Improvements	Furniture, Fittings and equipment	Total
	£m	£m	£m
Cost at 1 June 2019	1.4	2.6	4.0
Additions	2.5	1.2	3.7
At 31 May 2020	3.9	3.8	7.7
Accumulated Depreciation at 1 June 2019	0.5	1.5	2.0
Charge	0.4	0.8	1.2
At 31 May 2020	0.9	2.3	3.2
Net book value at 31 May 2020	3.0	1.5	4.5

QAHE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Property, plant, and equipment-Group and Company

Company

	Leasehold Improvements	Fixtures, fittings and equipment	Total
	£m	£m	£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 as at 31 May 2021	4.6	1.6	6.2
	Leasehold Improvements	Fixtures, fittings and equipment	Total
	£m	£m	£m
Cost at 1 June 2019	1.4	2.6	4.0
Additions	2.5	1.2	3.7
At 31 May 2020	3.9	3.8	7.7
Accumulated Depreciation at 1 June 2019	0.5	1.5	2.0
Charge	0.4	0.8	1.2
At 31 May 2020	0.9	2.3	3.2
Net book value as at 31 May 2020	3.0	1.5	4.5

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Intangible assets- Group and Company

	Software	Total
	£m	£m
Cost at 1 June 2020	0.5	0.5
Additions	0.1	0.1
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 as at 31 May 2021	0.3	0.3

	Software	Total
	£m	£m
Cost at 1 June 2019	0.4	0.4
Additions	0.1	0.1
At 31 May 2020	0.5	0.5
Accumulated Amortisation at 1 June 2019	-	-
Charge	(0.2)	(0.2)
At 31 May 2020	(0.2)	(0.2)
Net book value as at 31 May 2020	0.3	0.3

NOTES TO THE FINANCIAL STATEMENTS (continued)

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), QAHE (SU) Limited and QAHE (Solent) Limited, is the provision of higher education services.

The principal activity of QAHE (Services) is student recruitment. The principal activity of QAHE (Solent) 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. The cost to the Company and the carrying value of investments in these subsidiaries is £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
QA Pathways Limited	England and Wales	13308665

The above subsidiaries have a registered office address at International House, 1 St Katharine's Way, London, E1W 1UN.

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 in the following companies:

- Branch Campus (London and Birmingham) Limited
- Northumbria London Campus Limited
- Roehampton Pathway Campus Limited
- Solent Pathway Campus Limited

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 £1.3m as at 31 May 2021 (31 May 2020, less than £0.1m). Including requested changes – "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 £0.1m and are controlled by the relevant partner universities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Trade Receivables

Group

	2021 £m	2020 £m
Trade receivables	12.1	6.3
Provision for impairment of trade receivables	(4.9)	(1.5)
Net trade receivables	<u>7.2</u>	<u>4.8</u>
Receivables-IndigoCyan Holdco 3 Limited group and related party undertakings	12.3	73.6
Prepayments	1.0	1.0
Other receivables	1.3	0.2
Deferred tax asset	0.1	-
	<u>21.9</u>	<u>79.6</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 £6.8m, (2020:£73.1m) and amounts owed from partner universities £5.5m (2020:£0.5m).

	Gross Carrying Amount 2021 £m	Provision 2021 £m	Net Carrying Amount 2021 £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>

	Gross Carrying Amount 2020 £m	Provision 2020 £m	Net Carrying Amount 2020 £m
Not past due	5.0	(1.1)	3.9
< 30 days past due	-	-	-
30-60 days past due	-	-	-
60-180 days past due	1.3	(0.4)	0.9
	<u>6.3</u>	<u>(1.5)</u>	<u>4.8</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Trade Receivables (continued)

The Group co-operates with various universities. These universities are co-investors in various investment companies which deliver higher education programmes. The universities are the majority shareholder in the investment companies. The Group refers to the universities as partners. See note 11 for details of the investment companies. During the course of the year the Group made purchases of £1.4m (2020: £1.8m) from these investment companies and made sales of £11.8m (2020: £8.8m) 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 Indigo Cyan Holdco3 Group Limited. During the year the Group received funds from its University Partners totalling £41.8m (2020: £38.5m) and at the balance sheet date the partners owed the Group £5.5m (2020: £0.5m) and the Group owed its partners £5.7m (2020: £9.1m).

Company

	2021	2020
	£m	£m
Receivables from IndigoCyan Holdco 3 Limited group and related party undertakings	42.8	19.4
Prepayments	1.1	0.6
Deferred tax asset	0.1	0.1
	44.0	20.1

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, £30.7m (2020: £2.9m) and the wider Indigo Cyan Holdco 3 Limited group of £12.1m, (2020: £16.5m).

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Trade and other payables

Group

	2021	2020
	£m	£m
Trade payables	0.5	0.1
Accrued expenses	9.9	5.8
Amounts due to IndigoCyan Holdco 3 Limited group and other related party undertakings	13.2	40.9
Amounts due to other related party undertakings		
Social security and other taxes	1.0	1.8
Deferred income	24.1	7.5
Other payables	2.9	2.5
	51.6	58.6

Amounts due to related party undertakings are payable on demand so are classified as current liabilities. The amounts due related party undertakings are repayable on demand and do not accrue interest. Related parties include amounts due to companies within the wider Indigo Cyan Holdco 3 Limited group £7.5m, (2020: £34.4m) and amounts to partner universities £5.7m (2020: £6.5m).

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

Company

	2021	2020
	£m	£m
Trade payables	0.5	0.1
Accrued expenses	0.4	0.6
Amounts due to QAHE Group and Indigo Cyan Holdco 3 Limited group related party undertakings	53.8	26.8
Social security and other taxes	1.1	1.6
	55.8	29.1

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

The amounts owed to QAHE Group of £49.0m (2020:£26.2m), amounts owed to IndigoCyan Holdco 3 group of £4.1m (2020:nil) and amounts owed to partner universities of £0.7m(2020:£0.6m)

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Provision for Deferred Taxation

Group

	2021 £m	2020 £m
Deferred tax	-	0.2
	-	0.2

During the year ended 31 May 2020, a deferred tax credit of £0.2m (2020: charge of £0.3m) was made to the Consolidated Income Statement, (as set out in note 15) in arriving at the closing deferred tax provision at 31 May 2021.

The deferred tax movements related to accelerated capital allowances in excess of depreciation for the year ended 31 May 2021 and for the year ended 31 May 2020.

15. Share Capital and Reserves

Group

	2021 £	2020 £
Authorised, allotted and fully paid-up share capital	100	100

Company

	2021 £	2020 £
Authorised, allotted and fully paid up share capital	100	100

Reserves

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Dividends

Dividends of £38.0m were paid during the year ended 31 May 2021 (2020:nil). This represents dividends per share of £380,000 for the year ended 31 May 2021 (2020: nil).

17. 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 Advisors LLC. 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.

18. Events after the balance sheet date

On 1 July 2021, the immediate parent undertaking of QAHE Limited, Seckloe 208 Limited, acquired 85.5% of Circus Street London Limited, a global leader in providing commercial digital skills including ecommerce, data analytics and digital marketing skills through its subscription-based, proprietary digital platform.

In September 2021, the QAHE Group and the wider IndigoCyan Holdco 3 Limited group was subject to a cyberattack. Further details are included in the Annual Report for the wider group headed by IndigoCyan Holdco 3 Limited which can be obtained from www.qa.com.