

Parent Company Accounts

ISP Ecuador Limited

11938233

Parent company guarantee for purposes of
exemption from individual company accounts
stated on page 19.

International Schools Partnership Limited

100 New Bridge Street, London,
United Kingdom, EC4V 6JA

**Consolidated financial statements
for the financial year ended 31 August 2022
Registered number 09817502**



Contents

Consolidated strategic report	- 2 -
Consolidated directors' report	- 7 -
Statement of directors' responsibilities	- 8 -
Independent Auditor's report to the members of International Schools Partnership Limited	- 9 -
Group consolidated statement of comprehensive income / (loss)	- 13 -
Group consolidated statement of financial position	- 14 -
Group consolidated statement of cash flows	- 15 -
Group consolidated statement of changes in equity	- 16 -
Notes to the group consolidated financial statements	- 17 -
Company balance sheet	- 78 -
Company statement of changes in equity	- 79 -
Notes to the company financial statements	- 80 -

Consolidated strategic report

The Directors present the Strategic report and the financial statements of International Schools Partnership Limited (“the Company”), together with its subsidiaries (“the Group”) for the year ended 31 August 2022.

Group’s principal activities and events of the 2022 financial year

The Company is a private company incorporated, domiciled and registered in England in the UK. The registered number is 09817502 and the registered address is 100 New Bridge Street, London, United Kingdom, EC4V 6JA. The ultimate controlling parent is International Schools Partnership I S.à.r.l by virtue of its shareholding in the immediate parent company, Permotio International Learning S.à.r.l. The ultimate controlling party is Partners Group Access 188 PF LP.

The core activity of the Group is kindergarten through to twelfth grade (K-12) education. Through its subsidiaries the Company acquires, operates and builds schools around the world, creating a global schools Group incorporating schools with an international outlook, which are or can become the school of choice in their local area. At the year end date the Group owned and operated 60 (2021: 51) schools with circa 54,244 (2021: 46,936) children enrolled from 2-18 years of age studying in the United Kingdom, Spain, Italy, Switzerland, Mexico, Malaysia, Costa Rica, the USA, Canada, Qatar, the United Arab Emirates, Ecuador, Chile, Peru, Colombia, India and Vietnam. The schools offer a diverse and enriching educational experience spanning British, Malaysian, International, Mexican, US, Costa Rica, Peruvian, Chilean, Colombian and Spanish curricula.

During the year, the Group made six acquisitions (2021: five acquisitions): Riviera Preparatory and Day Schools (Miami, USA), Mosaic Ecole (Geneva, Switzerland), Straits International Education Group (Kuala Lumpur & Penang, Malaysia), Colegio Terranova (Quito, Ecuador), St. Mary’s School (Hyderabad, India) and Star International School (Dubai, UAE). In addition, the Group opened two new schools in Vietnam in August 2022 and closed one school in Baton Rouge in May 2022. Post year end the Group has added five further schools based in Panama, India, Italy and Poland, bringing the number of schools it owns and operates to 65.

The Group completed an equity refinancing in July 2021 to raise further equity capital for future acquisitions. The refinancing resulted in Partners Group retaining a majority shareholding but also included investment by a new minority shareholder, OMERS (“Ontario Municipal Employees Retirement System”). The debt facility agreement with Arcmont Asset Management, Goldman Sachs Asset Management and Santander UK Plc was also amended to reflect additional draw down facilities and revised financial covenants. The changes in equity and the debt facilities are disclosed in more detail within the relevant notes to the financial statements.

Results and position

The Group had net assets of €260,862,000 as at 31 August 2022 (2021: €110,510,000) and has made a loss of €(57,443,000) during the financial year 2022 (2021: €(94,267,000)), which will be carried forward to the following financial year. Included in the loss for the year is a loss of €(7,401,000) from discontinued operations (2021: €(1,004,000)), related to the closure of the school in Baton Rouge in May 2022. Revenue for the financial year 2022 was €404,139,000 (2021: €294,011,000*). The year-on-year movements are mainly attributable to the acquisition of new schools in 2022.

The Group's Directors assess performance and business risk using regular reporting by each subsidiary and investment which includes monitoring against agreed budgets and a set of key performance indicators (“KPIs”). The KPIs comprise both financial and non-financial measures. Non-financial KPIs primarily include ratios relating to student enrolments and staffing, but also incorporate other key metrics associated with health and safety, the learning performance of the school and academic results. The key KPIs are as follows:

	Year ended 31 August 2022	Year ended 31 August 2021
Number of pupils	54,244	46,936
Number of schools	60	51
Adjusted EBITDA (€'000)**	82,604	46,796*

* The comparative information is restated due to a discontinued operation. See note 12 for further information.

**Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation (“EBITDA”) is calculated by adding back the following amounts to the operating loss: Depreciation of property, plant & equipment, Impairment of property plant & equipment, Amortisation of intangible assets and Impairment of intangible assets. A reconciliation between statutory GAAP measures and adjusted EBITDA is included on page 13.

Consolidated strategic report (continued)

Results and position (continued)

During this financial year, the Group continued to experience disruption due to the COVID-19 pandemic. Although many schools reopened as restrictions were lifted, some schools continued to operate blended learning where needed (mixture of on premise and distance learning). The main impact in 2022 was that the Group's ancillary revenue have still not returned to pre-pandemic levels. The total impact of COVID-19 which includes subsidies given to parents, lost income on other services net of savings from furloughing staff and controlling expenditure is estimated to be around €11.0 million in the year ended 31 August 2022 (2021: €9.1 million).

Although we are now through the worst threats of the COVID-19 pandemic, we continue to live in challenging times with the war in Ukraine and the effects of climate change around the world creating heightened uncertainty. Rising inflation, slowing economic growth, an energy crisis, increasing interest rates, labour shortages and changes in consumer behaviour are just some of the risks the business currently faces. During the COVID-19 pandemic, the Group demonstrated adaptability and resilience in adjusting rapidly to the situation and will carry through the current economic challenges with the same resolve. The safety and wellbeing of our students, colleagues and families remains our top priority. The Board of Directors continue to manage the financial risks on a regular basis. Forecasting, budgets and going concern assessments have been updated to respond to the increased economic risks imposing on the business.

The change in the key KPIs above reflects both the acquisitions made (in the current and prior year) and the capital investment in existing schools to increase capacity. The increase in pupils reflects the varying size of the schools acquired during the financial year 2022 as well as growth in the underlying schools. The increase in adjusted EBITDA is attributable to the acquisitions made within the year and the organic performance of the Group.

Key risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to several risks. The key business risks affecting the Group are set out below:

Enrolments

Increasing enrolments in our schools is critical to financial performance. The Group continues to invest and improve the facilities and learning at the schools to retain and attract new students. The Group regularly reports on pipeline students as well as existing students so that the outlook is monitored. We continue to invest in our marketing and admissions capability particularly in the digital space to promote our schools as widely as possible.

Employees

The Group's performance depends on its head teachers and staff in each of its schools and the expertise in the various regional teams. The resignation of key individuals and the inability to recruit people with the right experience and skills from either local, national or international communities could adversely impact the Group's results. To mitigate these risks, the Group has invested in a leading recruitment tool and has implemented a consistent review process, personal development programmes and succession planning for key employees and regularly monitors its reward structure to ensure that it retains key employees. In addition, the Group has well established recruitment processes to enable us to source high quality replacement staff and it has continued to invest in Group and regional specialist employees to support the on-going expansion of the Group. The Group regularly surveys its employees using NPS data to provide feedback to the schools and determine actions to improve employee engagement.

License to operate

To operate our schools, we maintain various accreditations from curriculum providers and licenses from local education authorities. If any of our schools fails to meet the required standard, it could lose its license which could materially adversely affect our business prospects. Our regional structures include a regional managing director, supported by a director of learning who supports the regional managing director and head teachers to ensure that we meet the required educational standards and a regional head of property who supports the regional managing director on ensuring that schools are well invested and licences are maintained.

Fee increases

The Group needs to be able to sustain fee increases going forward to cover increases in operational costs, provide continual improvements in the students learning and provide investment in the schools' facilities. Each school's ability to increase fees is dependent on several factors including local competition, quality of education at the school, local demographic and parent satisfaction as well as the local inflation rates.

Consolidated strategic report (continued)

Key risks and uncertainties (continued)

Financial risks

The Group's activities expose it to a variety of financial risks: market risk (including cash flow, foreign currency, interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the Board of Directors. The Group's objective when managing capital is to safeguard its ability to continue as a going concern, to provide returns to the shareholders and to maintain an appropriate capital structure to optimise the cost of capital.

(a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a)(i) Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has limited exposure to currency risk as revenue and costs are generally in the same currency. It has some currency risk on certain purchases (accounting, audit and administrative services) that are denominated in a currency other than the functional currency. Foreign currency translation risk will continue to be significant given the diverse portfolio. A significant weakening of a currency in a region could adversely impact the value of future dividends from investments in that region. To mitigate foreign currency risk the Group holds bank accounts in all the currencies that the Group operates in. The Group acquired a school in one new country during the year, India, further adding to foreign currency risk on repatriated earnings.

(a)(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's risk management strategy to protect the cash flows and minimise the adverse impact of increases in variable market interest rates is to enter into offsetting interest rate cap or swap contracts to fix the interest on its borrowings from third parties. The Group may formally designate one or more of these derivative financial instruments as a hedging relationship, subject to hedge accounting, if it meets all the qualifying effectiveness requirements.

(b) Credit Risk

Credit risk is the risk that any counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group typically invoices customers in advance and has policies in place covering subsequent cash collection, which include regular review of outstanding receivables.

The carrying amount of current receivables represents the maximum credit exposure.

(c) Liquidity risk

The Group manages liquidity risk by maintaining adequate cash balances and borrowing facilities, loans granted by the shareholders, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group also performs regular cash forecasting at the subsidiary level along with the funding required for central and local cost centres. Funding for new transactions, including due diligence and other pre-transaction costs, is assessed and drawn down on a case-by-case basis.

Environmental matters

The Group's activity has a minimal impact on the environment, however, the directors believe that good environmental practices support the broader strategy of enhancing the reputation of the Group as well as fostering staff, parents and students morale. The Group is committed to reducing its Carbon emissions as well as emission of other greenhouse gases and encourages energy and waste saving initiatives. The Group has committed to an initiative which will see it plant a tree for every student and employee using a reforestation specialist company, Tree Nation and is also investing in installing solar power across its schools.

Greenhouse gas emissions, energy consumption and energy efficiency action

The use of resources to supply educational services indirectly utilises finite global resources. The source of the raw materials and the supply of educational services is spread globally. We recognise, that our services indirectly utilise global resources some of which are limited in their nature.

Consolidated strategic report (continued)

Greenhouse gas emissions, energy consumption and energy efficiency action (continued)

The footprint from our UK operations is as follows:

Carbon emissions in UK	Year ended 31 August 2022		Year ended 31 August 2021	
	Energy usage (kWh)	Tonnes of CO ₂ e	Energy usage (kWh)	Tonnes of CO ₂ e
Scope 1 (gas)	633,525	116	920,280	169
Scope 2 (electricity)	1,198,150	262	699,378	179
Total footprint in UK	1,831,675	378	1,619,658	348

Group intensity measurement	€'000	€'000
Turnover in UK	11,002	9,998
Emissions reported above per €'000 of turnover	0.03	0.03

The above has been calculated using information from suppliers and estimating fuel usage based on expenditure. Emissions were determined by applying the UK government conversion factors to the energy consumption values and aggregating the total.

Efforts are made to ensure that the footprint from the services we provide in the UK operations is minimised by reviews of inefficient operational practices and avoiding suppliers or regions where the employment or environmental practices are known to be below acceptable standards.

Human rights issues

The Group ensures that its business activities are conducted with the objective of protecting human rights of both teachers and students. Staff are strongly encouraged to report abuse, either to their line manager or to other members of the managerial hierarchy. The qualities of respect and dignity constitute the foundation of the services we provide and the importance of human rights forms one of the foundations of our business.

International Schools Partnership and the community

The Group has grown by acquisition of geographically and culturally diverse entities, and we have benefitted from pre-existing relationships of our staff and teachers with the community. These relationships ensure staff and teachers and students lead happy, rewarding lives during their student years. Schools have direct involvement in a number of community based initiatives which help to enhance the schools' relationships with local communities.

Research and development

During the financial year, the Group has invested €1.0 million (2021: €0.8 million) in its proprietary learning and sharing platform (The Learning Hub) which is available to all staff.

Acquisition of own shares

During the financial year, International Schools Partnership Limited has not bought back any of its own shares (2021: purchased 1 of its own ordinary shares at a value of €1).

Branches of the Company

During the financial year, the Company has not held any branches.

Going concern

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably plausible, but severe, downsides, the Company and Group will have sufficient funds, both through the currently available debt facilities and equity commitments, to meet liabilities as they fall due for that period. The forecasts indicate that the Company and Group will have sufficient cash and facilities to operate with a satisfactory level of headroom against the covenants in the debt facilities. Consequently, the directors are confident that the Company and Group will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis. Please refer to note 1 of the financial statements for the detailed management assessment.

Consolidated strategic report (continued)

Future outlook

Management are committed to growing the business, by investing in facilities, creating new capacity and improving the education provision at the existing schools as well as acquiring new schools.

After the reporting date the Group has acquired five new schools and drawn down on more funding. See subsequent events, note 31, for further information.

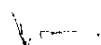
Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Directors of International Schools Partnership Limited consider that they have behaved in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole (with regards to the stakeholders and matters set out in s172 (1) (a to f) of the Companies Act) in the decisions taken during the year ended 31 August 2022.

Specific matters detailed in s172 and the actions taken by the Directors with regards to these matters are summarised below:

Matters	Actions	Consideration and engagement
Likely consequences of any decision in the long term	Annually, the Board undertakes a review of the Company's strategy, including the budget for the forthcoming year and the plan for the next five years. Once approved, the plan and strategy form the basis for financial budgets and resource and investment decisions. Both input to the budgets and output in terms of decision making involves both the Board and senior management. In making decisions concerning the business plan and future strategy, the Board has regard to the interests of various stakeholders and the consequences of its decisions in the long-term.	Annual budget, 5-year plan.
Interests of the Group's employees	Our employees are fundamental to the success of the business. We aim to be a responsible employer in our approach to the pay and benefits that our employees receive and ensure that we adhere to all statutory employee health and safety standards.	Employee reviews and appraisals. Exit surveys. Bonus schemes. Health and safety certification.
Need to foster the Company's business relationships with suppliers, customers and others	We are committed to securing strong working relationships with both our suppliers and customers in order to accentuate the performance of the Group, optimise the resources available to our employees and the experience of our pupils. We require that all companies within the Group ensure that suppliers adhere to acceptable employment, industry and environmental practices. Managing good customer relations is a key area of focus which is supported by regular feedback surveys.	Staff training. Customer surveys.
Impact of the Company's operations on the community and the environment	Recycling and reducing carbon footprint are widely encouraged throughout the Group and amongst employees. The Group has also implemented initiatives mentioned in 'Environmental matters', such as use of solar power and planting a tree for every student in the Group, to raise awareness of environmental matters and get students engaged in the issue.	Recycling. Green-house gas emissions review.
Desirability of the Group maintaining a reputation for high standards of business conduct	Our intention is to behave responsibly and ensure that management operate the business in a responsible manner and within high standards of business conduct and good governance.	Audit committees. Nonexecutive Director Board appointments.
Need to act fairly as between members of the Company	The Board is committed to openly engaging with our shareholders, whether with institutional investors or private shareholders. It is important that shareholders understand our strategy and objectives.	Director meetings with shareholders.

This report was approved by the board on 27 February 2023 and signed on its behalf.



Darren Mee
Chief Financial Officer

Consolidated Directors' report

The Directors present their report and the financial statements for the year ended 31 August 2022 for the Company and Group.

Proposed dividend

The directors do not recommend the payment of a dividend (2021: £nil).

Directors

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

S D R Brown

L M Bucher

A D Deakin

G Dray (Appointed 5 May 2022)

J W Frankish (Appointed 15 November 2022)

Z L Howorth

D Mee

J Mussellwhite (Resigned 15 November 2022)

R J Robson

Qualifying third party indemnity provisions

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provisions remain in force as at the date of this report.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2021: none).

Matters covered in the Strategic report

As permitted by Paragraph 1A of schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report instead. These matters relate to business review, future developments, principal risks and uncertainties and financial key performance indicators. In addition, the Strategic report includes a statement summarising how the directors have had regard to the need to foster the Group's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Group during the financial year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditors is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 6.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Darren Mee
Chief Financial Officer

27 February 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing Strategic Report, the Directors' Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent Company financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL SCHOOLS PARTNERSHIP LIMITED (continued)

Opinion

We have audited the financial statements of International Schools Partnership Limited ("the Company") for the year ended 31 August 2022, which comprise the consolidated statement of comprehensive income/(loss), consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, company balance sheet, company statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 August 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL SCHOOLS PARTNERSHIP LIMITED (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and management as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing" as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board meeting minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries;
- the risk of bias in accounting estimates such as goodwill impairment and business combination accounting; and
- the risk that revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual or unexpected accounts where one side of the journal was posted to cash, or where the credit side of the journal was posted to revenue; and
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL SCHOOLS PARTNERSHIP LIMITED (continued)

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, education regulations and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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 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 fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL SCHOOLS PARTNERSHIP LIMITED (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Paul Barron (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London,
E14 5GL

27 February 2023

Consolidated financial statements
International Schools Partnership Limited
Registered number 09817502

**Group consolidated statement of comprehensive income / (loss)
from 1 September 2021 to 31 August 2022**

		Year ended 31 August 2022			Year ended 31 August 2021 Restated*		
	Note	Underlying	Non-Underlying	Total	Underlying	Non-Underlying	Total
(in €000's)							
Revenue	-2 & 6-	404,139	-	404,139	294,011	-	294,011
Cost of sales	-7 & 8-	(297,502)	-	(297,502)	(213,097)	-	(213,097)
Other costs	-7 & 8-	(4,887)	-	(4,887)	(6,530)	-	(6,530)
Acquisitions and business explorations	-4-	-	(9,107)	(9,107)	-	(5,963)	(5,963)
Refinancing	-4-	-	(1,660)	(1,660)	-	(16,345)	(16,345)
Restructuring costs	-4-	-	(8,379)	(8,379)	-	(5,280)	(5,280)
Adjusted EBITDA		101,750	(19,146)	82,604	74,384	(27,588)	46,796
Depreciation and amortisation	-7-			(69,994)			(50,266)
Operating profit / (loss)				12,610			(3,470)
Finance income				100			191
Finance cost				(54,525)			(92,145)
Finance costs - net	-9-			(54,425)			(91,954)
Loss before tax from continuing operations				(41,815)			(95,424)
Tax (charge) / credit	-10-			(8,217)			2,161
Loss for the year from continuing operations				(50,032)			(93,263)
Loss for the year from discontinued operations, net of tax	-12-			(7,401)			(1,004)
Loss for the year				(57,433)			(94,267)
Attributable to							
-Non-controlling interest				(116)			21
-Equity holders of the parent				(57,317)			(94,288)
Other comprehensive income / (loss)							
<i>Other comprehensive income / (loss) that may be reclassified to profit or loss in subsequent periods (net of tax):</i>							
Differences on exchange of foreign operations				69,649			(5,983)
Net gain on cash flow hedges	-19-			21,274			-
Net change in cost of hedging	-19-			(1,548)			-
Net other comprehensive income / (loss)				89,375			(5,983)
Total comprehensive income / (loss) for the year				31,942			(100,250)
Attributable to							
-Non-controlling interest				(123)			33
-Equity holders of the parent				32,065			(100,283)

*The comparative information is restated due to a discontinued operation and a change in classification. See note 12 for further information.
The accompanying notes are an integral part of these consolidated financial statements.

