

**CATALYST NEWCO3 LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

TUESDAY



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**CATALYST NEWCO3 LIMITED**

**COMPANY INFORMATION**

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**Directors**

Mr P Bernard  
Mr S Freer  
Mr T Pilkington  
Mr B Singh

**Company number**

11635870

**Registered office**

Griffin House  
161 Hammersmith Road  
London  
W6 8BS

**Auditor**

Mercer & Hole  
Batchworth House  
Batchworth Place  
Church Street  
Rickmansworth  
Hertfordshire  
WD3 1JE

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**CATALYST NEWCO3 LIMITED**

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## **CATALYST NEWCO3 LIMITED**

### **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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The directors present their annual report and financial statements for the year ended 31 December 2020.

#### **Principal activities**

The principal activity of the company throughout the period was acting as holding company of the Digital Education Holdings, Inc. group of companies.

#### **Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors cannot recommend payment of a final dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr P Bernard  
Mr S Freer  
Mr T Pilkington  
Mr B Singh

#### **Financial instruments**

The main financial risks faced by the company through its normal business activities relate to liquidity risk, credit risk and market risk.

#### ***Liquidity Risk***

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

#### ***Credit Risk***

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade Receivables are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

#### ***Market Risk***

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices principally comprise interest rate risk, currency risk and equity risk. Financial instruments affected by market risk include bank deposits, investments, debtors and creditors.

#### **Auditor**

Mercer & Hole were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006.

**CATALYST NEWCO3 LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Statement of disclosure to auditor**

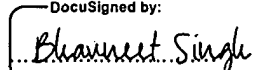
Each director in office at the date of approval of this annual report confirms that:

- 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 he / she ought to have taken as a director in order to make himself / herself 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 section 418 of the Companies Act 2006.

On behalf of the board

DocuSigned by:

  
Mr B Singh

Director

Date: 28/2/2022

## **CATALYST NEWCO3 LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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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 financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 these 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.

## **CATALYST NEWCO3 LIMITED**

### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE MEMBERS OF CATALYST NEWCO3 LIMITED**

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##### **Opinion**

We have audited the financial statements of Catalyst Newco 3 Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020, and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

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

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

##### **Other information**

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

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

We have nothing to report in this regard.

## **CATALYST NEWCO3 LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CATALYST NEWCO3 LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

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

#### **Responsibilities of directors**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

#### **Explanations as to what extent the audit was considered capable of detecting irregularities, including fraud**

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, the Companies Act 2006 and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure and management bias in accounting estimates.



## CATALYST NEWCO3 LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CATALYST NEWCO3 LIMITED

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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.

Audit procedures performed by engagement team include:

- Our responses to significant audit risks over management override of controls, which are intended to sufficiently address the risk of fraudulent manipulation. Specifically we review the manual adjustments made to the financial statements and evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures;
- Discussions with management, including considerations of known or suspected instances of noncompliance with laws and regulations or the identification of fraud;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control; and
- Evaluation of the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing noncompliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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

DocuSigned by:

*Mark Cassidy*

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**Mark Cassidy (Senior Statutory Auditor)**  
For and on behalf of Mercer & Hole

Date: **1/3/2022**

**Chartered Accountants**  
**Statutory Auditor**

Batchworth House  
Batchworth Place  
Church Street  
Rickmansworth  
Hertfordshire  
WD3 1JE

**CATALYST NEWCO3 LIMITED****INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2020**


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		<b>Year ended 31 December 2020 \$</b>	<b>Period ended 31 December 2019 \$</b>
Administrative expenses	<b>Notes</b>	(84,936)	(337,514)
<b>Operating loss</b>	<b>2</b>	(84,936)	(337,514)
Investment revenues	<b>5</b>	2,510,183	2,825,915
Finance costs	<b>6</b>	(3,934,485)	(5,956,230)
<b>Loss before taxation</b>		(1,509,238)	(3,467,829)
Income tax expense	<b>7</b>	-	-
<b>Loss and total comprehensive income for the year</b>		<u>(1,509,238)</u>	<u>(3,467,829)</u>

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The income statement has been prepared on the basis that all operations are continuing operations.

