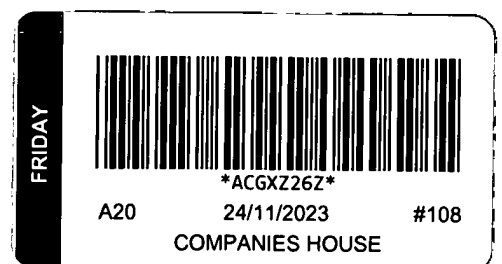


**EDU UK MANAGEMENT
SERVICES LIMITED
ANNUAL REPORT
&
FINANCIAL
STATEMENTS**

31 December 2022

**Registered Number:
07285370**



EDU UK MANAGEMENT SERVICES LIMITED

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**EDU UK MANAGEMENT SERVICES LIMITED
DIRECTORS AND CORPORATE INFORMATION**

DIRECTORS

I Crichton
S Belfer

REGISTERED OFFICE

Britannia House
21 Station Street
Brighton
East Sussex
BN1 4DE

COMPANY REGISTERED NUMBER

Registered in England No. 07285370

EDU UK MANAGEMENT SERVICES LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for EDU UK Management Services Limited (the Company) for the year ended 31 December 2022. The Company is domiciled in the United Kingdom with its registered office at Britannia House, 21 Station Street, Brighton, BN1 4DE. The Company is a part of a group (the Group) which is consolidated within the financial statements of the parent company SG Global Topco Limited.

The principal activities of the Company are that of an intermediate holding company and the provision of management services to a variety of Group companies.

BUSINESS REVIEW

The Directors have performed an annual impairment review of the Company's investments and have recognised a net non-cash impairment charge of £12,851,000 in the year. An impairment charge of £15,834,000 in the year in respect of its investment in Study Group USA Higher Education LLC and £17,655,000 in respect of its investment in Insendi Limited, offset by an impairment release of £20,638,000 in EDU Holdings SPV Pty Limited (2021: £138,000,000).

The loss for the financial year was £16,900,000 (2021: £145,969,000) predominantly as a result of the impairment of its investments in subsidiary undertakings.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company acts as an intermediate holding company in the Group in which it is consolidated. It does not generate revenue from parties outside of the consolidated Group and therefore the principal risk to the Company is the ability of the trading subsidiaries of the Group to continue to generate sufficient cash to meet its financing and operating requirements.

The risks to the subsidiaries are primarily global, economic and political risks; in particular those that impact on the willingness and ability of international students to travel to their centres to study, together with regulatory changes that may impede the ability of international students to study abroad.

These are discussed further in the SG Global Topco Limited statutory accounts which are held at Britannia House, 21 Station Street, Brighton, BN1 4DE.

FUTURE DEVELOPMENTS

The Company will continue to operate as an intermediate holding company and to provide management services to a number of other Group companies.



S Belfer
Director
25 September 2023

**EDU UK MANAGEMENT SERVICES LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

GENERAL INFORMATION

EDU UK Management Services Limited is an intermediate holding company registered in England and Wales with the company number 07285370.

PRINCIPAL ACTIVITIES

The Company is an indirect subsidiary of SG Global Topco Limited, which is the parent company of the consolidated Group. The principal activities of the Company are that of an intermediate holding company and the provision of management services to a variety of Group companies.

DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

I Crichton (Appointed on 1 September 2022)
S Belfer (Appointed on 31 May 2023)
E Lancaster (Resigned on 1 September 2022)
N Williams (Resigned on 31 May 2023)

DIRECTORS' INDEMNITY PROVISION

The Group maintains liability insurance for all its Directors and officers including those acting in and on behalf of wholly owned subsidiaries, which includes this Company. The Company has also provided an indemnity for its Directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This indemnity has been in place throughout the financial year and is in place as at the date of this report.

RESULTS AND DIVIDENDS

The loss for the financial year was £16,900,000 (2021: £145,969,000)

The Company has taken advantage of the exemptions available for small businesses in choosing to not disclose dividends paid.

FINANCIAL INSTRUMENTS

At the year end the Company's financial instruments comprised intercompany balances arising directly from its operations. The Company has various financial assets and liabilities both of which include intercompany and third-party elements.

It is, and has been throughout the year under review, the Company's policy that no speculative trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board reviewed and agreed the policies for managing each of these risks and they are summarised below.

Interest rate risk

The Company is charged interest on its long-term intercompany loans payable at a fixed rate of interest, therefore the interest rate risk is deemed low with minimal exposure.

Liquidity risk

The Group holds the responsibility for the Company's liquidity risk. Ultimate responsibility for liquidity risk management rests with the Board of Directors of the Group, who have built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group actively monitors compliance with its covenants relating to the Group term loans.

Foreign currency risk

The Company has an AUD\$88.9 million intercompany loan from SG Global Bidco Limited, denominated in AUD. The Directors' intention continues to be to mitigate the effects of its exposure to foreign currency fluctuations on its investment in EDU Holdings SPV Pty Limited, a company based in Australia. It hedges the foreign exchange exposure on the intercompany loan using a fair value hedge. All remaining intercompany debtors and creditors are with other Group companies predominantly based in the UK and are denominated in Pound Sterling, therefore carrying low foreign currency risk.

**EDU UK MANAGEMENT SERVICES LIMITED
DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2022**

POLITICAL CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the year (2021: £nil).