Consolidated financial statements
International Schools Partnership Limited
Registered number 09817502

Group consolidated statement of financial position as at 31 August 2022

(in €000's)	Note	31 August 2022	31 August 2021
ASSETS			
Non-current assets			
Intangible assets and goodwill	-13-	690,599	476,185
Property, plant and equipment	-14-	860,630	592,694
Trade and other receivables	-15-	9,199	-
Non-current financial assets	-19-	27,913	-
Deferred tax asset	-11-	34,754	23,564
Total non-current assets		1,623,095	1,092,443
Current assets			
Inventories		712	632
Trade and other receivables	-15-	54,006	41,006
Prepayments		11,450	9,429
Current tax assets		8,064	793
Other current financial assets	-19-	1,410	-
Cash and cash equivalents	-16-	108,733	229,219
Assets held for sale	-12-	6,928	-
Total current assets		191,303	281,079
TOTAL ASSETS		1,814,398	1,373,522
EQUITY AND LIABILITIES			
Equity			
Share capital	-17.1-	14	14
Share premium	-17.1-	394,477	464,477
Capital contribution reserve	-17.2-	79,931	79,931
Other reserves	-17.3-	1,000	-
Translation reserves	-17.4-	49,675	(25,473)
Other components of equity	-17.5-	19,726	-
Retained earnings		(285,420)	(404,471)
Equity attributable to equity holders of the parent		259,403	114,478
Non-controlling interests	-17.6-	1,459	(3,968)
Total shareholders' equity		260,862	110,510
Non-current liabilities			
Borrowings	-20-	1,226,359	1,035,100
Other non-current financial liabilities	-22-	7,244	526
Provisions	-23-	890	-
Deferred tax liabilities	-11-	61,631	51,276
Total non-current liabilities		1,296,124	1,086,902
Current liabilities			
Trade and other payables	-24-	74,590	54,337
Borrowings	-20-	13,067	16,059
Term deposits	-21-	13,197	12,028
Deferred revenue		139,646	80,636
Other current financial liabilities	-22-	9,475	9,326
Current tax liability		7,437	3,724
Total current liabilities		257,412	176,110
TOTAL LIABILITIES		1,553,536	1,263,012
TOTAL EQUITY AND LIABILITIES		1,814,398	1,373,522

These financial statements were approved by the board of directors on 27 February 2023 and were signed on its behalf by:

Darren Mee
Director

Company registered number: 09817502

The accompanying notes are an integral part of these consolidated financial statements.

Group consolidated statement of cash flows for the period from 1 September 2021 to 31 August 2022

(in €000's)	Notes	2022	2021 Restated*
Cash flows from operating activities			
Loss for the year from continuing operations		(50,032)	(93,263)
Loss for the year from discontinued operations	-12-	(7,401)	(1,004)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	-13, 14-	70,977	50,526
Impairment of goodwill	-14-	3,685	-
Foreign exchange gain		(13,390)	(15,748)
Finance income	-9-	(100)	(191)
Finance expense	-9-	54,525	100,029
Loss on sale of property, plant and equipment	-14-	1,821	1,892
Taxation	-10-	8,217	(2,161)
 Increase in trade and other receivables	-15-	(16,531)	(429)
(Increase) / decrease in inventories		(80)	571
Increase / (decrease) in trade and other payables, other financial liabilities, term deposits and deferred revenue	-21, 22, 24-	40,567	(525)
Utilisation of provisions	-23-	890	(1,666)
Cash generated from operating activities		<u>93,148</u>	<u>38,031</u>
 Tax paid		<u>(15,507)</u>	<u>(6,984)</u>
Net cash from operating activities		<u>77,641</u>	<u>31,047</u>
 Cash flows from investing activities			
Interest received	-9-	100	191
Acquisition of subsidiary, net of cash acquired		(172,270)	(69,230)
Acquisition of property, plant and equipment	-13, 14-	(49,740)	(31,556)
Net cash used in investing activities		<u>(221,910)</u>	<u>(100,595)</u>
 Cash flows from financing activities			
Proceeds from the issue of share capital and share premium		93,887	105,368
Proceeds from new bank loan	-20-	46,500	210,000
Proceeds from related party borrowing	-20-	-	4,950
Interest paid	-20-	(68,972)	(58,338)
Loan arrangement fees paid	-20-	(612)	(17,125)
Repayment of borrowings	-20-	(30,788)	(2,207)
Payment of lease liabilities	-20-	(27,016)	(20,773)
Net cash from financing activities		<u>12,999</u>	<u>221,875</u>
 Net increase in cash and cash equivalents	-16-	<u>(131,270)</u>	<u>152,327</u>
Cash and cash equivalents at 1 September		229,219	77,641
Effect of exchange rate fluctuations on cash held		10,784	(749)
Cash and cash equivalents at 31 August	-16-	<u>108,733</u>	<u>229,219</u>

*The comparative information is restated due to a discontinued operation, refer to note 12.
The accompanying notes are an integral part of these consolidated financial statements.

Consolidated financial statements
International Schools Partnership Limited
Registered number 09817502

**Group consolidated statement of changes in equity
from 1 September 2021 to 31 August 2022**

Note	Attributable to the owners of the parent							NC1	Total Equity
	Share capital	Share premium	Capital contribution reserve	Other reserves	Translation reserves	Cash flow hedge reserve	Cost of hedging reserve	Retained earnings	
	€000's	€000's	€000's	€000's	€000's	€000's	€000's	€000's	€000's
Balance as at 31 August 2020	2	9,936	-	-	(19,517)	-	-	(3,779)	(323,724)
Transactions with owners, recorded directly in equity									
Share capital and share premium increase	12	454,541	79,931	-	-	-	-	-	534,484
Adjustment arising from change in non controlling interest	-	-	-	-	(23)	-	-	245	222
Transfer on disposal of foreign operations	-	-	-	-	62	-	-	(62)	-
Total contribution by and distributions to owners	12	454,541	79,931	-	39	-	-	183	534,706
Total comprehensive income for the period									
Result for the year	-	-	-	-	-	-	-	(94,288)	(94,288)
Other comprehensive income	-	-	-	-	(5,995)	-	-	-	(5,995)
Total comprehensive income for the period	-	-	-	-	(5,995)	-	-	(94,288)	(100,283)
Balance as at 31 August 2021	14	464,477	79,931	-	(25,473)	-	-	(3,968)	110,510
Transactions with owners, recorded directly in equity									
Share capital and share premium increase	-17, 1-	93,887	-	-	-	-	-	-	93,887
Capital reduction	-17, 1-	(163,887)	-	-	-	-	-	163,887	-
Aising on acquisition	-30-	-	-	-	-	-	-	-	5,550
Total contribution by and distributions to owners	-	(70,000)	-	-	-	-	-	163,887	93,887
Total comprehensive income for the period									
Result for the year	-	-	-	-	-	-	-	(57,317)	(57,317)
Other comprehensive income	-27-	-	-	-	69,656	21,274	(1,548)	-	89,382
Share-based payments	-14-	-	-	1,000	-	-	-	-	1,000
Recognition of fair value adjustments on land previously written off	-14-	-	-	-	5,492	-	-	2,292	7,784
Reversal of excess depreciation and finance lease interest previously recognised on a leased building	-14, 20-	-	-	-	-	-	-	10,189	10,189
Total comprehensive income for the period	-	-	-	1,000	75,148	21,274	(1,548)	(44,836)	51,038
Balance as at 31 August 2022	14	394,477	79,931	1,000	49,675	21,274	(1,548)	(285,420)	260,862

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

NOTE 1 - GENERAL INFORMATION

International Schools Partnership Limited (the “Company”) is a private company incorporated, domiciled and registered in England in the UK. The registered number is 09817502 and the registered address is 100 New Bridge Street, London, United Kingdom, EC4V 6JA. The ultimate controlling party is International Schools Partnership I S.à.r.l by virtue of its shareholding in the immediate parent company, Permotio International Learning S.à.r.l. The consolidated financial statements of the Company for the year ended 31 August 2022 comprise the Company and its subsidiaries (together referred to as “International Schools Partnership Group” or “the Group”).

The core activity of the Group is kindergarten through to twelfth grade (K-12) education and the Company is acquiring, through its subsidiaries, schools around the world to create a global Group with schools having an international outlook and which are or can become the school of choice in their local area. At the year end date the Group owned and operated 60 (2021: 51) schools with around 54,244 children (2021: 46,936) from 2-18 years of age studying in the United Kingdom, Spain, Italy, Switzerland, Mexico, Malaysia, Costa Rica, the USA, Canada Qatar, the United Arab Emirates, Ecuador, Chile, Peru, Colombia, India and Vietnam. The schools offer a diverse and enriching educational experience spanning British, Malaysian, International, Mexican, US, Costa Rica, Peruvian, Chilean, Columbian and Spanish curricula.

The Group may borrow in any form except by way of public offer and proceed by private placement only to the issue of bonds, notes, debentures or any kind of debt or equity securities.

The Group may lend funds, including without limitation, resulting from any borrowings of the Group and/or from the issue of any equity or debt securities of any kind, to its subsidiaries, affiliated companies and/or any other companies or entities it deems fit.

The Group may further guarantee, grant security in favour of or otherwise assist the companies in which it holds a direct or indirect participation or which form part of the same Group. The Group may further give guarantees, pledge, transfer or encumber or otherwise create security over some or all its assets to guarantee its own obligations and those of any other company, and generally for its own benefit and that of any other company or person. For the avoidance of doubt, the Group may not carry out any regulated activities of the financial sector without having obtained the required authorisation.

The Group may further act as a general or limited member with unlimited or limited liability for all debts and obligations of partnerships or similar entities.

The Group may use any techniques and instruments to efficiently manage its investments and to protect itself against credit risks, currency exchange exposure, interest rate risks and other risks. These consolidated financial statements state the results and position of the Group in the year ended 31 August 2022.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Group and Company will continue in operational existence for at least 12 months from the date of these financial statements.

The Group had net assets of €260,862,000 as at 31 August 2022 (2021: €110,510,000), generated a loss for the year then ended of €57,433,000 (2021: €94,267,000) and had operating cash inflows for the year of €77,641,000 (2021: €31,047,000). The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

Management maintain a 7-year and COVID-19 impacted cashflow forecast which is drawn up based on expected working capital requirements, as well as future acquisitions and capital projects. The Group's activities in response to COVID-19 is being managed by the Board of Directors. The safety and wellbeing of our students, colleagues and families is the top priority. The financial risks are being managed on a regular basis in response to the unknown significance and nature of the disruption. Forecasting and budgets have been updated in response to the pandemic.

Notes to the consolidated financial statements (continued)

NOTE 1 - GENERAL INFORMATION (continued)

Going concern (continued)

Similar to the prior year, the adverse impact of COVID-19 largely affected the Group's operational cashflows for the year ended 31 August 2022, mainly due to a reduction in ancillary activities. Any reduction in lower ancillary revenues within the year has been largely mitigated by eliminating operational expenditure linked to these services that are no longer occurring.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably plausible, but severe, downsides, the Group and Company will have sufficient funds, both through the currently available debt facilities and equity commitments, to meet liabilities as they fall due for that period. The forecasts indicate that the Group and Company will have sufficient cash to operate with a satisfactory level of headroom against the covenants in the debt facilities.

Consequently, the directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Group have been prepared in accordance with international accounting standards in conformity with the Companies Act 2006 ("IFRS").

The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 78 to 91.

2.1 Basis of preparation and consolidation

The consolidated financial statements are presented in Euro ("€"), which is the Company's functional currency and the Group's adopted presentational currency. The consolidated financial statements are prepared on a historical cost basis except for derivative financial assets held at fair value.

The consolidated financial statements are rounded to the nearest thousand Euro ("€000's").

The consolidated financial statements incorporate the financial statements of the Company and of the entities controlled by the Group.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income (loss) from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value subsequently becomes the initial carrying amount for the purposes of accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Notes to the consolidated financial statements (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation and consolidation (continued)

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

The consolidated financial statements provide comparative information in respect to the previous period. Certain amounts shown as comparative numbers in the financial statements and accompanying notes do not correspond to the 2021 consolidated financial statements and reflect reclassifications made for comparative and better presentation purposes only. Such reclassification of 2021 comparative numbers does not have any impact on the net result and financial position of the Group.

International Schools Partnership Limited has provided a guarantee for the purposes of exemption from audit of individual company accounts under section 479A(2)(a) of the Companies Act 2006 for the following companies: Claremont School (St. Leonards) Limited, International Schools Partnership Services Limited, ISP Chile Limited, ISP Colombia Limited, ISP Costa Rica Limited, ISP Ecuador Limited, ISP India Limited, ISP Malaysia Limited, ISP North America Limited, ISP Peru Limited, ISP Vietnam Limited, Oaks International School Limited, PIL Brazil Holdings 2 Limited, PIL Europe Holdings Limited, PIL Mexico Holdings 1 Limited, PIL Mexico Holdings 2 Limited, PIL Middle East Holdings Limited, PIL UK Holdings 1 Limited, PIL UK Holdings 2 Limited, and Temple Cambridge Ltd.

The following are the significant accounting policies adopted by the Group:

2.2 Use of estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of increases and decreases in net assets attributable to shareholders during the reporting year. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3. Management believes that the underlying assumptions are appropriate and that the Group's consolidated financial statements therefore present the financial position and results fairly.

2.3 Foreign currency translation

(i) Functional and presentational currency:

The items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Company's functional currency is the Euro and the Group has adopted the Euro as its presentational currency for the consolidated financial statements.

(ii) Foreign currency transactions and balances:

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences are recognised in the consolidated statement of comprehensive income (loss). Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Notes to the consolidated financial statements (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Foreign currency translation (continued)

(iii) Subsidiaries

The results and financial position of the consolidated subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;
- (b) income and expenses for each statement of comprehensive income (loss) are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- (c) all resulting exchange differences are recognized in the consolidated statement of comprehensive income (loss) within other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Group are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

2.4 Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity.

The business combination is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Costs attributable to the business combination are immediately expensed in the consolidated statement of comprehensive income (loss). The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date.

Non-controlling interests (NCI) in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. NCI consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. For acquisitions from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

The interest of NCI in the acquiree is initially measured at the minority's proportionate share of the acquired entity's net identifiable assets, proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Where the Group increases its interest in an entity such that control is achieved, previously held identifiable assets, liabilities and contingent liabilities of the acquired entity are revalued to their fair value at the date of acquisition, being the date at which the Group achieves control of the acquiree. The movement in fair value is taken to the asset revaluation surplus.

The Group accounts for business combinations in line with IFRS 3 *Business Combinations*. IFRS 3 requires that all business combinations be accounted for using the acquisition method.

Notes to the consolidated financial statements (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Revenue

Revenue comprises the fair value of consideration received or receivable in the ordinary course of the Group's activities. It comprises tuition fee income and income from ancillary sources including examinations, school trips and bus transportation.

Sales of services which have been invoiced but not yet recognised as revenue are included on the consolidated statement of financial position as deferred income.

Revenue recognition criteria by revenue type are as follows:

Tuition fee income

Tuition fee income is recorded as deferred income liability on the consolidated statement of financial position and released to the consolidated statement of comprehensive income (loss) in the tuition fees account in the academic year to which it relates, provided all monies have been received in full or the child is in attendance at the school. The release is done evenly over ten months.

Enrolment fee income

Enrolment fee income is recorded immediately in the consolidated statement of comprehensive income (loss) when the underlying performance indicator has occurred.

Other income

Revenue from ancillary sources is amortised evenly over the period covered by the payment in a similar way to tuition fees. The unamortised balance is held on the consolidated statement of financial position and classified as deferred income. Other income includes amounts paid for school lunches, transport and other extra-curricular activities.

2.6 Income tax expense

The tax expense for the year comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in correlation to the underlying transaction outside of profit or loss.

Current and deferred tax assets and liabilities are only offset if certain criteria are met, such as the entity has the legal right and the intention to settle on a net basis.

Current income tax

Current income tax assets and liabilities are measured at the reporting date at the amount expected to be recovered from or paid to taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the consolidated statement of financial position date. Certain subsidiaries are subject to foreign taxes in respect to their net income and capital gains in their country of operation.

Deferred income tax

Deferred income tax assets and liabilities are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill, or of an asset, or liability in a transaction that is not a business combination that at the time of the transaction affects neither the accounting nor taxable income or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Deferred tax assets are only recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred tax assets are only recognised on three years of tax losses, if appropriate.

Notes to the consolidated financial statements (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Income tax expense (continued)

Deferred income tax (continued)

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply to the year when the related asset is realised, or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the consolidated statement of financial position date.

2.7 Finance income and expenses

Finance income and expenses comprise interest income and expenses and are recognised using the effective interest rate method, except for borrowing costs relating to qualifying assets. General and specific borrowing costs that are directly attributable to the acquisition of a qualifying asset are capitalised during the period that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.8 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale or disposal, excluding finance costs and income tax expense. Non-current assets are not depreciated or amortised once classified as held for sale.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount in profit or loss after tax from discontinued operations in the statement of profit or loss. The amounts shown as comparatives in the statement of profit or loss and accompanying notes have been restated to reflect the same presentation.

2.9 Property, plant and equipment

Property, plant and equipment are all stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised to write off the cost less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is included in cost of providing services.

Property, plant and equipment are depreciated using the following criteria:

	Depreciation method	Estimated years of useful economic life
Land	Not depreciated	
Buildings	Straight-line	19 – 50
Fixtures, fittings and equipment	Straight-line	10 – 20
Other assets	Straight-line	4 – 10
Construction in progress	Not depreciated until asset is in use	

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Notes to the consolidated financial statements (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise,
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.11 Intangible assets

Goodwill

Goodwill arising on acquisition is recognised as an intangible asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Notes to the consolidated financial statements (continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Intangible assets (continued)

Intangible assets

Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Intangibles with finite useful lives are carried at cost and are amortised on a straight-line basis over their estimated useful lives as follows:

	Depreciation method	Estimated years of useful economic life
Acquired intangible assets	Straight-line	10
Software	Straight-line	5

Acquired intangible assets primarily comprise student registry intangibles recognised on acquisition. An assessment has also been made to identify any brand assets on acquisition, but nothing has been recognised to date.

2.12 Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full after investigation.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Notes to the consolidated financial statements (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Fair value estimates

The Group measures financial instruments such as derivatives at fair value at each balance sheet date. The Group has established a control framework with respect of the measurement of the fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods, such as recent price transaction, estimated discounted cash flows, EBITDA or enterprise value multiples and makes assumptions that are based on market conditions existing at the date of financial position. The nominal value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

For instruments for which there is no active market, the Group may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The carrying value of trade and other receivables, cash and cash equivalents, trade and other payables and term deposits are assumed to approximate their fair values, due to their respective short-term nature.

The Group recognises transfers between levels of the fair value hierarchy at the end of each reporting period during which the change has occurred.

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of the discounted cash flow and sensitivity analysis.

Changes in assumptions about these factors could affect the reported fair value of financial instruments in the consolidated statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument when available. To assess the significance of a particular input to the entire measurement, the Group performs sensitivity analysis or stress testing techniques.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the consolidated financial statements (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Financial assets

2.14.1 Classification

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investments in subsidiaries are carried at cost less impairment, accounted for using the equity method.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

2.14.2 Subsequent measurement

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

2.15 Financial liabilities and equity

2.15.1 Classification

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

2.15.2 Subsequent measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Notes to the consolidated financial statements (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as interest rates caps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently measured at fair value.