**CATALYST NEWCO3 LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

		31 December 2020	31 December 2019	22 October 2018
	Notes	\$	\$	\$
<b>Non-current assets</b>				
Investments	8	53,418,986	53,418,986	-
<b>Current assets</b>				
Trade and other receivables	10	1,415,181	1,515,181	1
Cash and cash equivalents		19,873	10,909	-
		1,435,054	1,526,090	1
<b>Current liabilities</b>				
Trade and other payables	13	2,499,673	3,451,661	-
Borrowings	12	3,000,000	3,000,000	-
Derivative financial instruments		1,601,884	1,184,243	-
		7,101,557	7,635,904	-
<b>Net current liabilities</b>		(5,666,503)	(6,109,814)	1
<b>Non-current liabilities</b>				
Borrowings	12	40,900,000	39,000,000	-
Derivative financial instruments		829,550	777,001	-
		41,729,550	39,777,001	-
<b>Net assets</b>		6,022,933	7,532,171	1
<b>Equity</b>				
Called up share capital	14	20	20	1
Share premium account	15	10,999,980	10,999,980	-
Retained earnings		(4,977,067)	(3,467,829)	-
<b>Total equity</b>		6,022,933	7,532,171	1

**CATALYST NEWCO3 LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

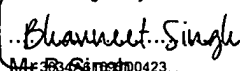
**AS AT 31 DECEMBER 2020**

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These financial statements have been prepared and delivered in accordance with the provisions applicable to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 28/2/2022 and are signed on its behalf by:

DocuSigned by:



Mr B Singh 00423...

**Director**

**Company Registration No. 11635870**

**CATALYST NEWCO3 LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	Share capital \$	Share premium account \$	Retained earnings \$	Total \$
<b>As restated for the period ended 31 December 2019:</b>					
<b>Balance at 22 October 2018</b>		1	-	-	1
<b>As restated</b>		1	-	-	1
<b>Period ended 31 December 2019:</b>					
Loss and total comprehensive income for the period		-	-	(3,467,829)	(3,467,829)
Issue of share capital	14	19	10,999,980	-	10,999,999
<b>Balance at 31 December 2019</b>		20	10,999,980	(3,467,829)	7,532,171
<b>Year ended 31 December 2020:</b>					
Loss and total comprehensive income for the year		-	-	(1,509,238)	(1,509,238)
<b>Balance at 31 December 2020</b>		20	10,999,980	(4,977,067)	6,022,933

**CATALYST NEWCO3 LIMITED****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 \$	\$	2019 \$	\$
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	19	(1,775,288)		1,598,966	
Interest paid		(2,625,931)		(3,986,656)	
<b>Net cash outflow from operating activities</b>		<b>(4,401,219)</b>		<b>(2,387,690)</b>	
<b>Investing activities</b>					
Proceeds on disposal of subsidiaries		-	(53,418,986)		
Interest received		2,510,183	2,825,915		
<b>Net cash generated from/(used in) investing activities</b>		<b>2,510,183</b>		<b>(50,593,071)</b>	
<b>Financing activities</b>					
Additions from new shares issued		-	11,000,000		
Receipts from borrowings		1,900,000	-		
Receipts from bank loans		-	42,000,000		
Interest received on derivatives		-	(8,330)		
<b>Net cash generated from financing activities</b>		<b>1,900,000</b>		<b>52,991,670</b>	
<b>Net increase in cash and cash equivalents</b>		<b>8,964</b>		<b>10,909</b>	
Cash and cash equivalents at beginning of year		10,909		-	
Cash and cash equivalents at end of year		19,873		10,909	

## **CATALYST NEWCO3 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **1 Accounting policies**

##### **Company information**

Catalyst Newco3 Limited is a private company limited by shares incorporated in England and Wales. The registered office is Griffin House, 161 Hammersmith Road, London, W6 8BS. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### **1.1 Accounting convention**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated. This is different from the previous reporting period which was reporting under FRS102. The previous period accounts were the company's first set of accounts, and hence the date of adoption is from the first day the company was incorporated on 22 October 2018. The application of IFRS will not impact amounts reported for the prior period. The company has applied amendments from 1 January 2020 onwards.

The financial statements are prepared in United States Dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Catalyst Newco3 Limited is a wholly owned subsidiary of Sandbox Edutainment Holdings Limited and the results of Catalyst Newco3 Limited are included in the consolidated financial statements of Sandbox Edutainment Holdings Limited which are available from Companies House Cardiff.

##### **1.2 Business combinations**

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

##### **1.3 Going concern**

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

## CATALYST NEWCO3 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### 1.4 Cash and cash equivalents

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

##### 1.5 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

##### **Financial assets at fair value through profit or loss**

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

##### **Financial assets held at amortised cost**

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

##### **Impairment of financial assets**

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.



## CATALYST NEWCO3 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### 1.6 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

##### *Other financial liabilities*

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

##### 1.7 Equity instruments

All equity investments are to be measured at fair value in the statement of financial position, with value changes recognised in profit or loss.

##### 1.8 Derivatives

The company enters into interest swap forwards contract in order to manage its exposure to foreign exchange risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

##### 1.9 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

**CATALYST NEWCO3 LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****2 Operating loss**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	21,084	3,600

**3 Auditor's remuneration**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	21,084	3,600

**4 Employees**

The average monthly number of persons (excluding directors) employed by the company during the year was nil.