For the purpose of hedge accounting, hedges are classified as:

- Cash flow hedges when hedging the exposure to variability in cash flows is either attributable to a particular risk associated with a recognised asset or liability or a highly probably forecast transaction.
- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument.
- the effect of credit risk does not dominate the value changes that result from the economic relationship.
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group designates only the intrinsic value of the interest rate caps as a hedging instrument. The time value element is recognised in other comprehensive income and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction as described above.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of direct transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income (loss) over the period of the borrowings using the effective interest method.

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

Notes to the consolidated financial statements (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Borrowings (continued)

When borrowings are including floor or cap rates which are defined as closely related embedded derivatives, they are not separated from the host contract.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.18 Current and non-current classification

Current assets are assets expected to be realised or consumed in the normal course of the Group's operating cycle (normally within one year). All other assets are classified as non-current assets.

Current liabilities are liabilities expected to be settled by use of cash generated in the normal course of the Group's operating cycle (normally within one year) or liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

2.20 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business.

2.21 Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables that are known to be uncollectible are written off by reducing the carrying amount directly.

2.22 Contingent consideration

Contingent consideration arises from a business combination when the Group has an obligation to transfer additional assets to the former owners of an acquiree if specified future events occur or conditions are met. The liability is recognised at fair value at the acquisition date as part of the acquisition accounting. It is subsequently remeasured to fair value at each reporting date, with the changes in fair value recognised in the statement of profit or loss.

2.23 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

2.24 Share-based payment transactions

Share based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

Equity settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date using an appropriate valuation model. The fair value excludes the effect of non-market based vesting conditions.

Notes to the consolidated financial statements (continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Share-based payment transactions (continued)

The fair value determined at the grant date of the equity settled share-based payments is recognised in employee benefits expense over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss, with the corresponding adjustment in equity reserves.

2.25 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.26 Long-term incentive plan

Certain employees of the Group are entitled to receive remuneration in the form of awards based on performance. The awards are issued annually and will vest at the time of the Group's next equity refinancing, which is deemed to be in 5 years.

A liability is recognised for the fair value of the future settlement of awards outstanding at each reporting date. The awards outstanding are measured initially, and at each reporting date up to and including the vesting date, at fair value. The initial fair value of any awards granted are recognised in staff costs, with any changes in fair value at each reporting date up to and including the vesting date, recognised in finance costs. The fair value is determined using an appropriate valuation model.

2.27 Adoption of new and revised IFRS

The Group has applied all IFRS that are currently applicable have been applied in the preparation of these consolidated financial statements. New standards, amendments and interpretations are adopted, if applicable to the Group, when they become effective.

The directors consider that there is no significant financial impact on the Group financial statements of the following new standards, amendments and interpretations that are in issue and mandatory for the financial year ending 31 August 2022:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to Conceptual Framework (Amendments to IFRS 3)
- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

There are no other standards, amendments or interpretations that are in issue but not yet effective that are expected to have a significant impact on the consolidated financial statements.

Notes to the consolidated financial statements (continued)

NOTE 3 – USE OF JUDGEMENTS AND ESTIMATES

The estimates and judgments made by management are re-examined continuously and are based on historical data and expectations about future events which are considered reasonable in light of current circumstances.

3.1 Judgements

In the process of applying the Group's accounting policies, which are described in note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

Presentation currency

The Group has elected to use the Euro as the presentation currency for these financial statements. The vast majority of the Group's transactions are denominated in Euro. The Euro is consequently an appropriate choice for presentation currency in these financial statements. As more subsidiaries are acquired it is likely that these will transact business in other currencies. At this time, the Group will continue to use the Euro as its presentation currency but will provide further information to explain the expected economic effects of a rate change on its cash flows and equity in cases where, in the opinion of management, there is a material risk of exchange rate volatility.

Control assessment & de facto control

A Group controls an entity when it has power over the entity; is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power can arise from voting rights the Group holds in the investee or contractual arrangements. The power to direct the relevant activities of the investee do not need to be exercised. The Group invests in its subsidiaries by acquiring the majority of the voting rights (share capital) of the subsidiaries (see note 25).

Although the Group owns less than half of the shares of Al Nibras International Private School LLC, Aspen Heights British School LLC, Aspen Heights Educational Facilities Management Sole Proprietorship LLC, PIL (Dubai) SPC 1 Ltd, Promouvoir Management Consultancy LLC, Reach British School LLC, The Aquila School Owned by Shaikh Mohammed Maktoum Juma Al Maktoum One Person Company LLC, The Hamilton International School LLC, Ilmu Bijak Bestari Sdn. Bhd., Tenby Education Sdn. Bhd., and Tenby Labuan Foundation, management has determined that the Group controls these entities. This is by virtue of agreement with the above listed companies' other shareholders whereby the Group exercises management control over the entities and is entitled to 100% of the profit or loss of the entities.

3.2 Assumptions and estimation uncertainties

The Group makes estimates and assumptions about the development of future events. Those estimates and assumptions which entail a significant risk of substantive adjustments in the carrying value of assets and liabilities over the next 12 months pertain to the following:

Acquisition accounting

The group initially recognises the assets and liabilities acquired in a business combination at their fair value. Intangible assets recognised for student registries are established using a level 3 fair value measurement technique. See notes 13 and 30 for further disclosures.

Fair value measurement of financial instruments

When the fair values of financial assets and liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, the fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See note 18 for further disclosures.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. See note 11 for further disclosures.

Notes to the consolidated financial statements (continued)

NOTE 3 – USE OF JUDGEMENTS AND ESTIMATES (continued)

3.2 Assumptions and estimation uncertainties (continued)

Impairment of non-financial assets

The Group has recognised intangible assets in relation to goodwill and the valuation of student registry arising on the acquisition of subsidiaries. The assets were tested for impairment by reviewing the budgeted EBITDA of the underlying operations and the expected exit multiple. The key assumptions used in the estimation of the recoverable amount are variables that impact the budgeted normalised EBITDA for the next 12 months and the multiple used. Where the recoverable amount of the cash generating unit was expected to be higher than the carrying amount of the assets, no impairment was required. Where impairment was required, this expense was recognised in other costs in the statement of comprehensive income (loss).

Cash generating units (CGUs)

The Group has identified multiple cash generating units (CGUs), with each school considered to be a CGU. Goodwill and intangible assets are allocated to the CGUs, and impairment is assessed by management on the same basis. The level at which impairment is tested reflects the lowest level at which goodwill and intangible assets are monitored for internal reporting purposes. The Group's chief executive officer reviews the internal management reports of each school monthly.

Cash generating unit	Location
Al Nibras International Private School	UAE
Asia Pacific School	Malaysia
Baton Rouge International School	USA
Bellevue Children's Academy	USA
British Education Management (St George)	Spain
Claremont School	UK
Colegios Laude	Spain
Colegios Pedro de Valdivia	Chile
Instituto Thomas Jefferson Group	Mexico
Kehoe-France School	USA
Liceo Panamericano & Colegio La Moderna	Ecuador
La Colina	Colombia
Montessori Academy of Broward	USA
Park House English School	Qatar
Reach British School	Abu Dhabi
St Jude School	Costa Rica
St George's College	Peru
Tenby Group	Malaysia
Tomás Alva Edison School	Mexico
Lynn Rose School	Canada
Rowntree Montessori School	Canada
British School of Geneva	Switzerland
Mile Bilingual School	Italy
British Royal School	Chile
Riviera Preparatory and Day Schools	USA
Straits International Education Group	Malaysia
Ecole Mosaic	Switzerland
Colegio Terranova	Ecuador
St. Mary's School	India
Star International School	UAE

Notes to the consolidated financial statements (continued)

NOTE 4 – NON-UNDERLYING ITEMS

(in €000's)	Year ended 31 August 2022	Year ended 31 August 2021
Acquisitions and business explorations	9,107	5,963
Refinancing	1,660	16,345
Restructuring costs	8,379	5,280
	19,146	27,588

Non-underlying items are income or expenditure which, for the Board of Directors and financial statement reporting purposes, are disclosed separately because in management's judgement, due to their nature, size or incidence, they distort an understanding of the Group's financial performance and comparability between periods. The items of expenditure which management designate as being non-underlying include acquisition and business exploration costs, refinancing costs, business restructuring costs and impairment of assets.

Acquisition and business exploration costs are expenses (incurred in the statement of comprehensive income / (loss)) to seek out and acquire new schools or expansion opportunities including future business development into new countries and regions. These include any legal and due diligence fees relating to potential or actual acquisitions as well as losses incurred prior to the opening of a new school. Although costs relating to projects can span multiple financial years, key components of expenditure for specific projects are non-recurring, for example financial due diligence, legal and market surveys. These costs have no relation to the operational results of existing schools and are split out to enable the reader of the financial statements to gain greater clarity of the underlying business performance.

Business restructuring costs mainly relate to employment cessation and associated legal costs. Costs of this nature are incurred annually, but relate to different projects and are, therefore, considered non-underlying. Refinancing costs primarily consist of professional and legal fees relating to the appointment of a new minority shareholder during the year ended 31 August 2021. Costs of this nature should be considered as non-underlying as they are not part of the usual operations.

NOTE 5 - FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency and interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the Board of Directors. The Group's objective when managing capital is to safeguard its ability to continue as a going concern to provide returns to the shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital, issue new shares or sell assets to reduce debt. The capital, as defined and managed by the Group, consists of the amounts of equity as presented in the consolidated statement of financial position.

(a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Notes to the consolidated financial statements (continued)

NOTE 5 - FINANCIAL RISK MANAGEMENT (continued)

(b) Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is mainly exposed to currency risk on purchases (accounting, audit and administrative services) that are denominated in a currency other than the functional currency. A significant weakening of a currency in a region could adversely impact the value of future dividends from investments in that region.

As at 31 August 2022 the currency risk is shown in the table below:

Effect in €000's	Net assets		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
AED (10% movement against EUR)	(8,820)	8,820	132	(132)
CAD (10% movement against EUR)	1,171	(1,171)	(76)	76
CHF (10% movement against EUR)	(694)	694	143	(143)
CLP (10% movement against EUR)	1,077	(1,077)	557	(557)
COP (10% movement against EUR)	1,297	(1,297)	90	(90)
CRC (10% movement against EUR)	566	(566)	52	(52)
GBP (10% movement against EUR)	(4,271)	4,271	(2,632)	2,632
INR (10% movement against EUR)	1,927	(1,927)	80	(80)
MXN (10% movement against EUR)	6,716	(6,716)	(1,227)	1,227
MYR (10% movement against EUR)	3,195	(3,195)	(457)	457
PEN (10% movement against EUR)	863	(863)	433	(433)
QAR (10% movement against EUR)	(53)	53	317	(317)
USD (10% movement against EUR)	(1,131)	1,131	1,072	(1,072)
VND (10% movement against EUR)	35	(35)	(111)	111

As at 31 August 2021 the currency risk is shown in the table below:

Effect in €000's	Net assets		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
AED (10% movement against EUR)	(5,391)	5,391	(598)	598
CAD (10% movement against EUR)	1,167	(1,167)	31	(31)
CHF (10% movement against EUR)	(502)	502	(70)	70
CLP (10% movement against EUR)	1,960	(1,960)	(86)	86
COP (10% movement against EUR)	1,189	(1,189)	56	(56)
CRC (10% movement against EUR)	438	(438)	128	(128)
GBP (10% movement against EUR)	(1,747)	1,747	1,273	(1,273)
MXN (10% movement against EUR)	1,068	(1,068)	79	(79)
MYR (10% movement against EUR)	11,004	(11,004)	171	(171)
PEN (10% movement against EUR)	522	(522)	221	(221)
QAR (10% movement against EUR)	(244)	244	(31)	31
USD (10% movement against EUR)	8,362	(8,362)	(777)	777

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank loans, noted in note 20.

The Group's risk management strategy to protect the cash flows and minimise the adverse impact of increases in variable market interest rates is to enter into offsetting interest rate cap or swap contracts to fix the interest on its borrowings from third parties. The Group may formally designate one or more of these derivative financial instruments as a hedging relationship, subject to hedge accounting, if it meets all the qualifying effectiveness requirements.

Notes to the consolidated financial statements (continued)

NOTE 5 - FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk (continued)

The following table presents impact on profits as if interest rates on variable borrowings at 31 August 2022 had been 1% lower or 1% higher:

(in €000's)	Impact on profit	
	Decrease in rate by 1%	Increase in rate by 1%
Borrowings	4,429	(5,199)
Total impact on consolidated statement of comprehensive income (loss)	4,429	(5,199)

The following table presents impact on profits as if interest rates on loans and borrowings at 31 August 2021 had been 1% higher/lower:

(in €000's)	Impact on profit	
	Decrease in rate by 1%	Increase in rate by 1%
Borrowings	5,184	(8,448)
Total impact on consolidated statement of comprehensive income (loss)	5,184	(8,448)

(d) Credit risk

Credit risk is the risk that any counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's accounting policies for financial assets is consistent with the requirement of IFRS 9. The schools within the Group recognise provisions and impairments based on the expected credit losses over the next 12 months. The assessments are based primarily on the age of the assets to assess the likelihood of recovery.

To minimise the credit risk the schools within the Group invoice customers in advance and has policies in place covering subsequent cash collection, which include regular review of outstanding debt. Individual school policy is either to invoice at the beginning of each term or the beginning of each month. Due to this it is deemed that the credit risk within the Group is low. There were no significant impairments of trade and other receivables during the current or prior year.

The carrying amount of financial assets and cash and cash equivalents represents the maximum credit exposure.

The maximum exposure to credit risk at 31 August 2022 and 2021 was:

(in €000's)	31 August 2022	31 August 2021
Trade and other receivables	63,205	41,006
Cash and cash equivalents	108,733	229,219
Total	171,938	270,225

Notes to the consolidated financial statements (continued)

NOTE 5 – FINANCIAL RISK MANAGEMENT (continued)

(d) Credit risk (continued)

Trade and other receivables

The following table is an analysis of the Group's trade and other receivables allowance provision by geographical market in 2022 and 2021 respectively:

(in €000's)	Europe	Americas	Middle East	Asia	Other	Total
Year ended 31 August 2022	517	2,869	264	617	4,000	8,267
Year ended 31 August 2021	717	1,457	-	478	2,000	4,652

There are no significant other receivables past due at the current or prior year end. No further disclosure is required on the location of the receivables or the nature of the receivables, as all the receivables are of the same nature and the directors do not believe that the location of the receivables has a significant impact on the credit risk, due to the similar nature of the controls apparent at the schools to mitigate the risk.

The movement in the allowance provision in respect of trade and other receivables during the year was as follows:

(in €000's)	2022	2021
At 1 September	4,652	4,878
Acquisition of subsidiaries	954	388
Impairment loss recognised	2,466	30
Amounts written off	(220)	(601)
Exchange differences	415	(43)
At 31 August	8,267	4,652

The allowance provision for trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivable directly.

Cash and cash equivalents

Credit risk with respect to balances at bank is limited because the counter parties are reputable banks.

(e) Liquidity risk

The Group manages liquidity risk by maintaining adequate cash balances and banking facilities, loans granted by the shareholders, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group also performs regular cash forecasting at the subsidiary level along with the funding required for central and local cost centres. Funding for new transactions, including due diligence and other pre-transaction costs, is assessed and drawn down on a case by case basis.

The Group has borrowings with third parties that mature in 2028, while its current receivables are callable on demand.

Notes to the consolidated financial statements (continued)

NOTE 5 - FINANCIAL RISK MANAGEMENT (continued)

(e) Liquidity risk (continued)

The following are the contractual maturities of financial assets and liabilities, including future undiscounted interest payments as per 31 August 2022:

(in €000's)	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Assets					
Trade and other receivables	63,205	-	-	-	-
Cash and cash equivalents	108,733	-	-	-	-
Derivatives	-	1,410	-	27,913	-
Total assets	171,938	1,410	-	27,913	-

(in €000's)	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities					
Borrowings	6,476	3,162	54,248	8,077	792,995
Lease liabilities	85	10,335	12,209	41,039	334,477
Deferred consideration	8,029	1,446	1,945	2,990	2,309
Trade and other payables	74,590	-	-	-	-
Total liabilities	89,180	14,943	68,402	52,106	1,129,781

The following are the contractual maturities of financial assets and liabilities, including future undiscounted interest payments as per 31 August 2021:

(in €000's)	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Assets					
Trade and other receivables	41,006	-	-	-	-
Cash and cash equivalents	229,219	-	-	-	-
Total assets	270,225	-	-	-	-

(in €000's)	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities					
Borrowings	5,576	1,864	2,815	53,519	706,638
Lease liabilities	2,165	6,454	8,735	28,056	235,338
Deferred consideration	6,420	2,906	526	-	-
Trade and other payables	54,337	-	-	-	-
Total liabilities	68,498	11,224	12,076	81,575	941,976

Notes to the consolidated financial statements (continued)

NOTE 5 - FINANCIAL RISK MANAGEMENT (continued)

(f) Business Risk

The Group's Board of Directors assess performance and business risk using regular reporting by each subsidiary and investment which includes monitoring against agreed budgets and a set of KPIs. The KPIs comprise financial and non-financial measures the latter including various ratios relating to student enrolments and staffing as well as information on academic results. Reporting also includes information on school improvement plans, marketing plans, compliance monitoring and health and safety.

NOTE 6 – REVENUE

The following table is an analysis of the Group's revenue by geographical market in FY22 and FY21 respectively:

Year ended 31 August 2022	Europe	Americas	Middle East	Asia	Total
Revenue (in €000's)	109,348	171,246	77,552	45,993	404,139
Year ended 31 August 2021	Europe	Americas	Middle East	Asia	Total
Revenue (in €000's)	88,887	123,126*	46,925	35,073	294,011

*The comparative information is restated due to a discontinued operation, refer to note 12.

The split of revenue in the year between tuition income and other income was as follows:

(in €000's)	Year ended 31 August 2022	Year ended 31 August 2021
Tuition income	357,934	262,742
Other Income	46,205	31,269
Total	404,139	294,011

Notes to the consolidated financial statements (continued)

NOTE 7 – BREAKDOWN OF COSTS OF SALES AND OTHER COSTS

Loss for the year has been arrived at after charging:

(in €000's)	Year ended 31 August 2022	Year ended 31 August 2021 <i>Restated*</i>
Costs of providing services and other costs		
Staff costs (admin)	75,944	46,960
Staff costs (teaching)	131,576	107,402
Amortisation (note 13)	26,092	14,986
Depreciation (note 14)	44,886	35,280
Legal and professional fees	4,911	4,592
Audit and assurance fees (note 8)	1,018	811
General expenses	92,168	59,167
Other costs	14,934	28,283
	<u>391,529</u>	<u>297,481</u>

*The comparative information is restated due to a discontinued operation, refer to note 12.

Other costs are mainly related to costs associated with acquiring subsidiaries and costs required to bring the acquired subsidiaries to the standard expected in the year.

General expenses include costs associated with short term and low value leases, as disclosed in note 20.

The staffing costs included the following charges:

(in €000's)	Year ended 31 August 2022	Year ended 31 August 2021
Staff costs		
Wages and salaries	184,940	136,733
Social security costs	21,908	17,061
Other pension costs	672	568
	<u>207,520</u>	<u>154,362</u>

The average number of total staff in the year was 7,439 (2021: 6,362) split out by admin staff of 2,481 (2021: 2,036) and teaching staff 4,958 (2021: 4,326).

NOTE 8 – AUDIT AND PROFESSIONAL FEES FOR SERVICES PROVIDED BY KPMG

Audit and other professional fees for services provided by KPMG member firms of the network are noted in the table below:

(in €000's)	Year ended 31 August 2022	Year ended 31 August 2021
Audit fees - Group audit	570	345
Audit fees - Subsidiaries	434	365
Audit related assurance services	12	39
Tax services	2	-
Other assurance services	-	62
	<u>1,018</u>	<u>811</u>

Notes to the consolidated financial statements (continued)

NOTE 9 – FINANCE COSTS – NET

(in €000's)	Year ended 31 August 2022	Year ended 31 August 2021
Bank interest income	100	191
Finance income	100	191
Foreign exchange gain - net	37,932	7,851
Gain on derivative instruments at fair value through profit or loss	3,253	-
Bank interest expense and charges	(9,497)	(2,469)
Interest expense - Bank loans	(50,881)	(39,745)
Interest expense - Lease liabilities	(23,552)	(18,462)
Interest expense - Listed bond	-	(3,461)
Interest expense - Intercompany loans	-	(24,759)
Interest expense - Other	(268)	(361)
Other finance costs	(11,512)	(10,739)
Finance costs	(54,525)	(92,145)
Net finance costs	(54,425)	(91,954)

The net gain on derivative instruments at fair value through profit or loss relates to interest rate caps and interest rate swaps that did not qualify for hedge accounting.

Notes to the consolidated financial statements (continued)

NOTE 10 – INCOME TAX EXPENSE

(in €000's)	Year ended 31 August 2022	Year ended 31 August 2021
Consolidated profit or loss		
Income tax expense in respect of the current period	(15,959)	(12,875)
Income tax (expense) / income in respect of the prior period	(1,972)	2,260
Deferred tax credit in respect of the current period	8,740	10,534
Deferred tax credit in respect of the prior period	974	2,242
Total tax (charge) / credit reported in the statement of profit or loss	(8,217)	2,161
Consolidated other comprehensive income		
Net gain on cash flow hedges	(4,990)	-
Net change in costs of hedging	363	-
Deferred tax charged to other comprehensive income	(4,627)	-
Reconciliation of effective tax rate		
Loss for the year from continuing operations	41,815	95,424
Loss before tax from a discontinued operation	7,401	1,004
Loss before tax	49,216	96,428
Tax calculated at domestic tax rate of 19%*	9,351	18,321
Effect of different tax rates on profits / losses in countries in which the Group operates	(6,560)	(1,085)
Tax effect of:		
Expenses not deductible for tax purposes	(7,575)	(10,163)
Utilisation of previously unrecognised tax losses	6,343	319
Tax losses for which no deferred tax asset was recognised**	-	(4,649)
Prior period differences	(999)	4,502
Other differences	(8,777)	(5,084)
Tax (charge) / credit	(8,217)	2,161
Income tax (charge) / credit reported in the statement of profit or loss	(8,217)	2,161
Income tax attributable to a discontinued operation	-	-

* Applicable tax rate in United Kingdom.

** No deferred tax asset has been recognised in some CGU's due to uncertainty in recoverability of this asset. The Group's policy is to recognise a deferred tax asset for tax losses only to the extent that it is probable that future profits will be available against which the asset can be utilised. A deferred tax asset of €20.9 million is unrecognised at the year end (2021: €27.1 million).

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. The UK deferred tax assets and liabilities at 31 August 2022 have been calculated based on these rates, reflecting the expected timing of reversal of the related timing differences (2021: 25%).

Notes to the consolidated financial statements (continued)

NOTE 11 – DEFERRED TAXES

(in €000's)	31 August 2022	31 August 2021
Deferred tax liability	(61,631)	(51,276)
Deferred tax asset	34,754	23,564
Total	(26,877)	(27,712)
Current	-	-
Non current	(26,877)	(27,712)

	1 September 2021 €000's	Recognised in statement of profit or loss €000's	Recognised in other comprehen- sive income €000's	Acquired in business combinations and fair value uplifts on acquired tangible assets €000's	Exchange differences €000's	31 August 2022 €000's
Intangible assets	(48,774)	1,692		(2,139)	(1,714)	(50,935)
Cash flow hedges	-	-	(4,627)	-	-	(4,627)
Tax losses carried forward	7,170	5,900	-	-	-	13,070
Finance leases	4,990	1,684	-	-	-	6,674
Other	8,902	438	-	-	(399)	8,941
	(27,712)	9,714	(4,627)	(2,139)	(2,113)	(26,877)

The Group has a deferred tax liability of €50.9 million (2021: €48.7 million) arising from student registries and fair value uplifts on acquired fixed assets and €4.6 million (2021: €nil) arising from cash flow hedges. The Group has recognised deferred income tax assets of €13.1 million (2021: €7.2 million) in respect of losses, €6.7 million (2021: €5.0 million) in respect to finance leases and €8.9 million (2021: €8.9 million) in respect of other temporary timing differences.

The deferred tax has been calculated using the prevailing tax rate in the jurisdictions where the underlying transaction has occurred and the rate at which the asset or liability is expected to settle.

Notes to the consolidated financial statements (continued)

NOTE 12 – DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

In April 2022, the Group announced the closure of Baton Rouge International School and operations ceased in May 2022. The disposal was effected in order to generate cash flows for the expansions of the Group's other businesses.

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

(in €000's)	Year ended 31 August 2022	Year ended 31 August 2021
Revenue	3,040	2,959
Expenses	(5,743)	(3,931)
Operating loss	(2,703)	(972)
Finance costs	(23)	(32)
Impairment loss recognised on the remeasurement to fair value less costs to sell	(4,675)	-
Loss before tax from discontinued operations	(7,401)	(1,004)
Tax expense:		
Related to pre-tax loss from ordinary activities for the period	-	-
Related to impairment losses	-	-
Loss for the year from discontinued operations, net of tax	(7,401)	(1,004)

As disclosed in note 13, an impairment loss of €3,685,000 was recognised, being the difference between the carrying value of the associated goodwill and its recoverable amount.

As at 31 August 2022, the property from which Baton Rouge International School operated has been listed for sale and is expected to be sold within 12 months. The carrying value was reduced to the fair value less costs to sell of €6,928,000 and has been classified as a non-current asset held for sale in the statement of financial position. The write down resulted in an impairment loss of €990,000, which was recognised in discontinued operations in the statement of profit or loss.

Notes to the consolidated financial statements (continued)

NOTE 13 – INTANGIBLE ASSETS AND GOODWILL

Cost	Goodwill €000's	Acquired intangible assets €000's	Software €000's	Total €000's
At 1 September 2020	296,462	137,325	-	433,787
Acquisition of subsidiaries	57,344	26,739	-	84,083
Exchange difference	3,946	4,161	-	8,107
At 31 August 2021	357,752	168,225	-	525,977
Finalisation of prior acquisitions**	3,149	-	-	3,149
At 1 September 2021	360,901	168,225	-	529,126
Acquisition of subsidiaries*	118,540	36,354	-	154,894
Additions	-	-	6,181	6,181
Reclassification from property, plant and equipment (note 14)***	-	-	12,798	12,798
Exchange difference	52,334	25,429	(39)	77,724
At 31 August 2022	531,775	230,008	18,940	780,723
Amortisation and impairment				
At 1 September 2020	-	(33,268)	-	(33,268)
Charge for the year	-	(14,986)	-	(14,986)
Exchange difference	-	(1,538)	-	(1,538)
At 31 August 2021	-	(49,792)	-	(49,792)
Charge for the year	-	(21,295)	(4,797)	(26,092)
Impairment	(3,685)	-	-	(3,685)
Reclassification from property, plant and equipment (note 14)***	-	-	(3,650)	(3,650)
Exchange difference	371	(7,299)	23	(6,905)
At 31 August 2022	(3,314)	(78,386)	(8,424)	(90,124)
Carrying amount				
At 31 August 2022	528,461	151,622	10,516	690,599
At 31 August 2021	357,752	118,433	-	476,185

* The intangibles acquired in the year include the amounts included on acquisition as set out in note 30. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

** The goodwill arising on the acquisitions in 2021 was updated in the year due to finalisation of the balance sheet as at the date of acquisition during the measurement period permitted by IFRS 3.

***IT software, with a net book value of €9,148,000 at 31 August 2021, was reclassified from furniture and fixtures in property, plant and equipment to intangible assets during the year to better reflect the nature of the underlying assets. The prior year comparatives have not been reclassified as the impact to Group property, plant and equipment, intangible assets and net assets was deemed immaterial to restate.

Notes to the consolidated financial statements (continued)

NOTE 13 – INTANGIBLE ASSETS AND GOODWILL (continued)

The recoverable amount of the CGUs is based on fair value less costs to sell. Fair value is determined by multiplying the budgeted EBITDA for the next 12 months, by a market driven multiple. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The CGUs for the purpose of impairment testing of goodwill are analysed by school/group of schools and are listed below.

(in €000's)	Year ended 31 August 2022	Year ended 31 August 2021
Carrying amount		
Al Nibras International Private School LLC	32,080	27,221
Asia Pacific Schools	38,485	35,232
Baton Rouge International School	-	3,315
Bellevue Children's Academy	15,763	13,377
British Education Management, S.L.	26,878	26,878
Claremont School (St Leonard's) Limited	25,545	25,577
Colegios Pedro De Valdivia	19,349	18,659
Instituto Thomas Jefferson	13,446	11,420
Kehoe-France	5,419	4,599
La Colina School	4,177	4,051
Liceo Panamericano, Colegio La Moderna	23,391	19,849
Montessori Academy of Broward	6,396	5,428
Park House English School	17,871	15,127
Reach British School LLC	2,794	2,370
St Jude School	3,936	3,441
St George's School	30,767	26,109
Tenby Schools	46,433	42,508
Tomás Alva Edison School	18,535	15,742
Rowntree Montessori Schools	8,988	7,768
Lynn-Rose School	2,661	3,841
Mile Bilingual School	11,210	11,657
British School of Geneva	16,583	13,164
British Royal School	24,234	20,419
Riviera Preparatory and Day Schools	89,047	-
Straits International Education Group	8,935	-
Ecole Mosaic	9,556	-
Colegio Terranova	10,668	-
St. Mary's School	15,314	-
Star International School	-	-
	528,461	357,752

Notes to the consolidated financial statements (continued)

NOTE 13 – INTANGIBLE ASSETS AND GOODWILL (continued)

Goodwill on acquisition of subsidiaries in the year ended 31 August 2022 was allocated as per the below table. See note 30 for calculations of goodwill per acquisition.

	€000's
Ecole Mosaic	8,666
Riviera Preparatory and Day Schools	77,257
Straits International Education Group	8,421
St. Mary's School	14,421
Colegio Terranova	9,775
Star International School	-
Total	<u>118,540</u>

Goodwill on acquisition of subsidiaries in the year ended 31 August 2021 was allocated as per the below table.

	€000's
Rowntree Montessori Schools	7,390
Lynn-Rose School	3,681
Mile Bilingual School	11,657
British School of Geneva	12,917
British Royal School	21,699
	<u>57,344</u>

Impairment review

The recoverable amount of goodwill is assessed on an annual basis for impairment. The recoverable amount of the CGUs is based on fair value less costs to sell. Fair value is determined by multiplying the budgeted EBITDA for the next 12 months, by a market driven multiple.

The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used. The key assumptions used in the estimation of the recoverable amount are variables that impact the budgeted normalised EBITDA for the next 12 months and the multiple used.

Budgeted normalised EBITDA for FY22 was estimated considering experience, adjusted as follows:

- Revenue growth was projected considering the expected change in enrolments and tuition fees considering the initial investment case and the local regulations; and
- Estimated significant one-off costs and inflationary increases.

The estimated recoverable amount of the CGU's exceeded its carrying amount by approximately €1,277.1 million (2021: €926.9 million). Management has identified that no reasonable possible change in the exit multiple could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which the exit multiple assumption would need to change individually for the estimate recoverable amount to be equal to the carrying amount.

In percent	2022	2021
Exit multiple	233%	222%

Notes to the consolidated financial statements (continued)

NOTE 13 – INTANGIBLE ASSETS AND GOODWILL (continued)

Value-in-Use

The annual impairment review did not identify impairment of any individual CGU. However, the excess of recoverable amount over the carrying amount for five of the CGU's was deemed shallow enough to warrant the preparation of value-in-use calculations for the select CGU's in order to demonstrate that impairment was not required.

The value-in-use model was prepared for the following CGUs:

- Al Nibras International Private School ("Nibras")
- Asia Pacific School ("APS")
- Claremont School ("Claremont")
- Ecole Mosaic ("Mosaic")
- British School of Geneva ("BSG")

The value-in-use model incorporated the following key assumptions:

- EBITDA cashflow projections for the next 5 years and a terminal growth rate thereafter.
- EBITDA is based on the most recent budget and expected future enrolment and tuition growth, as well as appropriate and significant increases in the cost base.
- Discounted at the appropriate pre-tax region-specific rate (Nibras: UAE: 3.6%, APS: Malaysia: 9.7%, Claremont: UK: 11.2%, and Mosaic and BSG: Swiss: 6.0%)

The Group has conducted a sensitivity analysis on the impairment test of each CGU's carrying value. In particular, the analysis was performed assuming an increase of 3% in the pre-tax discount rate, forecast staff costs increasing by the same percentage as forecast tuition fees and forecast revenue growth reduced to the forecast inflation rate in each of the CGU's country. Under each of these sensitivity scenarios, there was no impairment in any CGU.

Notes to the consolidated financial statements (continued)

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

The table below shows the movements in property, plant and equipment in the year to 31 August 2022, including additions, transfers from construction in progress (“CIP”), disposals, effect of movements in exchange rates and acquisitions.

	Land and buildings €000's	Fixtures, fittings and equipment €000's	Other assets €000's	CIP €000's	Total €000's
Cost at 1 September 2020	567,347	53,339	19,040	21,054	660,780
Acquisition of subsidiary	21,406	1,588	127	-	23,121
Additions	12,505	13,524	817	8,824	35,670
Disposals	(43)	(557)	(19)	(1,555)	(2,174)
Transfer from CIP	12,144	4,722	(135)	(16,731)	-
Exchange difference	15,204	1,169	291	270	16,934
Cost at 31 August 2021	628,563	73,785	20,121	11,862	734,331
Acquisition of subsidiary	156,839	8,662	7	9	165,517
Additions	48,884	14,867	2,065	9,302	75,118
Disposals	(3,677)	(2,720)	(510)	-	(6,907)
Assets held for sale (note 12)	(8,446)	-	-	-	(8,446)
Transfer from CIP	733	576	3	(1,312)	-
Reclassification	1,377	1,866	(139)	(1,367)	1,737
Reclassification to intangible assets (note 13)*	-	(12,798)	-	-	(12,798)
Reclassification for incorrect categorisation of a building**	12,324	-	(12,324)	-	-
Recognition of fair value adjustments on land previously written off in error***	7,784	-	-	-	7,784
Exchange difference	85,847	10,857	4,319	1,580	102,603
Cost at 31 August 2022	930,228	95,095	13,542	20,074	1,058,939
Depreciation at 1 September 2020	(76,323)	(21,547)	(1,404)	-	(99,274)
Depreciation charge	(21,877)	(11,691)	(1,972)	-	(35,540)
Disposals	(184)	432	33	-	281
Exchange differences	(6,240)	(674)	(190)	-	(7,104)
Depreciation at 31 August 2021	(104,624)	(33,480)	(3,533)	-	(141,637)
Depreciation charge	(30,482)	(12,988)	(1,416)	-	(44,886)
Disposals	2,820	1,932	334	-	5,086
Assets held for sale (note 12)	1,518	-	-	-	1,518
Reclassification	(714)	(696)	(327)	-	(1,737)
Reclassification to intangible assets (note 13)*	-	3,650	-	-	3,650
Reclassification for incorrect categorisation of a building**	(843)	-	843	-	-
Reversal of excess depreciation on a leased building****	4,912	-	-	-	4,912
Exchange differences	(16,404)	(6,533)	(2,278)	-	(25,215)
Depreciation at 31 August 2022	(143,817)	(48,115)	(6,377)	-	(198,309)
NBV at 1 September 2020	491,024	31,792	17,636	21,054	561,506
NBV at 31 August 2021	523,939	40,305	16,588	11,862	592,694
NBV at 31 August 2022	786,411	46,980	7,165	20,074	860,630

*Costs and related accumulated amortisation of IT software have been reclassified from furniture and fixtures in property, plant and equipment to intangible assets during the year to better reflect the underlying nature of the assets. The prior year comparatives have not been reclassified as the impact to Group property, plant and equipment, intangible assets and net assets was deemed immaterial to restate.

Notes to the consolidated financial statements (continued)

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT (continued)

****Costs and related accumulated depreciation associated with an owned building have been reclassified from other assets to land and buildings during the year to better reflect the underlying nature of the asset. No changes were required to the expected useful life of the asset. The prior year comparatives have not been reclassified as the impact to Group property, plant and equipment and net assets was deemed immaterial to restate.**

*****Fair value adjustments to land acquired in previous business combinations were erroneously written off in a prior period through depreciation expense and the currency translation reserve. During the year, an adjustment of €7,784,000 was made to land and buildings to reinstate the asset value, with offsetting adjustments required to opening retained earnings of €2,292,000 and translation reserves of €5,492,000. The prior year comparatives have not been restated as the impact to Group property, plant and equipment and net assets was deemed immaterial to restate.**

******Accumulated depreciation on a leased building was adjusted during the year to correct for €4,912,000 of excess depreciation taken erroneously on the asset in prior periods. This was adjusted to opening retained earnings. The prior year comparatives have not been restated as the impact to Group property, plant and equipment and net assets was deemed immaterial to restate.**

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year.

	Land and buildings	Fixtures, fittings and equipment	Total
	€000's	€000's	€000's
Net book value at 1 September 2021	211,207	240	211,447
Acquisitions	90,126	-	90,126
Additions	31,756	417	32,173
Depreciation charge	(18,704)	(200)	(18,904)
Reversal of excess depreciation on a leased building****	4,912	-	4,912
Exchange differences	28,751	53	28,804
Net book value at 31 August 2022	348,048	510	348,558

Notes to the consolidated financial statements (continued)

NOTE 15 – TRADE AND OTHER RECEIVABLES

(in €000's)	31 August 2022	31 August 2021
Non-current		
Amount due from related party (note 28)	3,231	-
Other receivables	5,968	-
	<u>9,199</u>	<u>-</u>
Current		
Trade debtors	21,153	22,908
Amount due from related party (note 28)	-	3,078
Other receivables	9,925	3,643
Deposits	22,928	11,377
	<u>54,006</u>	<u>41,006</u>

Trade and other receivables are classified as current if the terms and conditions for payment are within the next 12 months.

The amount receivable from related party is due from Permotio International Learning S.à.r.l, the immediate parent company of the Group. During the year the repayment terms of the related party agreement were reviewed and the receivable was determined to be non-current in nature.

Other receivables do not contain any significant individual balances and the balances apparent are different in nature. The most significant balance relates to amounts owed from parties associated to a school.

Past due receivables and doubtful debts are provided for in full, with costs going through other costs.

NOTE 16 - CASH AND CASH EQUIVALENTS

(in €000's)	31 August 2022	31 August 2021
Bank balances	108,733	229,219
Total	<u>108,733</u>	<u>229,219</u>

Notes to the consolidated financial statements (continued)

NOTE 17 - EQUITY

17.1 Share capital and share premium

As at 31 August 2022, the Company had issued and outstanding 1,401,941,247 Ordinary shares of €0.00001 each.

During the year, the previously issued class A, A1, B1, B2, C, D, and E ordinary shares were subdivided so that each had a par value of €0.00001. The shares were subsequently redesignated as Ordinary shares at a par value of €0.00001 per share. Each share has equivalent rights.