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Total	-	-

**5 Investment income**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Interest income</b>		
Financial instruments measured at amortised cost:		
Bank deposits	201	471
Other interest income on financial assets	2,509,982	2,825,444
Total interest revenue	2,510,183	2,825,915

Income above relates to assets held at amortised cost, unless stated otherwise.

**6 Finance costs**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Interest on bank overdrafts and loans	3,464,295	3,986,656
Loss on hedging instrument in a fair value hedge	470,190	1,969,574
	3,934,485	5,956,230

**CATALYST NEWCO3 LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****7 Income tax expense**

	2020	2019
	\$	\$

The charge for the year can be reconciled to the loss per the income statement as follows:

	2020	2019
	\$	\$
Loss before taxation	(1,509,238)	(3,467,829)
Expected tax credit based on a corporation tax rate of 19.00% (2019: 19.00%)	(286,755)	(658,888)
Effect of expenses not deductible in determining taxable profit	-	61,945
Unutilised tax losses carried forward	286,755	596,943
<b>Taxation charge for the year</b>	<b>-</b>	<b>-</b>

**8 Investments**

	Current		Non-current	
	2020	2019	2020	2019
	\$	\$	\$	\$
Investments in subsidiaries	-	-	26,872,374	26,872,374
Loans to subsidiaries	-	-	26,546,612	26,546,612
	-	-	53,418,986	53,418,986

**Fair value of financial assets carried at amortised cost**

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

**9 Subsidiaries**

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Coolmath.com LLC	USA	Common Stock	-	100.00
Constructive Media LLC	USA	Common Stock	-	100.00
Digital Education Acquisition Inc	USA	Common Stock	-	100.00
Digital Education Holdings Inc	USA	Common Stock	100.00	-

**CATALYST NEWCO3 LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****10 Trade and other receivables**

	2020 \$	2019 \$
Amount owed by parent undertaking	155,000	255,000
Amounts owed by fellow group undertakings	1,254,650	1,254,650
Other receivables	5,531	5,531
	<u>1,415,181</u>	<u>1,515,181</u>

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

**11 Liabilities**

		Current 2020 \$	2019 \$	Non-current 2020 \$	2019 \$
	Notes				
Borrowings	12	3,000,000	3,000,000	40,900,000	39,000,000
Trade and other payables	13	2,499,673	3,451,661	-	-
Derivative financial instruments		1,601,884	1,184,243	829,550	777,001
		<u>7,101,557</u>	<u>7,635,904</u>	<u>41,729,550</u>	<u>39,777,001</u>

**12 Borrowings**

	Current 2020 \$	2019 \$	Non-current 2020 \$	2019 \$
<b>Borrowings held at amortised cost:</b>				
Bank loans	3,000,000	3,000,000	39,000,000	39,000,000
Loans from parent undertaking	-	-	1,900,000	-
	<u>3,000,000</u>	<u>3,000,000</u>	<u>40,900,000</u>	<u>39,000,000</u>

On 9 November 2018 the Company entered into a Senior Facilities Agreement ("the Agreement") with National Westminster Bank PLC ("the Bank"). The Agreement provides a \$42 million Term Loan Facility and a revolving loan facility of up to \$500,000. The proceeds of the Agreement were used to fund the acquisition of Digital Education Holdings, Inc. and subsidiaries. The Term Loan Facility is repayable in seven consecutive semi-annual instalments commencing in September 2020 followed by a final payment of the remaining facility on the final maturity date in November 2023. The revolving loan facility was not drawn as at 31 December 2020. Additional information on these installments can be found in the subsequent events note.

The interest rate within the Agreement for both the Term Loan Facility and the revolving loan facility is 5.5% above LIBOR. Interest is paid semi-annually in March and September.

As part of the Agreement the Company provided security over its investments in its subsidiaries.

**CATALYST NEWCO3 LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****13 Trade and other payables**

	2020	2019
	\$	\$
Amounts owed to fellow group undertakings	1,639,220	544,033
Accruals	22,089	907,628
Other payables	838,364	2,000,000
	<u>2,499,673</u>	<u>3,451,661</u>

The directors consider that the carrying amount of trade payables approximates to their fair value.

**14 Share capital**

	2020	2019	2020	2019
	Number	Number	\$	\$
Ordinary share capital Issued and fully paid of \$0.01 each	2,000	2,000	20	20

The Company has one class of ordinary shares which have attached to them full voting, dividend and capital distribution (including winding up rights). These ordinary shares do not confer any rights of redemption.

As at the 31 December 2020, all classes of shares have been issued and fully paid.