An additional 3 Ordinary shares were issued at a premium of €19,814,557, €34,572,055 and €39,500,000 respectively.

The Company further resolved to reduce the share premium account by €163,886,611, with the amount to be credited to the distributable reserve account.

In shares (thousands)	A	B1	Ordinary	A1	B2	C	D	E
On issue at 1 September 2021	1,361	3	-	121	-	14	6	-
Sub-division of shares	1,361,561	3,054	-	1,207	36,000	14	6	100
Change of share class designation	(1,361,561)	(3,054)	1,401,941	(1,207)	(36,000)	(14)	(6)	(100)
Issued during the year	-	-	-	-	-	-	-	-
On issue at 31 August 2022	-	-	1,401,941	-	-	-	-	-

Capital management

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Group does this through both reinvesting in the business and seeking to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The Group monitors capital using an adjusted net leverage ratio which aligns with its largest external banking agreement.

	31 August 2022	31 August 2021
Allotted, called up and fully paid	€	€
Share premium	394,476,573	464,476,572
Ordinary shares	<u>14,019</u>	<u>14,019</u>

17.2 Capital contribution reserve

The reserve comprises contributions made to the Company from its shareholders, other than in exchange for the issue of equity instruments.

17.3 Other reserves

The reserve recognises the value of equity settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 27 for further details of the plan.

Notes to the consolidated financial statements (continued)

NOTE 17 – EQUITY (continued)

17.4 Translation reserves

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (Euro "€"), are recognised directly in other comprehensive income and accumulated in the translation reserve.

17.5 Other components of equity

The disaggregation of changes of other comprehensive income items by each type of other components of equity is shown below:

	Cash flow hedge reserve	Cost of hedging reserve	Total Other components of equity
	€000's	€000's	€000's
Balance at 1 September 2021	-	-	-
Interest rate caps change in fair value	(26,264)	2,656	(23,608)
Reclassified to statement of profit or loss	-	(745)	(745)
Tax movements on reserves during the year	4,990	(363)	4,627
Balance at 31 August 2022	(21,274)	1,548	(19,726)

17.6 Non-controlling interest

The Group's subsidiaries with non-controlling interests are as follows:

- ISP Kehoe Holdings LLC, Kehoe-France Inc., Kehoe-France Day Camp, Inc., River Forest Partners LLC, and France Family Partners LLP, which are all, directly or indirectly, owned 95%.
- Formación, Educación Y Cultura, S.C., which is owned 90%.
- St. Mary's Edumangement Services Private Limited and St. Mary's Society, which are each, directly and indirectly, owned 75%.
- Star Schools Holding Limited and Star International School LLC, which are each, directly and indirectly, owned 80%.

The Group has not disclosed information relating to IFRS 12.10(a)(ii), 12, B10-11, as no Group subsidiaries have a material non-controlling interest.

NOTE 18 – FAIR VALUE MEASUREMENT

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount		Fair value (level 2)	
	2022	2021	2022	2021
	€ 000	€ 000	€ 000	€ 000
Financial assets				
Interest rate swaps (note 19)	236	-	236	-
Interest rate caps not designated as a hedging instrument (note 19)	1,174	-	1,174	-
Interest rate caps designated as a hedging instrument (note 19)	27,913	-	27,913	-
	29,323	-	29,323	-

Notes to the consolidated financial statements (continued)

NOTE 18 – FAIR VALUE MEASUREMENT (continued)

	Carrying amount		Fair value (level 3)	
	2022	2021	2022	2021
	€ 000	€ 000	€ 000	€ 000
Other financial liabilities				
Contingent consideration (note 22)	(16,719)	(9,852)	(16,719)	(9,852)
	(16,719)	(9,852)	(16,719)	(9,852)

The fair value of cash and cash equivalents, trade and other receivables, trade and other payables and term deposits, are considered be the same as their carrying amounts largely due to the short-term nature.

The initial fair value of the liability portion of borrowings are determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liabilities are subsequently recognised on an amortised cost basis until extinguished on conversion or maturity. When calculating the fair value of the borrowings, consideration has been made to the market rate, maturity and significance of the borrowing.

During the year ended 31 August 2022 and 31 August 2021, there were no reclassifications in or out of the Level 2 and Level 3 fair value categories.

NOTE 19 – FINANCIAL ASSETS

19.1 Derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments is interest rate risk.

The Group's risk management strategy and how it is applied to manage risk are explained in note 5.

(in €000's)	31 August 2022	31 August 2021
Derivatives not designated as hedging instruments		
Interest rate caps	1,174	-
Interest rate swaps	236	-
Derivatives designated as hedging instruments		
Interest rate caps	27,913	-
Total financial assets at fair value	29,323	-
Current	1,410	-
Non-current	27,913	-

Derivatives not designated as hedging instruments reflect the positive change in fair value of interest rate caps and swaps not designated as hedge contracts but are intended to reduce the level of interest rate risk in the bank loans.

Derivatives designated as hedging instruments reflect the positive change in fair value of interest rate caps designated as cash flow hedges to hedge highly probable movements in the interest rate on the bank loans. There were no derivatives designated as hedging instruments in the prior year.

Notes to the consolidated financial statements (continued)

NOTE 19 – FINANCIAL ASSETS (continued)

19.2 Hedging activities

The derivatives designated as hedging instruments are classified as cash flow hedges.

In January 2022, the Group entered into interest rate cap contracts in order to reduce the expected volatility attributable to interest rate fluctuations in the Euribor on the bank loans. Hedging the interest rate volatility in Euribor is in accordance with the risk management strategy determined by management.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the interest rate caps match the terms of the expected highly probable forecast transactions. The Group has established a hedge ratio of 50 to 90% of its estimated interest rate risk exposure on the bank loans for the hedging relationship. To test the hedge effectiveness, the Group compares the critical terms matching, and if there is a deviation, compares changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

As at 31 August 2022, the Group is holding three interest rate caps with a total nominal amount of €482.4m. The interest rate caps have a term of 3 years and are due to mature on 23 January 2025, 26 February 2025 and 22 March 2025. The interest rate caps protect the Group from rate increases in the Euribor above 0.5%.

The impact of the hedging instruments on the statement of financial position is as follows:

	Nominal amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
As at 31 August 2022	€000	€000		€000
Interest rate caps	482,350	27,913	Non-current financial assets	-

The impact of hedged items on the statement of financial position is as follows:

	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied
As at 31 August 2022	€000	€000	€000	€000
Bank loans	-	(21,274)	1,548	-

The impact of the cash flow hedge in the statement of profit or loss and other comprehensive income ("OCI") is as follows:

	Total hedging gain recognised in OCI	Ineffectiveness recognised in profit or loss	Cost of hedging recognised in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
	€000	€000	€000	€000	
Interest rate caps	(26,264)	-	2,656	(745)	Finance cost

Notes to the consolidated financial statements (continued)

NOTE 20 – BORROWINGS

(in €000's)	31 August 2022	31 August 2021
Bank loans	827,039	780,163
Borrowing costs	(23,677)	(30,495)
Lease liabilities	398,145	280,792
Other loans	37,919	20,699
Total	1,239,426	1,051,159
Current	13,067	16,059
Non-current	1,226,359	1,035,100

There are three significant bank loans that are all Euro denominated. The following amounts are drawn on the available facilities as at 31 August 2022:

- Term Loan 1 (€338.6m principal plus accrued interest) is repayable in July 2028.
- Acquisition Facility (€432.9m principal plus accrued interest) is repayable in July 2028.
- Revolving Credit Facility (€50m principal plus accrued interest) is repayable in January 2028.

Included within the bank loan creditors are capitalised deal fees of €23,677,000 (2021: €30,495,000), which are amortised over a period of 7 years. Of these, €6,991,000 is due to be amortised within 12 months of the balance sheet date.

The interest rates on the bank loans range from: Base rate + 3%-5.75% plus Euribor.

Other loans relate to loans held by subsidiaries across the Group, which have varying interest and repayment periods.

Leases as a lessee

The Group recognises right-of-use assets and lease liabilities on the balance sheet in line with under IFRS 16.

Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 14).

The Group leases school buildings. Leases typically run for a period of up to 25 years, though the longest unexpired lease term is 170 years.

Lease liability interest is disclosed in note 9. Leases of low value assets, or short-term lease are expensed. The total expense for such leases in the year was €4,059,567 (2021: €4,970,728).

Notes to the consolidated financial statements (continued)

NOTE 20 – BORROWINGS (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

(in €000's)	Bank loans and borrowings	Lease liabilities
Balance at 1 September 2021	770,368	280,792
Changes from financing cash flows		
Proceeds from new bank loan	46,500	-
Repayment of borrowings	(30,788)	-
Repayment of leases	-	(27,016)
Capitalised borrowing costs	(612)	-
Interest paid	(68,972)	-
Total changes from financing cash flows	(53,872)	(27,016)
Other changes		
Lease additions	-	31,559
Liabilities acquired	48,012	58,445
Interest expense	76,773	23,552
Reversal of excess interest expense previously recognised on a leased building*	-	(5,277)
Exchange differences	-	36,090
Total other changes	124,785	144,369
Balance at 31 August 2022	841,281	398,145

*Lease liability related to a leased building was adjusted during the year to correct for €5,277,000 of excess finance lease interest taken erroneously on the lease in prior periods. This was adjusted to opening retained earnings.

If the Group exceeded its leverage covenant (11.75:1 maximum permitted as at 31 August 2022) and is not cured (if capable of being cured) within 20 business days of the delivery of the compliance certificate, the term loan and acquisition facility would become repayable on demand. The Group did not exceed this leverage covenant as at 31 August 2022 and does not expect to over the going concern period, see note 1.

The shares of ISP Chile Limited, ISP Colombia Limited, ISP Costa Rica Limited, ISP India Limited (formerly ISP Dormant 1 Limited), ISP Ecuador Limited, ISP Malaysia Limited, ISP Peru Limited, ISP Vietnam Limited, PIL Europe Holdings Limited, PIL Mexico Holdings 1 Limited, PIL Mexico Holdings 2 Limited, PIL Middle East Holdings Limited, PIL UK Holdings 1 Limited and ISP North America Limited have been pledged as security for the loan.

NOTE 21 – TERM DEPOSITS

(in €000's)	31 August 2022	31 August 2021
Term deposits	13,197	12,028
Total	13,197	12,028

The term deposits balance relates to security deposits (which are typically non-refundable) paid in advance of students joining a school.

Notes to the consolidated financial statements (continued)

NOTE 22 – OTHER FINANCIAL LIABILITIES

(in €000's)	31 August 2022	31 August 2021
Deferred consideration	12,466	7,620
Contingent consideration	4,253	2,232
Total	16,719	9,852
Current	9,475	9,326
Non-current	7,244	526

The deferred and contingent consideration balances at year end relate to the following acquisitions:

(in €000's)	31 August 2022	31 August 2021
Deferred consideration		
Tomás Alva Edison School	5,040	4,280
British School of Geneva	1,376	1,235
Bellevue Children's Academy	698	2,105
Ecole Mosaic	1,614	-
Riviera Preparatory and Day Schools	2,990	-
Star International School	748	-
	12,466	7,620
Contingent consideration		
Mile Bilingual School	-	2,232
St. Mary's School*	1,944	-
Star International School*	2,309	-
	4,253	2,232

*Refer to note 30 for details on the nature of the arrangements and fair value measurement of the consideration related to the current year acquisitions.

The movement in the deferred consideration balance during the year for Tomás Alva Edison School is related to exchange differences. Subsequent to year end, the Group settled the balance on Tomás Alva Edison School by acquiring the remaining 10% non-controlling interest, refer to note 31.

The movement in the deferred consideration balance during the year for British School of Geneva is related to exchange differences. Subsequent to year end, the Group actually paid out €1,280,000 (CHF1,240,000), which was based on the amount per the purchase agreement adjusted for final working capital and debt adjustments.

In accordance with the purchase agreement, USD2,100,000 of deferred consideration on Bellevue Children's Academy was repaid during the year. One payment of USD700,000 is outstanding at year end and due for repayment on 31 May 2023. The remaining movement on the balance during the year is related to exchange differences.

The Mile Bilingual School paid out €1,066,000 contingent consideration during the year, which was based on the final trade debtors' position and student enrolments. The remaining balance was released and recognised in the statement of profit and loss.

Notes to the consolidated financial statements (continued)

NOTE 23 – PROVISIONS

	Long-term incentive plan €000's
At 1 September 2021	-
Arising during the year	890
At 31 August 2022	890

In 2022, the Group introduced a long-term incentive plan ("LTIP") which grants awards based on performance to certain employees of the Group. The awards are granted annually to employees that meet specified performance targets for the year. All awards will vest at the time of the Group's next equity refinancing, which is deemed to be in 5 years. Entitlement to the awards is subject to continued employment up to, and including, the vesting date. If an employee leaves employment before the vesting date, with exception of redundancy, the employee will forgo the right to any awards previously granted.

The fair value of the LTIP at 31 August 2022 was €890,000. The fair value was calculated based on the expected present value of the probability-weighted average of all possible future cash flows, based on the issued and outstanding awards at 31 August 2022. The liability is remeasured at fair value at each reporting date, up to and including the vesting date. Any changes in fair value are recognised in profit or loss for the period. The total expense recognised for the period in staff costs in respect of the LTIP was €890,000.

NOTE 24 - TRADE AND OTHER PAYABLES

(in €000's)	31 August 2022	31 August 2021
Trade creditors	14,445	8,039
Capex creditor	2,197	1,511
Payroll creditor	12,166	12,209
Payroll taxes creditor	3,411	-
VAT creditor	1,761	-
Other creditors	11,248	10,862
Accruals	29,362	21,716
Total	74,590	54,337

Notes to the consolidated financial statements (continued)

NOTE 25 – SUBSIDIARIES

The Group consists of a parent company, International Schools Partnership Limited, incorporated in United Kingdom and several subsidiaries held directly and indirectly by International Schools Partnership Limited.

The ownership is the same in current and previous year, except for subsidiaries purchased in the year, please see note 30 for further details.

The group has also merged the following subsidiaries during the year: Elementary School Thomas Jefferson, S.C., Kindergarden Thomas Jefferson, S.C. and Pink & Blue, S.C. following the transfer of their trade and assets to High School Thomas Jefferson, S.C., and Kindergarden Thomas Jefferson Company Guadalajara, S.C. following the transfer of its trade and assets to Instituto Thomas Jefferson Campus Guadalajara S.C.

Company name	Registered address	Percentage ownership of ordinary shares
4039459 Canada Ltd	1785 Queen Street East, Unit J, Brampton, Ontario, Canada L6T 4S3	100%
Abastecedora Escolar TAE, S.A. de C.V.	Calle Ozumbilla, Mz 99 Lt 117, Los Héroes de Tecámac Sección Bosques, Tecámac, 55764 State of Mexico (Registro Público de la Propiedad de Tlalncapantla, Estado de México)	100%
Administradora de Colegios Pedro de Valdivia SpA	Administradora de Colegios Pedro de Valdivia SpA, Santiago, Chile	100%
Al Nibras International Private School LLC **	PO Box 54084, Dubai, UAE	49%
Ark Holdings SA	Av. de Châtelaine 95A 1219 Châtelain, Geneva, Switzerland	100%
ASC International House SA	Av. de Châtelaine 95A 1219 Châtelain, Geneva, Switzerland	100%
Asia Pacific Schools Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan Damantela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
Aspen Heights British School LLC **	PO Box 137352, Abu Dhabi, UAE.	0%
Aspen Heights Educational Facilities Management Sole Proprietorship LLC **	PO Box 33366, Abu Dhabi, UAE.	0%
British Education Management, S.L.	Avenida Centaurea 8, 29018 Cerrado De Calderon, Malaga Spain	100%
Centro Educacional Escuela Católica Activa, S.A.	Costa Rica, San Jose, Santa Ana, Pozos, one and a half kilometer west from Banco DAVIVIENDA	100%
Claremont School (St. Leonards) Limited	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
Colegio British Royal School SpA	Av Las Perdices 263, La Reina Santiago, Chile	100%
Colegio Pedro de Valdivia Las Condes SpA	Av. Las Condes 13349, Las Condes, Chile	100%
Colegio Pedro de Valdivia Peñalolén SpA	Av. Quilín 5473, Peñalolén, Santiago, Chile	100%
Colegio Pedro de Valdivia Providencia SpA	Av. Pedro de Valdivia 1939, Providencia, Santiago, Chile	100%
Colegio San Jorge de Miraflores S.C.R.L.	Av. General Ernesto Montagne N° 360, Miraflores, Lima – Perú	100%

Notes to the consolidated financial statements (continued)

NOTE 25 – SUBSIDIARIES (continued)

Colegios Laude, SA	Calle Doctor Fleming, 3, 10th floor - left, 28036 Madrid Spain.	100%
Compania Scolasticomp C. Ltda	San Juan Alto de las Rieles 507 y Av. Simón Bolívar, Quito- Ecuador	100%
Corporación CLR S.A.C.	Av. General Ernesto Montagne N° 360, Miraflores, Lima – Perú	100%
Ecole Mosaic SA	Avenue Dumas 23, 1206 Geneve	100%
Fondcare Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
Formación, Educación Y Cultura, S.C.	Calle Heriberto Frías 1401, Colonia del Valle Sur, Alcaldía Benito Juárez, C.P. 03104, Mexico City, Mexico (Registro Público de la Propiedad y del Comercio de la Ciudad de México)	90%
France Family Partners LLP	3867 Plaza Tower Drive, Baton Rouge, Louisiana 70816.	95%
Hamilton International Development Limited (formerly known as Marlborough Group Limited)	Mesaimeer 56 - street number 1117, building number 117, Doha, Qatar.	100%
High School Thomas Jefferson, S.C.	Manuel Payno No 40, Ciudad Satélite, Municipio de Naucalpan de Juárez, C.P. 53100, State of Mexico (Registro Público de la Propiedad de Tlalnepantla)	100%
Hanoi Toronto Joint Stock Company	3rd floor, Belvedere Building, 28A Trần Hưng Đạo, Phan Chu Trinh ward, Hoan Kiem District, Hanoi city, Vietnam	45.45%
Ilmu Bijak Bestari Sdn. Bhd.**	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	0%
Inmobiliaria de Mexico Mes, S.A. de C.V.	Boulevard Miguel Cervantes Saavedra 169, piso 2, Colonia Granda, Alcaldía Miguel Hidalgo C.P. 11520, Mexico City, (Registro Público de la Propiedad y de Comercio de la Ciudad de México)	100%
Inmobiliaria Emibu S.A.	Dolores Sucre 302 and Nicolas Augusto Gonzalez, Guayaquil - Ecuador	100%
Inmobiliaria Panamericana C.A.	Dolores Sucre 302 and Nicolas Augusto Gonzalez, Guayaquil - Ecuador.	100%
Inmobiliaria Pel, S.A.	Calle Amores 1620, Colonia Del Valle, Alcaldía Benito Juárez C.P. 03100, Mexico City, (Registro Público de la Propiedad y de Comercio de la Ciudad de México)	100%
Instituto Educativo Moderno De Guayaquil Inemoquil C. Ltda.	Plot No. 4, Km. 2.5 Via Samborondon, Samborondon, Guayas Province, Ecuador.	100%
Instituto Thomas Jefferson Company Querétaro, S.C.	Avenida Asteroides 1200, Colonia Rancho Sam Antonio, Municipio de Santiago de Querétaro, Querétaro C.P. 76149 (Registro Público de la Propiedad de Querétaro)	100%
Instituto Thomas Jefferson Guadalajara, S.C.	Vialidad Ramal La Tijera 1753, Municipio de Tlajomulco de Zúñiga, Localidad Las Amapas C.P. 45640 Guadalajara, Jalisco (Registro Público de la Propiedad y de Comercio de Jalisco)	100%
Instituto Thomas Jefferson Valle Real, S.C.	Avenida Prolongación Jesús 3451, Colonia Los Girasoles Municipio de Zapopan Guadalajara, Jalisco. C.P. 45130 (Registro Público de la Propiedad y de Comercio de Jalisco)	100%
International Parents Trust, LLC	3867 Plaza Tower Drive, Baton Rouge, Louisiana 70816	100%

Notes to the consolidated financial statements (continued)

NOTE 25 – SUBSIDIARIES (continued)

International Schools Partnership Services Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
Inversiones La Colina MCM, S.A.S.	La Calera, Cundinamarca, Colombia	100%
Ipoh International School Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan, Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
ISP Baton Rouge, Inc.	1209 Orange Street, Wilmington, Delaware 19801	100%
ISP Bellevue Inc.	711 Capitol Way South, Suite 204, Olympia, Washington 98501.	100%
ISP Broward Holdings LLC	1200 South Pine Island Road, Plantation, Florida 33324.	100%
ISP Broward LLC	1200 South Pine Island Road, Plantation, Florida 33324	100%
ISP Chile Limited (formerly PIL Brazil Holdings 1 Limited)*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP Chile SpA	5561 Oficina 401, Las Condes, Santiago Chile	100%
ISP Colombia Limited (formerly ISP Dormant 3 Limited)*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP Colombia SAS	La Calera, Cundinamarca, Colombia	100%
ISP Costa Rica Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP East Coast Holdings Inc	1209 Orange Street, Wilmington, Delaware 19801	100%
ISP Ecuador Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP India Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP Kehoe Holdings LLC	3867 Plaza Tower Drive, Baton Rouge, Louisiana 70816	95%
ISP Malaysia Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP North America Limited (formerly PIL US Holdings Limited)*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP Peru Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP US Holdings Inc	1209 Orange Street, Wilmington, Delaware 19801	100%
ISP US Management Co.	1200 South Pine Island Road, Plantation, Florida 33324	100%
ISP Vietnam Joint Stock Company	O2 land plot, Tay Ho Tay New Urban Area, Xuan Tao Ward, Bac Tu Liem District, Hanoi city, Vietnam	100%
ISP Vietnam Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP West Coast Holdings Inc	160 Greentree Drive, Suite 101, Dover, Delaware 19904	100%
Kehoe-France Day Camp, Inc.	3867 Plaza Tower Drive, Baton Rouge, Louisiana 70816	95%
Kehoe-France Inc.	3867 Plaza Tower Drive, Baton Rouge, Louisiana 70816.	95%

Notes to the consolidated financial statements (continued)

NOTE 25 – SUBSIDIARIES (continued)

KK Straits International Education Group Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia	100%
Laro CG LLC	3000 Wachovia Financial Center, 200 South Biscayne Blvd, Miami, FL 33131, USA	100%
Liceo Panamericano LPSA S.A.	Dolores Sucre 302 and Nicolas Augusto Gonzalez, Guayaquil, Ecuador	100%
Lynn Rose Corp	7215 Millcreek Drive, Mississauga, Ontario, Canada, L5N 3R3	100%
Lynn-Rose College Inc.	7215 Millcreek Drive, Mississauga, Ontario, Canada, L5N 3R3	100%
Magafe 2 Srl	Via S.G. Cottolengo, 25 20143 Milan, Italy	100%
Mile Srl	Via S.G. Cottolengo, 25 20143 Milan, Italy	100%
Muntazeh English School SPC (Park House English School)	Bou Hamour 56, Mesameer Street, building number 43, Doha, Qatar	100%
Oaks International School Limited	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
Permotio Consultancy DWC Dubai Branch	PO Box 54084, Dubai, UAE	100%
Permotio Consultancy DWC LLC	PO Box 54084, Dubai, UAE	100%
PIL (Dubai) SPC 1 Ltd **	PO Box 54084, Dubai, UAE	0%
PIL Brazil Holdings 2 Limited	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
PIL Europe Holdings Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
PIL Mexico Holdings 1 Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
PIL Mexico Holdings 2 Limited	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
PIL Mexico SL (formerly Pictos S.A.P.I de CV)	Boulevard Miguel Cervantes Saavedra 169, piso 2, Colonia Granda, Alcaldía Miguel Hidalgo C.P. 11520, Mexico City (Registro Público de la Propiedad y de Comercio de la Ciudad de México)	100%
PIL Middle East Holdings Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
PIL UK Holdings 1 Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
PIL UK Holdings 2 Limited	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
Promouvoir Management Consultancy LLC **	Baniyas East, PO Box 12986, Abu Dhabi, UAE	49%
Reach British School LLC **	Baniyas East, PO Box 12986, Abu Dhabi, UAE	49%
River Forest Partners LLC	3867 Plaza Tower Drive, Baton Rouge, Louisiana 70816	95%
Riviera Preparatory School Holdings, LLC	3000 Wachovia Financial Center, 200 South Biscayne Blvd, Miami, FL 33131, USA	100%
Rodríguez y Maulén Educacional SpA	Rodríguez y Maulén Educacional SpA Santiago, Chile	100%
Rowntree Montessori Shools Inc	3 Sunforest Drive, Brampton, Ontario L6Z 2Z2.	100%

Notes to the consolidated financial statements (continued)

NOTE 25 – SUBSIDIARIES (continued)

SG Straits International Education Group Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia	100%
Star International School LLC	Al Twar School, 7th Street, Al Twar 2, Dubai, UAE	80%
Star Schools Holding Limited	2462 ResCowork01, 24th Floor, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates	80%
St. Mary's Edumangement Services Private Limited	The Executive Center, Level 7, Octave 3 B, Salarpuria Sattva Knowledge City, Hitech City, PO Box 500081, Hyderabad, India	75%
St. Mary's Society***	The Executive Center, Level 7, Octave 3 B, Salarpuria Sattva Knowledge City, Hitech City, PO Box 500081, Hyderabad, India	0%
Straits International Education Group Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia	100%
Temple Cambridge Limited	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
Tenby Aman Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan, Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
Tenby Ecohill Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan, Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
Tenby Educare SDN. BHD.	Level 13A-6, Menara Milenium, Jalan, Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
Tenby Education Sdn. Bhd.**	Level 13A-6, Menara Milenium, Jalan, Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	0%
Tenby Labuan Foundation**	Unit Level 13(A), Main Office Tower, Financial Park Labuan, Jalan Merdcka, 87000, Federal Territory of Labuan, Malaysia.	0%
Tenby Rawang Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
Tenby Southern Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
Tenby World Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
The Aquila School Owned by Shaikh Mohammed Maktoum Juma Al Maktoum One Person Company LLC (Aquila)**	PO Box 26540, Dubai, UAE.	0%
The Hamilton International School LLC**	Mesaimeer 56 - street number 1117, building number 117, Doha, Qatar.	49%
Thomas Jefferson Zona Esmeralda TJZE, S.C.	Manuel Payno No 40, Ciudad Satélite, Municipio de Naucalpan de Juárez, C.P. 53100, State of Mexico (Instituto de la Función Registral del Estado de México, Oficina Tlalnepantla)	100%

Notes to the consolidated financial statements (continued)

NOTE 25 – SUBSIDIARIES (continued)

Tienda Cincuenta Aniversario, S.A.	Costa Rica, San Jose, Santa Ana, Pozos, one and a half kilometers west from Banco DAVIVIENDA.	100%
Torpequil Inmobiliaria Torpimob S.A.	La Moderna Street, plot 3-1, Samborondon - Ecuador	100%
VietEd Vision Joint Stock Company	#712, Belvedere Building, 28A Trần Hưng Đạo, Phan Chu Trinh ward, Hoan Kiem District, Hanoi city, Vietnam	100%
Young Explorers Educational Services Inc.	7215 Millcreek Drive, Mississauga, Ontario, Canada, L5N 3R3	100%

* These entities are direct subsidiaries of the Company; all others are indirectly held.

**Although the Company owns indirectly less than half of the shares of these entities, management has determined that the Company indirectly controls them. This is by virtue of agreement with the companies' other shareholders whereby the Company exercises management control over the entities.

***The Group does not own equity interest in the company but controls and operates the company through contractual arrangements.

The Company has provided guarantees for ongoing support to Colegios Laude SA, Tenby Educare Sdn. Bhd, Tenby Education Sdn. Bhd, Al Nibras International Private School LLC, Aspen Heights British School LLC, Muntazeh English School SPC, Reach British School LLC, Star International School LLC, The Aquila School Owned by Shaikh Mohammed Maktoum Juma Al Maktoum One Person Company LLC, and The Hamilton International School LLC in respect to their continuation as a going concern.

NOTE 26 – ULTIMATE PARENT COMPANY

The ultimate parent company is International Schools Partnership I S.à.r.l, a company incorporated and registered in Luxembourg. The immediate controlling party is Permotio International Learning S.à.r.l, a company incorporated and registered in Luxembourg.

This is the smallest and largest entity to consolidate the results of the company.

The ultimate controlling party is Partners Group Access 188 PF LP, a partnership registered and designated in Scotland.

NOTE 27 – REMUNERATION OF KEY MANAGEMENT PERSONNEL

During the 2022 financial year, the Group paid €1,560,514 (2021: €1,607,437) to its key management personnel. Key management personnel are assessed as directors of the Company. The highest paid director received remuneration of €598,731 (2021: €1,035,789). The Group implemented a pension scheme for key management personnel in July 2017. During the 2022 financial year each management personnel received €nil (2021: €nil) of pension benefit.

Management incentive plan

In July 2021, a management incentive plan ("MIP") was introduced whereby certain executive management purchased Class A ordinary shares in International Schools Partnership II S.à.r.l ("ISP Sarl") through Maurant Corporate Trustee (Jersey) Limited, the trustee, for their fair market value at the grant date.

A valuation of the market value of the shares issued was performed by an independent third party on the issue date. The shares will only deliver a return on a future exit event of the company, therefore the fair value was derived using the Monte Carlo based option pricing model.

Notes to the consolidated financial statements (continued)

NOTE 27 – REMUNERATION OF KEY MANAGEMENT PERSONNEL (continued)

The following assumptions were applied in determining the fair value of the shares issued:

	July 2021
Risk free rate of return based on the 5 year yield of a European gilt	0.0%
Future volatility rate	30.0% to 35.0%
Market value of each share issued	€1.23
Expected term to exit event (vesting period)	6.0 to 8.0 years

Further Class A ordinary shares in ISP Sarl were purchased in February 2022 and May 2022 by new executive management team members. The directors determined that the original valuation carried out in July 2021 was still valid for determining the market value of these shares issued.

The MIP is an equity settled share-based payment scheme. The total amount of employee benefit expense recognised in the statement of profit or loss for the year in respect of the MIP was €1,000,000 (2021: €nil).

NOTE 28 - RELATED PARTY TRANSACTIONS

Amounts outstanding at the year end were as follows:

Trading balances with related parties

(in €000's)	31 August 2022	31 August 2021
Trading balance with parent company	3,231	3,078
Trading balances with other related parties	1,777	-
Total	5,008	3,078

Transactions during the year were:

Transactions with related parties

(in €000's)	31 August 2022	31 August 2021
Administrative expenses		
Trading balances with other related parties	1,928	-
Total	1,928	-

Balances with parent company are amounts held with Permotio International Learning S.à.r.l., the immediate parent company of the Company.

Balances and transactions with other related parties relate to rent and service charges incurred through service agreements with the other shareholders of subsidiaries where the Group owns less than half of the shares in the entities.

NOTE 29 – CONTINGENT LIABILITIES

To our knowledge there are no contingent liabilities. We have fully provided for material taxes and associated taxes, but not related interest and fines.

Notes to the consolidated financial statements (continued)

NOTE 30 – ACQUISITIONS

Acquisitions have been consolidated using the purchase method of accounting with goodwill being recognised as an asset. The acquisitions have been included in the consolidated financial statements from the date that the control was obtained by the Group. Acquisitions are performed to strengthen and widen the presence of the Group. Unless otherwise stated, control is gained through the purchase of the share capital of the company. Details of the acquisitions and disposals along with adjustments to the valuation of goodwill recognised are detailed below. Acquisition costs are recognised in the statement of comprehensive income (loss) in other costs.

Business combinations between 1 September 2021 and 31 August 2022

Ecole Mosaic

On 1 September 2021, PIL Europe Holdings Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Ecole Mosaic SA (Swiss resident).

The goodwill on acquisition was calculated as follows:

	€000's*
Consideration**	10,134
Tangible assets	902
Right-of-use asset	3,378
Current assets	413
Cash	177
Current Liabilities	(1,840)
Lease liability	(3,378)
Deferred tax liabilities	(296)
Net assets attributable to owner	(644)
Intangible asset recognised on acquisition relating to the student registry	2,112
Goodwill	8,666

*Converted using a foreign exchange rate of 1.076 CHF/€.

**Consideration on acquisition was cash of CHF 9,329,000 and deferred consideration of CHF 1,576,000. Deferred consideration actually paid out subsequent to year end was €1,187,000 (CHF 1,111,000), which was based on the amount as per the purchase agreement less any agreed finalisation adjustments.

The goodwill is attributable mainly to the synergies and opportunities that the Group will bring to the school through direct investment and improved learning.

The carrying value of trade receivables at the acquisition date was €187,000. The gross contractual receivable was €242,000. The provision for contractual cash flows not expected to be collected was €55,000. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

CGU performance and acquisition costs:

(in €000's)	***Post-acquisition	Year ended 31 August 2022
Revenue	6,468	6,468
Profit	265	265
Acquisition costs	1	1

***Post-acquisition refers to the following period: date of acquisition to 31 August 2022.

Notes to the consolidated financial statements (continued)

NOTE 30 – ACQUISITIONS (continued)

Riviera Preparatory and Day Schools

On 29 September 2021, ISP US Holdings Inc. (US resident), a 100% owned subsidiary of ISP North America Limited (UK resident), which is a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Riviera Preparatory School Holdings LLC and Laro CG LLC (US residents).

The goodwill on acquisition was calculated as follows:

	€000's*
Consideration**	110,234
Tangible assets	38,229
Current assets	2,711
Cash	4,240
Current liabilities	(3,297)
Long term liabilities	(27,205)
Net assets attributable to owner	14,678
Intangible asset recognised on acquisition relating to the student registry	18,299
Goodwill	77,257

*Converted using a foreign exchange rate of 1.166 USD/€.

**Consideration on acquisition was cash of USD 125,555,000 and deferred consideration of USD 3,000,000.

The goodwill is attributable mainly to the synergies and opportunities that the Group will bring to the school through direct investment and improved learning.

The carrying value of trade receivables at the acquisition date was €2,264,000. The gross contractual receivable was €2,483,000. The provision for contractual cash flows not expected to be collected was €219,000. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

CGU performance and acquisition costs:

(in €000's)	***Post-acquisition	Year ended 31 August 2022
Revenue	23,175	25,691
Profit	8,702	9,966
Acquisition costs	276	8,694

***Post-acquisition refers to the following period: date of acquisition to 31 August 2022.

Notes to the consolidated financial statements (continued)

NOTE 30 – ACQUISITIONS (continued)

Straits International Education Group

On 13 October 2021, Tenby Educare Sdn Bhd (Malaysia resident), a 100% owned subsidiary of ISP Malaysia Ltd (UK resident), which is a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Straits International Education Group Sdn Bhd, which itself holds 100% of the share capital of KK Straits International Education Group Sdn Bhd and SG Straits International Education Group Sdn (Malaysia residents).

The goodwill on acquisition was calculated as follows:

	€000's*
Consideration**	8,717
Tangible assets	1,928
Right-of-use asset	19,176
Current assets	851
Cash	272
Current liabilities	(2,984)
Lease liability	(19,176)
Deferred tax liabilities	(272)
Long term liabilities	(631)
Net assets attributable to owner	(836)
Intangible asset recognised on acquisition relating to the student registry	1,132
Goodwill	8,421

*Converted using a foreign exchange rate of 4.762 MYR/€.

**Consideration on acquisition was cash of MYR 41,508,000. There was no deferred or contingent consideration.

The goodwill is attributable mainly to the synergies and opportunities that the Group will bring to the school through direct investment and improved learning.

The carrying value of trade receivables at the acquisition date was €nil. The gross contractual receivable was €10,000. The provision for contractual cash flows not expected to be collected was €10,000. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

CGU performance and acquisition costs:

(in €000's)	***Post-acquisition	Year ended 31 August 2022
Revenue	4,185	4,545
(Loss)	(1,077)	(1,087)
Acquisition costs	(5)	(5)

***Post-acquisition refers to the following period: date of acquisition to 31 August 2022.

Notes to the consolidated financial statements (continued)

NOTE 30 – ACQUISITIONS (continued)

St. Mary's School

On 18 January 2022, ISP India Ltd (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 75% of the share capital of St. Mary's Edumanagement Services Private Limited (India resident).

The Group has elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

The goodwill on acquisition was calculated as follows:

	€000's*
Consideration**	17,171
Tangible assets	2,172
Right-of-use asset	20,575
Current assets	703
Cash	37
Current liabilities	(2,203)
Lease liability	(20,575)
Deferred tax liabilities	(1,571)
Long term liabilities	(185)
Net assets attributable to owner	(1,047)
Intangible asset recognised on acquisition relating to the student registry	5,237
Non-controlling interest	(1,440)
Goodwill	14,421

*Converted using a foreign exchange rate of 84.746 INR/€.

**Consideration on acquisition was cash of INR 1,300,000,000 plus contingent consideration of INR 155,188,000.

The goodwill is attributable mainly to the synergies and opportunities that the Group will bring to the school through direct investment and improved learning.

The carrying value of trade receivables at the acquisition date was €nil. The gross contractual receivable was €51,000. The provision for contractual cash flows not expected to be collected was €51,000. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

CGU performance and acquisition costs:

(in €000's)	***Post-acquisition	Year ended 31 August 2022
Revenue	4,481	7,221
Profit	597	1,716
Acquisition costs	625	650

***Post-acquisition refers to the following period: date of acquisition to 31 August 2022.

Notes to the consolidated financial statements (continued)

NOTE 30 – ACQUISITIONS (continued)

St. Mary's School (continued)

Contingent consideration

Acquisition consideration agreed with the former owner includes a contingent portion based on the aggregate amount of FY23 equity value (12 months) exceeding the original cash consideration of INR 1,300,000,000, where the FY23 equity value (12 months) is equal to a multiple of 10 multiplied by the EBITDA for the 12 months ended on 31 March 2023.

As at the acquisition date, the fair value of the contingent consideration was estimated to be INR 155,188,000, computed based on the EBITDA forecast for the period 1 April 2022 to 31 March 2023.

Colegio Terranova

On 22 February 2022, ISP Ecuador Limited (UK resident) and ISP Chile Ltd (UK resident), each a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Compania Scolasticomp C. Ltda (Ecuador resident).

The goodwill on acquisition was calculated as follows:

	€000's*
Consideration**	21,547
Tangible assets	13,671
Deferred tax asset	45
Current assets	1,632
Cash	552
Current liabilities	(4,128)
Net assets attributable to owner	11,772
Goodwill	9,775

*Converted using a foreign exchange rate of 1.095 USD/€.

**Consideration on acquisition was cash of USD 23,585,000. There was no deferred or contingent consideration.

The goodwill is attributable mainly to the synergies and opportunities that the Group will bring to the school through direct investment and improved learning.