**15 Share premium account**

	2020	2019
	\$	\$
At the beginning of the year	10,999,980	-
Issue of new shares	-	10,999,980
At the end of the year	<u>10,999,980</u>	<u>10,999,980</u>

**16 Capital risk management**

The company is not subject to any externally imposed capital requirements.

**17 Events after the reporting date**

During the course of 2020 there was a visibility on a potential covenant breach on the bank loan given the impact on Covid on the CMG business. To prevent this, discussions were had with the bank to amend the senior facilities agreement to waive the first two amortization payments due in 2020 and 2021. In addition to this, a sum of \$2,000,000 was injected into the bank group to provide certainty of funds to pay the final deferred consideration payment included in the acquisition of Digital Education Holdings Inc in November. Following this amendment, the first of the remaining five semi-annual instalments was due in September 2021.

**CATALYST NEWCO3 LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****18 Related party transactions**

As at 31 December 2020, the company was owed £155,000 (2019: \$255,000) from Sandbox Edutainment Holdings Limited, the parent company as a result of expenses paid on the parents behalf. As a separate amount, the company also owed \$1,900,000 (2019: \$nil) to Sandbox Edutainment Holdings Limited with regards to an additional loan drawn during the year.

During the year the company received \$2,504,982 (2019: \$2,825,444) of income from Digital Education Acquisition Inc, a wholly owned subsidiary, with regards to interest receivable on the loan with this company. As at 31 December 2020, there was \$1,254,650 (2019: \$1,254,650) of interest accrued for outstanding interest income.

As at 31 December 2020 the company owed \$1,639,220 (2019: \$544,033) to Coolmaths.Com LLC, a wholly owned subsidiary with regards to various legal and professional fee's paid on the company's behalf.

**19 Cash (absorbed by)/generated from operations**

	2020 \$	2019 \$
Loss for the year after tax	(1,509,238)	(3,467,829)
<b>Adjustments for:</b>		
Finance costs	3,934,485	5,956,230
Investment income	(2,510,183)	(2,825,915)
<b>Movements in working capital:</b>		
Decrease/(increase) in trade and other receivables	100,000	(1,515,181)
(Decrease)/increase in trade and other payables	(1,790,352)	3,451,661
<b>Cash (absorbed by)/generated from operations</b>	<u>(1,775,288)</u>	<u>1,598,966</u>

**20 Transition adjustments****Reconciliation of equity**

	Notes	At 22 October 2018			At 31 December 2019		
		Previously reported	Effect of transition	As restated	Previously reported	Effect of transition	As restated
		\$	\$	\$	\$	\$	\$
<b>Fixed assets</b>							
Investments		-	-	-	53,418,986	-	53,418,986
<b>Current assets</b>							
Trade and other receivables		1	-	1	1,515,181	-	1,515,181
Bank and cash		-	-	-	10,909	-	10,909
		<u>1</u>	<u>-</u>	<u>1</u>	<u>1,526,090</u>	<u>-</u>	<u>1,526,090</u>

**CATALYST NEWCO3 LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****20 Transition adjustments****(Continued)**

	Notes	At 22 October 2018			At 31 December 2019		
		Previously reported	Effect of transition	As restated	Previously reported	Effect of transition	As restated
		\$	\$	\$	\$	\$	\$
<b>Creditors due within one year</b>							
Borrowings		-	-	-	(3,000,000)	-	(3,000,000)
Derivatives		-	-	-	(1,184,243)	-	(1,184,243)
Other payables		-	-	-	(3,451,661)	-	(3,451,661)
		-	-	-	(7,635,904)	-	(7,635,904)
<b>Net current assets/ (liabilities)</b>		1	-	1	(6,109,814)	-	(6,109,814)
<b>Total assets less current liabilities</b>		1	-	1	47,309,172	-	47,309,172
<b>Creditors due after one year</b>							
Borrowings		-	-	-	(39,000,000)	-	(39,000,000)
Derivatives		-	-	-	(777,001)	-	(777,001)
		-	-	-	(39,777,001)	-	(39,777,001)
<b>Net assets</b>		1	-	1	7,532,171	-	7,532,171
<b>Equity</b>							
Share capital		1	-	1	20	-	20
Share premium		-	-	-	10,999,980	-	10,999,980
Profit and loss		-	-	-	(3,467,829)	-	(3,467,829)
<b>Total equity</b>		1	-	1	7,532,171	-	7,532,171

**Notes to reconciliations**

It is noted that the restatement from UK GAAP to IFRS resulted in \$nil transition effect, as all results were the same under both standards.

This means that there are no transition adjustments which would affect the statement of comprehensive income or the statement of cashflows for the comparative period shown in the accounts.