The carrying value of trade receivables at the acquisition date was €425,000. The gross contractual receivable was €765,000. The provision for contractual cash flows not expected to be collected was €340,000. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

CGU performance and acquisition costs:

(in €000's)	***Post-acquisition	Year ended 31 August 2022
Revenue	2,510	8,057
Profit	63	2,507
Acquisition costs	144	404

***Post-acquisition refers to the following period: date of acquisition to 31 August 2022.

Notes to the consolidated financial statements (continued)

NOTE 30 – ACQUISITIONS (continued)

Star International School

On 29 July 2022, PIL Middle East Holdings Ltd (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 80% of the share capital of Star Schools Holding Limited (Abu Dhabi resident) which itself holds 100% of the share capital of Star International School LLC (Dubai resident).

The Group has elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

The goodwill on acquisition was calculated as follows:

	€000's*
Consideration**	15,693
Tangible assets	19,118
Right-of-use asset	46,997
Current assets	1,505
Cash	406
Current liabilities	(10,433)
Lease liability	(15,316)
Long term liabilities	(31,297)
Net assets attributable to owner	10,980
Intangible asset recognised on acquisition relating to the student registry	9,574
Non-controlling interest	(4,111)
Bargain purchase	(750)

*Converted using a foreign exchange rate of 3.831 AED/€.

**Consideration on acquisition was cash of AED 48,403,000 plus deferred consideration of AED 2,867,000 and contingent consideration of AED 8,846,000.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease.

The acquisition has resulted in a bargain purchase due to the favourable terms of the lease. The gain on purchase has been recorded in the statement of profit and loss.

The carrying value of trade receivables at the acquisition date was €800,000. The gross contractual receivable was €976,000. The provision for contractual cash flows not expected to be collected was €176,000. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Notes to the consolidated financial statements (continued)

NOTE 30 – ACQUISITIONS (continued)

Star International School (continued)

CGU performance and acquisition costs:

(in €000's)	***Post-acquisition	Year ended 31 August 2022
Revenue	32	12,897
(Loss)	(1,002)	(4,664)
Acquisition costs	33	275

***Post-acquisition refers to the following period: date of acquisition to 31 August 2022.

Contingent consideration

Acquisition consideration agreed with the former owner includes an earn out payment of AED 8,846,000 which is contingent on Star International Group meeting a target average EBITDA of AED 23,969,631 during the period from completion date until 30 June 2026. Management have assessed the probability of meeting this target as 100% based on the budgeted average EBITDA results of the school for that same period exceeding the target average EBITDA above.

Notes to the consolidated financial statements (continued)

NOTE 30 – ACQUISITIONS (continued)

Business combinations between 1 September 2020 and 31 August 2021

Rowntree Montessori School

On 3 December 2020, ISP Rowntree Inc. (Canada resident) a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Rowntree Montessori Schools Inc. and 4039459 Canada Ltd (Canada residents).

The goodwill on acquisition was calculated as follows:

	€000's*
Consideration**	13,010
Tangible assets	4,362
Right-of-use asset	183
Current assets	45
Cash	2,369
Current Liabilities	(3,470)
Lease liability	(183)
Deferred tax liabilities	(1,911)
Net assets attributable to owner	1,395
Intangible asset recognised on acquisition relating to the student registry	4,085
Goodwill	7,530

*Converted using a foreign exchange rate of 1.566 CAD/€.

**Consideration on acquisition was cash of CAD 20,378,000. There was no deferred or contingent consideration.

The goodwill is attributable mainly to the synergies and opportunities that the Group will bring to the school through direct investment and improved learning.

The carrying value of trade receivables at the acquisition date was €5,300. The gross contractual receivable was €5,300. The provision for contractual cash flows not expected to be collected was nil. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

CGU performance and acquisition costs:

(in €000's)	***Post-acquisition	Year ended 31 August 2021
Revenue	2,925	4,116
(Loss) / Profit	(78)	424
Acquisition costs	285	293

***Post-acquisition refers to the following period: date of acquisition to 31 August 2021.

Notes to the consolidated financial statements (continued)

NOTE 30 – ACQUISITIONS (continued)

Lynn-Rose Schools

On 1 December 2020, ISP Lynn-Rose Inc. (Canada resident) a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Lynn-Rose Corp, Lynn Rose College Inc. and Young Explorers Educational Services Inc, together 'Lynn-Rose Schools' (Canada residents).

The goodwill on acquisition was calculated as follows:

	€000's*
Consideration**	8,417
Tangible assets	9,192
Right-of-use asset	572
Current assets	1,338
Cash	1,510
Current Liabilities	(7,171)
Lease liability	(572)
Deferred tax liabilities	(1,594)
Long term liabilities	(4)
Net assets attributable to owner	3,271
Intangible asset recognised on acquisition relating to the student registry	2,900
Goodwill	2,246

*Converted using a foreign exchange rate of 1.554 CAD/€.

**Consideration on acquisition was cash of CAD 13,083,000. There was no deferred or contingent consideration.

The goodwill is attributable mainly to the synergies and opportunities that the Group will bring to the school through direct investment and improved learning.

The carrying value of trade receivables at the acquisition date was €1,265,000. The gross contractual receivable was €1,488,000. The provision for contractual cash flows not expected to be collected was €223,000. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

CGU performance and acquisition costs:

(in €000's)	***Post-acquisition	Year ended 31 August 2021
Revenue	3,030	4,175
Profit	109	429
Acquisition costs	208	224

***Post-acquisition refers to the following period: date of acquisition to 31 August 2021.

Notes to the consolidated financial statements (continued)

NOTE 30 – ACQUISITIONS (continued)

Mile Bilingual School

On 6 April 2021 PIL Europe Holdings Limited (UK resident) a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Magafe 2 Srl (Italy Resident) and Mile Srl (Italy Resident).

The goodwill on acquisition was calculated as follows:

	€000's
Consideration*	14,503
Intangible assets	450
Right-of-use asset	2,147
Current assets	953
Cash	1,491
Current Liabilities	(2,419)
Long term liabilities	(649)
Lease liability	(2,147)
Deferred tax liabilities	(1,283)
Net assets attributable to owner	(1,457)
Intangible asset recognised on acquisition relating to the student registry	4,750
Goodwill	11,210

*Consideration on acquisition was cash of €12,271,000, and contingent consideration of €2,232,000. Contingent consideration actually paid out post-acquisition was €1,066,000, which was based on the final trade debtors' position and student enrolments.

The goodwill is attributable mainly to the synergies and opportunities that the Group will bring to the school through direct investment and improved learning.

The carrying value of trade receivables at the acquisition date was €824,000. The gross contractual receivable was €824,000. The provision for contractual cash flows not expected to be collected was nil. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

CGU performance and acquisition costs:

(in €000's)	***Post-acquisition	Year ended 31 August 2021
Revenue	5,047	7,688
Profit	468	822
Acquisition costs	488	488

***Post-acquisition refers to the following period: date of acquisition to 31 August 2021.

Notes to the consolidated financial statements (continued)

NOTE 30 – ACQUISITIONS (continued)

British School of Geneva

On 19 April 2021 PIL Europe Holdings Limited (UK resident) a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Ark Holdings SA (Switzerland Resident) and ASC International House SA (Switzerland Resident).

The goodwill on acquisition was calculated as follows:

	€000's*
Consideration**	12,078
Tangible assets	370
Right-of-use asset	5,949
Current assets	1,857
Cash	1,356
Current liabilities	(4,566)
Lease liability	(5,949)
Deferred tax liabilities	(572)
Long term liabilities	(5,127)
Net assets attributable to owner	(6,682)
Intangible asset recognised on acquisition relating to the student registry	4,083
Goodwill	14,677

*Converted using a foreign exchange rate of 1.1027 CHF/€.

**Consideration on acquisition was cash of CHF 11,928,000 and CHF 1,390,000 of deferred consideration. Deferred consideration actually paid out subsequent to year end was CHF 1,240,000 (€1,280,000), which was based on the amount per the purchase agreement adjusted for final working capital and debt adjustments.

The goodwill is attributable mainly to the synergies and opportunities that the Group will bring to the school through direct investment and improved learning.

The carrying value of trade receivables at the acquisition date was €1,254,000. The gross contractual receivable was €1,344,000. The provision for contractual cash flows not expected to be collected was €90,000. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

CGU performance and acquisition costs:

(in €000's)	***Post-acquisition	Year ended 31 August 2021
Revenue	1,285	5,087
(Loss) / Profit	(700)	424
Acquisition costs	390	390

***Post-acquisition refers to the following period: date of acquisition to 31 August 2021.

Notes to the consolidated financial statements (continued)

NOTE 30 – ACQUISITIONS (continued)

Colegio British Royal School

On 27 August 2021 21 ISP Chile SPA (Chile resident), a 100% owned subsidiary of PIL Brazil Holdings 2 Limited (UK Resident), a 100% owned subsidiary of ISP Chile Limited (UK Resident), a 100% owned subsidiary of International Schools Partnership Limited (UK Resident), acquired 100% of the share capital of Colegio British Royal School SpA (Chile Resident).

The goodwill on acquisition was calculated as follows:

	€000's*
Consideration**	28,890
Tangible assets	483
Current assets	291
Cash	98
Current Liabilities	(4,787)
Deferred tax liabilities	(2,948)
Net assets attributable to owner	(6,863)
Intangible asset recognised on acquisition relating to the student registry	10,920
Goodwill	24,833

*Converted using a foreign exchange rate of 871.3 CLP/€.

**Consideration on acquisition was cash of CLP 24,657,406,000. Additional consideration of CLP 514,900,000 was paid in April 2022 for final working capital and debt adjustments.

The goodwill is attributable mainly to the synergies and opportunities that the Group will bring to the school through direct investment and improved learning.

The carrying value of trade receivables at the acquisition date was €220,000. The gross contractual receivable was €350,000. The provision for contractual cash flows not expected to be collected was €130,000. Carrying value of trade receivables is deemed a reasonable approximation of fair value.

CGU performance and acquisition costs:

(in €000's)	***Post-acquisition	Year ended 31 August 2021
Revenue	-	8,240
Profit	-	3,073
Acquisition costs	-	195

***Post-acquisition refers to the following period: date of acquisition to 31 August 2021.

Notes to the consolidated financial statements (continued)

NOTE 31 - EVENTS AFTER THE DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS

Acquisitions/subsidiaries

On 27 October 2022, ISP Poland Limited (UK resident) was incorporated as a 100% owned subsidiary of International Schools Partnership Limited (UK resident).

On 30 November 2022, ISP Portugal S.A. (Portugal resident) was incorporated as a 100% owned subsidiary of PIL Europe Holdings Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident).

On 14 December 2022, Smaerocity Eduserve Private Limited (India resident) was incorporated as a 75% owned subsidiary of ISP India Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident).

On 8 September 2022, PIL Mexico SL (Mexico entity), a 100% owned subsidiary of PIL Mexico Holdings 1 Limited (Mexico entity), which is a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired the remaining 10% non-controlling interest in Formación, Educación Y Cultura, S.C, taking the Group's ownership in the company to 100%. Consideration paid was €5,314,000.

On 12 October 2022, ISP North America Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 90% of the share capital of Boston School S.A. (Panama resident). The company was purchased for USD 13,546,000.

On 30 November 2022, Magafe 2 Srl (Italy resident), a 100% owned subsidiary of PIL Europe Holdings Limited (UK resident), which is a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Centro Studi Superiori S.r.l. (Italy resident). The company was purchased for €33,000,000.

On 17 December 2022, ISP India Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Manthan Educational Solutions Private Limited (India resident). The company was purchased for INR 3,061,600,000.

On 23 December 2022, ISP Poland Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 90% of the share capital of British Primary School of Wilanow sp.o.o and British Nursery of Wilanow sp.z.o.o (Poland residents). The company was purchased for PLN 88,155,248.

On 16 February 2023, Magafe 2 Srl (Italy resident), a 100% owned subsidiary of PIL Europe Holdings Limited (UK resident), which is a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Centro Studi Alexandria S.r.l. (Italy resident). The company was purchased for €6,571,000.

The accounting for each of these acquisitions has not been finalised to show the calculation of the goodwill on acquisition.

Borrowings

There has been a total draw down of €286,600,000 from the acquisition facility to facilitate the post year end acquisitions. The drawdowns occurred on 30 September 2022 for €81,100,000, 26 October 2022 for €15,800,000, and 18 November 2022 for €189,700,000.

The €50,000,000 drawn on the Revolving Credit Facility at year end was repaid in full on 17 October 2022.

Company Statement of Financial Position as at 31 August 2022

	Note	31 August 2022 €000's	31 August 2021 €000's
Fixed assets			
Investments	3	963,923	708,318
Debtors: amounts falling due after more than one year	4	199,672	150,087
Current assets:			
Debtors: amounts falling due in less than one year	5	27,913	53,560
Cash at bank and in hand		<u>36,536</u> 64,449	<u>178,003</u> 231,563
Creditors: Amounts falling due within one year	6	<u>(81,349)</u>	<u>(32,789)</u>
Net current (liabilities) / assets		<u>(16,900)</u>	<u>198,774</u>
Creditors: Amounts falling due after more than one year	7	(797,825)	(745,019)
Provisions	9	<u>(5,517)</u>	<u>-</u>
Net assets		<u>343,353</u>	<u>312,160</u>
Capital and reserves			
Called up share capital	10	14	14
Share premium account	10	394,477	464,477
Capital contribution reserve	11	79,931	79,931
Fair value reserve	11	19,726	-
Profit or loss account	11	<u>(150,795)</u>	<u>(232,262)</u>
Shareholders' funds		<u>343,353</u>	<u>312,160</u>

The notes on pages 80 to 91 form part of these financial statements.

As permitted by s408 Companies Act 2006, the company has not presented its own profit or loss account and related notes, as it prepares group accounts. The company's total comprehensive loss for the period was €(82,420,000) (2021: €(79,204,000)).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 February 2023.

D Mee
Director

**Company statement of changes in equity
from 1 September 2021 to 31 August 2022**

	Called up share capital	Share premium account	Capital contribution reserve	Fair value reserve	Profit or loss account	Total
	€000's	€000's	€000's	€000's	€000's	€000's
At 31 August 2020	<u>2</u>	<u>9,936</u>	=	=	<u>(153,058)</u>	<u>(143,120)</u>
Equity transactions during the year	12	454,541	79,931	-	-	534,484
Loss for the year	-	-	-	-	(79,204)	(79,204)
At 31 August 2021	<u>14</u>	<u>464,477</u>	<u>79,931</u>	=	<u>(232,262)</u>	<u>312,160</u>
Equity transactions during the year	-	(70,000)	-	-	163,887	93,887
Loss for the year	-	-	-	-	(82,420)	(82,420)
Other comprehensive income for the year	-	-	-	19,726	-	19,726
At 31 August 2022	<u>14</u>	<u>394,477</u>	<u>79,931</u>	<u>19,726</u>	<u>(150,795)</u>	<u>343,353</u>

The notes on pages 80 to 91 form part of these financial statements.

Notes to the Company financial statements

1. Accounting Policies

1.1 Basis of preparation of financial statements

International Schools Partnership Limited (the “Company”) is a private company limited by shares incorporated, domiciled and registered in England in the UK. The registered number is 09817502 and the registered address is 100 New Bridge Street, London, United Kingdom, EC4V 6JA.

The group financial statements have been prepared in accordance with International Accounting Standards in conformity with the companies Act 2006 (“IFRS”). The Company has elected to prepare its parent company financial statements in accordance with FRS 101 (Reduced Disclosure Framework); these are presented on pages 80 to 91. The financial statements have been prepared under the historical cost convention modified to include the fair value measurement of derivative financial instruments.

On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The Company has taken advantage of the following disclosure exemptions as permitted by FRS101:

- The Company has not prepared a cash flow statement and related notes
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.
- Disclosures in respect of transactions with wholly owned subsidiaries
- Disclosures of transactions with a management entity that provides key management personnel services to the Company

The financial statements are presented in Euro (€). The Company’s financial statements are rounded to the nearest thousand Euro (“€000’s”).

1.2 Investment policy

Investments in subsidiaries are carried at cost less impairment to date.

1.3 Income taxes

Current income tax assets and liabilities are measured at the reporting date at the amount expected to be recovered from or paid to taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the consolidated statement of financial position date. Certain subsidiaries are subject to foreign taxes in respect to their net income and capital gains in their country of operation.

Current tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in correlation to the underlying transaction outside of profit or loss.

2. Directors' remuneration

No director received remuneration, retirement or other benefits from the Company during either the current or prior year. Due to the nature of operations of the Group, the remuneration of the Directors for their services to International Schools Partnership Limited is not contained in the records of the Company. The directors are remunerated for their services to the group, which is disclosed in note 27 of the consolidated financial statements. Their services to this entity are minimal and a trivial amount of their remuneration is attributable to this entity.

Notes to the Company financial statements (continued)

3. Investments

Company cost	Shares in group undertakings €000's
At 31 August 2020	<u>288,522</u>
Acquired in period	419,796
Impairment	-
At 31 August 2021	<u>708,318</u>
Acquired in period	255,605
Impairment	-
At 31 August 2022	<u>963,923</u>

The Group consists of a parent company, International Schools Partnership Limited, incorporated in United Kingdom and several subsidiaries held directly and indirectly by International Schools Partnership Limited.

The ownership is the same in current and previous year, except for subsidiaries purchased in the year, please see Note 30 of the group financial statements for further details.

The group has also merged the following subsidiaries, Elementary School Thomas Jefferson, S.C., Kindergarden Thomas Jefferson, S.C. and Pink & Blue, S.C. following the transfer of their trade and assets to High School Thomas Jefferson, S.C. and Kindergarden Thomas Jefferson Company Guadalajara, S.C. following the transfer of its trade and assets to Instituto Thomas Jefferson Campus Guadalajara S.C.

At 31 August 2022 the Company had interests in the ordinary shares in the following subsidiaries:

Company name	Registered address	Percentage ownership of ordinary shares
4039459 Canada Ltd	1785 Queen Street East, Unit J, Brampton, Ontario, Canada L6T 4S3	100%
Abastecedora Escolar TAE, S.A. de C.V.	Calle Ozumbilla, Mz 99 Lt 117, Los Héroes de Tecamac Sección Bosques, Tecamac, 55764 State of Mexico (Registro Público de la Propiedad de Tlalnepantla, Estado de México)	100%
Administradora de Colegios Pedro de Valdivia SpA	Administradora de Colegios Pedro de Valdivia SpA, Santiago, Chile	100%
Al Nibras International Private School LLC **	PO Box 54084, Dubai, UAE	49%
Ark Holdings SA	Av. de Châtelaine 95A 1219 Châtelain, Geneva, Switzerland	100%
ASC International House SA	Av. de Châtelaine 95A 1219 Châtelain, Geneva, Switzerland	100%
Asia Pacific Schools Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%

Notes to the Company financial statements (continued)

3. Investments (continued)

Aspen Heights British School LLC **	PO Box 137352, Abu Dhabi, UAE.	0%
Aspen Heights Educational Facilities Management Sole Proprietorship LLC **	PO Box 33366, Abu Dhabi, UAE.	0%
British Education Management, S.L.	Avenida Centaurea 8, 29018 Cerrado De Calderon, Malaga Spain	100%
Centro Educacional Escuela Católica Activa, S.A.	Costa Rica, San Jose, Santa Ana, Pozos, one and a half kilometer west from Banco DAVIVIENDA	100%
Claremont School (St. Leonards) Limited	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
Colegio British Royal School SpA	Av Las Perdices 263, La Reina Santiago, Chile	100%
Colegio Pedro de Valdivia Las Condes SpA	Av. Las Condes 13349, Las Condes, Chile	100%
Colegio Pedro de Valdivia Peñalolén SpA	Av. Quilín 5473, Peñalolén, Santiago, Chile	100%
Colegio Pedro de Valdivia Providencia SpA	Av. Pedro de Valdivia 1939, Providencia, Santiago, Chile	100%
Colegio San Jorge de Miraflores S.C.R.L.	Av. General Ernesto Montagne N° 360, Miraflores, Lima – Perú	100%
Colegios Laude, SA	Calle Doctor Fleming, 3, 10th floor - left, 28036 Madrid Spain.	100%
Compania Scolasticomp C. Ltda	San Juan Alto de las Rieles 507 y Av. Simón Bolívar, Quito- Ecuador	100%
Corporación CLR S.A.C.	Av. General Ernesto Montagne N° 360, Miraflores, Lima – Perú	100%
Ecole Mosaic SA	Avenue Dumas 23, 1206 Geneve	100%
Fondcare Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
Formación, Educación Y Cultura, S.C.	Calle Heriberto Frias 1401, Colonia del Valle Sur, Alcaldía Benito Juárez, C.P. 03104, Mexico City, Mexico (Registro Público de la Propiedad y del Comercio de la Ciudad de México)	90%
France Family Partners LLP	3867 Plaza Tower Drive, Baton Rouge, Louisiana 70816.	95%
Hamilton International Development Limited (formerly known as Marlborough Group Limited)	Mesaimcer 56 - street number 1117, building number 117, Doha, Qatar.	100%
High School Thomas Jefferson, S.C.	Manuel Payno No 40, Ciudad Satélite, Municipio de Naucalpan de Juárez, C.P. 53100, State of Mexico (Registro Público de la Propiedad de Tlalnepantla)	100%
Hanoi Toronto Joint Stock Company	3rd floor, Belvedere Building, 28A Trần Hưng Đạo, Phan Chu Trinh ward, Hoan Kiem District, Hanoi city, Vietnam	45.45%
Ilmu Bijak Bestari Sdn. Bhd.**	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	0%
Inmobiliaria de Mexico Mes, S.A. de C.V.	Boulevard Miguel Cervantes Saavedra 169, piso 2, Colonia Granda, Alcaldía Miguel Hidalgo C.P. 11520, Mexico City, (Registro Público de la Propiedad y de Comercio de la Ciudad de México)	100%
Inmobiliaria Emibu S.A.	Dolores Sucre 302 and Nicolas Augusto Gonzalez, Guayaquil - Ecuador	100%

Notes to the Company financial statements (continued)

3. Investments (continued)

Inmobiliaria Panamericana C.A.	Dolores Sucre 302 and Nicolas Augusto Gonzalez, Guayaquil - Ecuador.	100%
Inmobiliaria Pel, S.A.	Calle Amores 1620, Colonia Del Valle, Alcaldía Benito Juárez C.P. 03100, Mexico City, (Registro Público de la Propiedad y de Comercio de la Ciudad de México)	100%
Instituto Educativo Moderno De Guayaquil Inmoquil C. Ltda.	Plot No. 4, Km. 2.5 Via Samborondon, Samborondon, Guayas Province, Ecuador.	100%
Instituto Thomas Jefferson Company Querétaro, S.C.	Avenida Asteroides 1200, Colonia Rancho Sam Antonio, Municipio de Santiago de Querétaro, Querétaro C.P. 76149 (Registro Público de la Propiedad de Querétaro)	100%
Instituto Thomas Jefferson Guadalajara, S.C.	Vialidad Ramal La Tijera 1753, Municipio de Tlajomulco de Zuñiga, Localidad Las Amapas C.P. 45640 Guadalajara, Jalisco (Registro Público de la Propiedad y de Comercio de Jalisco)	100%
Instituto Thomas Jefferson Valle Real, S.C.	Avenida Prolongación Jesús 3451, Colonia Los Girasoles Municipio de Zapopan Guadalajara, Jalisco. C.P. 45130 (Registro Público de la Propiedad y de Comercio de Jalisco)	100%
International Parents Trust, LLC	3867 Plaza Tower Drive, Baton Rouge, Louisiana 70816	100%
International Schools Partnership Services Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
Inversiones La Colina MCM, S.A.S.	La Calera, Cundinamarca, Colombia	100%
Ipoh International School Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan, Damansara, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
ISP Baton Rouge, Inc.	1209 Orange Street, Wilmington, Delaware 19801	100%
ISP Bellevue Inc.	711 Capitol Way South, Suite 204, Olympia, Washington 98501.	100%
ISP Broward Holdings LLC	1200 South Pine Island Road, Plantation, Florida 33324.	100%
ISP Broward LLC	1200 South Pine Island Road, Plantation, Florida 33324	100%
ISP Chile Limited (formerly PIL Brazil Holdings 1 Limited)*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP Chile SpA	5561 Oficina 401, Las Condes, Santiago Chile	100%
ISP Colombia Limited (formerly ISP Dormant 3 Limited)*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP Colombia SAS	La Calera, Cundinamarca, Colombia	100%
ISP Costa Rica Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP East Coast Holdings Inc	1209 Orange Street, Wilmington, Delaware 19801	100%
ISP Ecuador Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP India Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP Kchoe Holdings LLC	3867 Plaza Tower Drive, Baton Rouge, Louisiana 70816	95%

Notes to the Company financial statements (continued)

3. Investments (continued)

ISP Malaysia Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP North America Limited (formerly PIL US Holdings Limited)*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP Peru Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP US Holdings Inc	1209 Orange Street, Wilmington, Delaware 19801	100%
ISP US Management Co.	1200 South Pine Island Road, Plantation, Florida 33324	100%
ISP Vietnam Joint Stock Company	O2 land plot, Tay Ho Tay New Urban Area, Xuan Tao Ward, Bac Tu Liem District, Hanoi city, Vietnam	100%
ISP Vietnam Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
ISP West Coast Holdings Inc	160 Greentree Drive, Suite 101, Dover, Delaware 19904	100%
Kehoe-France Day Camp, Inc.	3867 Plaza Tower Drive, Baton Rouge, Louisiana 70816	95%
Kehoe-France Inc.	3867 Plaza Tower Drive, Baton Rouge, Louisiana 70816	95%
KK Straits International Education Group Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia	100%
Laro CG LLC	3000 Wachovia Financial Center, 200 South Biscayne Blvd, Miami, FL 33131, USA	100%
Liceo Panamericano LPSA S.A.	Dolores Sucre 302 and Nicolas Augusto Gonzalez, Guayaquil, Ecuador	100%
Lynn Rose Corp	7215 Millcreek Drive, Mississauga, Ontario, Canada, L5N 3R3	100%
Lynn-Rose College Inc.	7215 Millcreek Drive, Mississauga, Ontario, Canada, L5N 3R3	100%
Magafe 2 Srl	Via S.G. Cottolengo, 25 20143 Milan, Italy	100%
Mile Srl	Via S.G. Cottolengo, 25 20143 Milan, Italy	100%
Muntazeh English School SPC (Park House English School)	Bou Hamour 56, Mesaimcer Street, building number 43, Doha, Qatar	100%
Oaks International School Limited	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
Permotio Consultancy DWC Dubai Branch	PO Box 54084, Dubai, UAE	100%
Permotio Consultancy DWC LLC	PO Box 54084, Dubai, UAE	100%
PIL (Dubai) SPC 1 Ltd **	PO Box 54084, Dubai, UAE	0%
PIL Brazil Holdings 2 Limited	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
PIL Europe Holdings Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
PIL Mexico Holdings 1 Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
PIL Mexico Holdings 2 Limited	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%

Notes to the Company financial statements (continued)

3. Investments (continued)

PIL Mexico SL (formerly Pictos S.A.P.I de CV)	Boulevard Miguel Cervantes Saavedra 169, piso 2, Colonia Granda, Alcaldía Miguel Hidalgo C.P. 11520, Mexico City (Registro Público de la Propiedad y de Comercio de la Ciudad de México)	100%
PIL Middle East Holdings Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
PIL UK Holdings 1 Limited*	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
PIL UK Holdings 2 Limited	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
Promouvoir Management Consultancy LLC **	Baniyas East, PO Box 12986, Abu Dhabi, UAE	49%
Reach British School LLC **	Baniyas East, PO Box 12986, Abu Dhabi, UAE	49%
River Forest Partners LLC	3867 Plaza Tower Drive, Baton Rouge, Louisiana 70816	95%
Riviera Preparatory School Holdings, LLC	3000 Wachovia Financial Center, 200 South Biscayne Blvd, Miami, FL 33131, USA	100%
Rodríguez y Maulén Educacional SpA	Rodríguez y Maulén Educacional SpA Santiago, Chile	100%
Rowntree Montessori Shools Inc	3 Sunforest Drive, Brampton, Ontario L6Z 2Z2.	100%
SG Straits International Education Group Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia	100%
Star International School LLC	Al Twar School, 7th Street, Al Twar 2, Dubai, UAE	80%
Star Schools Holding Limited	2462 ResCowork01, 24th Floor, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates	80%
St. Mary's Edumangement Services Private Limited	The Executive Center, Level 7, Octave 3 B, Salarpuria Sattva Knowledge City, Hitech City, PO Box 500081, Hyderabad, India	75%
St. Mary's Society***	The Executive Center, Level 7, Octave 3 B, Salarpuria Sattva Knowledge City, Hitech City, PO Box 500081, Hyderabad, India	0%
Straits International Education Group Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia	100%
Temple Cambridge Limited	100 New Bridge Street, London, EC4V 6JA, United Kingdom	100%
Tenby Aman Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan, Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
Tenby Ecohill Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan, Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
Tenby Educare SDN. BHD.	Level 13A-6, Menara Milenium, Jalan, Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
Tenby Education Sdn. Bhd.**	Level 13A-6, Menara Milenium, Jalan, Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	0%
Tenby Labuan Foundation**	Unit Level 13(A), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000, Federal Territory of Labuan, Malaysia.	0%

Notes to the Company financial statements (continued)

3. Investments (continued)

Tenby Rawang Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
Tenby Southern Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
Tenby World Sdn. Bhd.	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%
The Aquila School Owned by Shaikh Mohammed Maktoum Juma Al Maktoum One Person Company LLC (Aquila)**	PO Box 26540, Dubai, UAE.	0%
The Hamilton International School LLC**	Mesaimcer 56 - street number 1117, building number 117, Doha, Qatar.	49%
Thomas Jefferson Zona Esmeralda TJZE, S.C.	Manuel Payno No 40, Ciudad Satélite, Municipio de Naucalpan de Juárez, C.P. 53100, State of Mexico (Instituto de la Función Registral del Estado de México, Oficina Tlalnepantla)	100%
Tienda Cincuenta Aniversario, S.A.	Costa Rica, San Jose, Santa Ana, Pozos, one and a half kilometers west from Banco DAVIVIENDA.	100%
Torpequil Inmobiliaria Torpimob S.A.	La Moderna Street, plot 3-1, Samborondon - Ecuador	100%
VietEd Vision Joint Stock Company	#712, Belvedere Building, 28A Trần Hưng Đạo, Phan Chu Trinh ward, Hoan Kiem District, Hanoi city, Vietnam	100%
Young Explorers Educational Services Inc.	7215 Millcreek Drive, Mississauga, Ontario, Canada, L5N 3R3	100%

* These entities are direct subsidiaries of the Company; all others are indirectly held.

**Although the Company owns indirectly less than half of the shares of these entities, management has determined that the Company indirectly controls them. This is by virtue of agreement with the companies' other shareholders whereby the Company exercises management control over the entities.

***The Group does not own equity interest in the company but controls and operates the company through contractual arrangements.

Notes to the Company financial statements (continued)

4. Debtors: amounts falling due after more than one year

	31 August 2022	31 August 2021
(in €000's)		
Derivative instruments designated as hedges (note 8)	27,913	-
Due from group undertakings	<u>171,759</u>	<u>150,087</u>
	<u>199,672</u>	<u>150,087</u>

The debtors due from group undertakings are charged interest at 5.94%-10.46% (2021: 10.3313%).

5. Debtors: amounts falling due in less than one year

	31 August 2022	31 August 2021
(in €000's)		
Prepayments	551	1,003
Other debtors	863	1,787
Derivative instruments not designated as hedges (note 8)	1,174	-
Due from group undertakings	<u>25,325</u>	<u>50,770</u>
	<u>27,913</u>	<u>53,560</u>

The debtors due from group undertakings are charged interest at 5.94%-10.46% (2021: 10.3313%).

6. Creditors: Amounts falling due within one year

	31 August 2022	31 August 2021
(in €000's)		
Trade creditors	675	281
Bank loan accrued interest	5,703	4,818
Accruals	3,015	2,725
Amount owed to group undertakings	<u>71,956</u>	<u>24,965</u>
	<u>81,349</u>	<u>32,789</u>

Notes to the Company financial statements (continued)

7. Creditors: Amounts falling due after more than one year

(in €000's)	31 August 2022	31 August 2021
Bank loans	797,825	745,019
	<u>797,825</u>	<u>745,019</u>

There are three significant bank loans that are all Euro denominated. The following amounts are drawn on the available facilities as at 31 August 2022:

- Term Loan 1 (€338.6m principal plus accrued interest) is repayable in July 2028.
- Acquisition Facility (€432.9m principal plus accrued interest) is repayable in July 2028.
- Revolving Credit Facility (€50m principal plus accrued interest) is repayable in January 2028.

Included within the bank loan creditors are capitalised deal fees of €23,677,000 (2021: €30,495,000), which are amortised over a period of 7 years.

The interest rates on the bank loans range from: Base rate + 3%-5.75% plus Euribor.

8. Financial instruments

At year end the company has the following financial assets measured at fair value:

(in €000's)	31 August 2022	31 August 2021
Derivative instruments designated as hedges	27,913	-
Derivative instruments not designated as hedges	1,174	-
	<u>29,087</u>	<u>-</u>

The Company enters into interest rate cap contracts to mitigate the interest rate risk on the bank loans.

As at 31 August 2022, the Group is holding three interest rate caps with a total nominal amount of €482.4m. The interest rate caps have a term of 3 years and are due to mature on 23 January 2025, 26 February 2025 and 22 March 2025. The interest rate caps protect the Group from rate increases in the Euribor above 0.5%.

The interest rate cap contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the Euribor rates.

The impact of the cash flow hedge in the statement of profit or loss and other comprehensive income ("OCI"), net of tax, is as follows:

	Total hedging gain recognised in OCI	Ineffectiveness recognised in profit or loss	Cost of hedging recognised in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
	€000	€000	€000	€000	
Interest rate caps	(21,274)	-	1,548	(745)	Finance cost

Notes to the Company financial statements (continued)

9. Provisions

	Long-term incentive plan €000's	Deferred tax liability €000's	Total €000's
At 1 September 2021	-	-	-
Arising during the year	890	4,627	5,517
At 31 August 2022	890	4,627	5,517

The deferred tax included in the statement of financial position is as follows:

	2022 €000's
At 1 September 2021	-
Deferred tax charge included in other comprehensive in respect to the fair value reserve	4,627
At 31 August 2022	4,627

10. Share capital and share premium

	31 August 2022 €	31 August 2021 €
Allotted, called up and fully paid	€	€
Share premium	394,476,573	464,476,572
Ordinary shares	14,019	14,019

During the year, the previously issued class A, A1, B1, B2, C, D, and E ordinary shares were subdivided so that each had a par value of €0.00001. The shares were subsequently redesignated as Ordinary shares at a par value of €0.00001 per share. Each share has equivalent rights.

An additional 3 Ordinary shares were issued at a premium of €19,814,557, €34,572,055 and €39,500,000 respectively.

The Company further resolved to reduce the share premium account by €163,886,611, with the amount to be credited to the distributable reserve account.

In shares (thousands)	A	B1	Ordinary	A1	B2	C	D	E
On issue at 1 September 2021	1,361	3	-	121	-	14	6	-
Sub-division of shares	1,361,561	3,054	-	1,207	36,000	14	6	100
Change of share class designation	(1,361,561)	(3,054)	1,401,941	(1,207)	(36,000)	(14)	(6)	(100)
Issued during the year	-	-	-	-	-	-	-	-
On issue at 31 August 2022	-	-	1,401,941	-	-	-	-	-

Notes to the Company financial statements (continued)

11. Reserves

Called-up share capital - represents the nominal value of shares that have been issued.

Share premium - represents the amount paid by the shareholders in excess of the Company's share capital nominal value.

Capital contribution reserve - represents contributions to the Company from its shareholders, other than in exchange for the issue of equity instruments.

Fair value reserve - represents the fair value movements on the derivative financial instruments accounted for using hedge accounting, net of tax.

Profit or loss account - includes all current and prior period retained profits and losses.

Other reserves related to the value of equity settled share-based payments reported in the Group consolidated financial statements have not been included in the Company as the employees in the plan are not employed by the Company.

12. Ultimate parent undertaking and controlling party

The ultimate parent company is International Schools Partnership I S.à.r.l, a company incorporated and registered in Luxembourg. The immediate controlling party is Permotio International Learning S.à.r.l, a company incorporated and registered in Luxembourg.

This is the smallest and largest entity to consolidate the results of the company.

The ultimate controlling party is Partners Group Access 188 PF LP, a partnership registered and designated in Scotland.

13. Subsequent events

Acquisitions/subsidiaries

On 27 October 2022, ISP Poland Limited (UK resident) was incorporated as a 100% owned subsidiary of International Schools Partnership Limited (UK resident).

On 30 November 2022, ISP Portugal S.A. (Portugal resident) was incorporated as a 100% owned subsidiary of PIL Europe Holdings Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident).

On 14 December 2022, Smaerocity Eduserve Private Limited (India resident) was incorporated as a 75% owned subsidiary of ISP India Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident).

On 8 September 2022, PIL Mexico SL (Mexico entity), a 100% owned subsidiary of PIL Mexico Holdings 1 Limited (Mexico entity), which is a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired the remaining 10% non-controlling interest in Formación, Educación Y Cultura, S.C, taking the Group's ownership in the company to 100%. Consideration paid was €5,314,000.

On 12 October 2022, ISP North America Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 90% of the share capital of Boston School S.A. (Panama resident). The company was purchased for USD 13,546,000.

Notes to the Company financial statements (continued)

13. Subsequent events (continued)

Acquisitions/subsidiaries (continued)

On 30 November 2022, Magafe 2 Srl (Italy resident), a 100% owned subsidiary of PIL Europe Holdings Limited (UK resident), which is a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Centro Studi Superiori S.r.l. (Italy resident). The company was purchased for €33,000,000.

On 17 December 2022, ISP India Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Manthan Educational Solutions Private Limited (India resident). The company was purchased for INR 3,061,600,000.

On 23 December 2022, ISP Poland Limited (UK resident), a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 90% of the share capital of British Primary School of Wilanow sp.o.o and British Nursery of Wilanow sp.z.o.o (Poland residents). The company was purchased for PLN 88,155,248.

On 16 February 2023, Magafe 2 Srl (Italy resident), a 100% owned subsidiary of PIL Europe Holdings Limited (UK resident), which is a 100% owned subsidiary of International Schools Partnership Limited (UK resident), acquired 100% of the share capital of Centro Studi Alexandria S.r.l. (Italy resident). The company was purchased for €6,571,000.

The accounting for each of these acquisitions has not been finalised to show the calculation of the goodwill on acquisition.

Borrowings

There has been a total draw down of €286,600,000 from the acquisition facility to facilitate the post year end acquisitions. The drawdowns occurred on 30 September 2022 for €81,100,000, 26 October 2022 for €15,800,000, and 18 November 2022 for €189,700,000.

The €50,000,000 drawn on the Revolving Credit Facility at year end was repaid in full on 17 October 2022.