CHARITABLE CONTRIBUTIONS

The Company made no charitable contributions during the year (2021: £nil).

GOING CONCERN

Going concern is assessed at a consolidated Study Group level for SG Global Topco Limited and its subsidiaries, with Group-wide financing facilities which are managed centrally.

The Directors of SG Global Topco Limited with the support of its shareholders and investors have taken timely action to ensure that Study Group remains in compliance with its Senior Facilities Agreement and has sufficient committed facilities to meet liabilities as they fall due for a period of 12 months from signing these financial statements. Positive cash headroom on committed facilities is projected throughout the going concern assessment period and the Directors of SG Global Topco Limited continue to adopt the going concern basis in the financial statements. This basis is adopted after consideration of the positive growth prospects within the business.

Whilst the Company's operation was not directly affected by the Covid 19 pandemic, the performance of a number of its investments were impacted, particularly by the resulting travel restrictions. Countries having closed borders into 2022 continued to affect investment performance. The Directors continue to monitor the effect that a change in performance of these investments would have on the results of the Company. The going concern basis is adopted after considering positive growth indicators and increased KPI volumes within the investments of the Company as travel restrictions have eased.

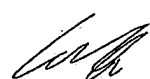
Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

EVENTS AFTER THE BALANCE SHEET DATE

Events between the balance sheet date and the date the financial statements were issued are disclosed in Note 19.

AUDIT EXEMPTION

For the year ending 31 December 2022, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.



S Belfer
Director
25 September 2023

**EDU UK MANAGEMENT SERVICES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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



S Belfer
Director
25 September 2023

EDU UK MANAGEMENT SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Note	2022	2021
		£'000	£'000
Turnover		3,114	1,830
Other operating income		1,248	2,679
Administrative expenses		<u>(3,332)</u>	<u>(2,122)</u>
Operating profit		1,030	2,387
Impairment	2	(12,834)	(142,654)
Depreciation and amortisation		(249)	(245)
Finance costs	3	(4,040)	(4,795)
Loss on ordinary activities before taxation		<u>(16,093)</u>	<u>(145,307)</u>
Tax charge	4	(807)	(662)
Loss for the financial year		<u>(16,900)</u>	<u>(145,969)</u>
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>(16,900)</u>	<u>(145,969)</u>

The accompanying notes form an integral part of these financial statements

EDU UK MANAGEMENT SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
NON-CURRENT ASSETS			
Investments	5	274,129	268,431
Intangible assets	6	60	-
Right-of-use assets	7	8	736
Deferred tax assets	8	-	807
		<u>274,197</u>	<u>269,981</u>
CURRENT ASSETS			
Debtors	9	1,150	2,577
Cash at bank and in hand		435	632
		<u>1,585</u>	<u>3,209</u>
CURRENT LIABILITIES			
Trade and other creditors	10	(139,338)	(120,106)
Provisions	12	(195)	(1,849)
Lease liability	13	(49)	(249)
		<u>(139,583)</u>	<u>(122,204)</u>
NET CURRENT LIABILITIES			
		<u>(137,998)</u>	<u>(118,995)</u>
NON-CURRENT LIABILITIES			
Trade and other creditors	11	(61,618)	(57,976)
Provisions	12	-	(1,009)
Lease liability	13	-	(521)
		<u>(61,618)</u>	<u>(59,506)</u>
NET ASSETS			
		<u>74,580</u>	<u>91,480</u>
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Share premium		234,841	234,841
Profit and loss account		(160,261)	(143,361)
TOTAL SHAREHOLDERS' FUNDS		<u>74,580</u>	<u>91,480</u>

For the year ending 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.
- the Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the Financial Statements

These financial statements of EDU UK Management Services Limited, Company Registration Number 07285370, on pages 6 to 22 were approved by the Board of Directors and signed on its behalf by:



S Belfer
Director
25 September 2023

EDU UK MANAGEMENT SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

2022	Share capital	Share Premium	Profit and loss account	Total Equity
	£'000	£'000	£'000	£'000
Balance at 1 January 2022	-	234,841	(143,361)	91,480
Loss for the year	-	-	(16,900)	(16,900)
Balance at 31 December 2022	-	234,841	(160,262)	74,580

2021	Share capital	Share Premium	Profit and loss account	Total Equity
	£'000	£'000	£'000	£'000
Balance at 1 January 2021	-	234,841	2,608	237,449
Loss for the year	-	-	(145,969)	(145,969)
Balance at 31 December 2021	-	234,841	(143,361)	91,480

EDU UK MANAGEMENT SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

1.1 GENERAL INFORMATION

EDU UK Management Services Limited is a company incorporated and domiciled in the UK. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

1.2 BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') on the historical cost basis.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ('Adopted IFRS') but makes amendments where necessary in order to comply with the Companies Act 2006.

In these financial statements the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- the requirements of IAS 38 Intangible Assets and has, therefore, not disclosed comparative period reconciliations for intangible assets;
- the requirements of IAS 24 Related Party Transactions and has, therefore, not disclosed transactions between the Company and its wholly owned subsidiaries;
- disclosure requirements concerning situations when an entity has not applied a new IFRS that has been issued but is not yet effective;
- a statement of compliance with IFRS (a statement of compliance with FRS 101 is provided instead); and
- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Standards, interpretations and amendments effective from 1 January 2022

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 which have had a material impact on the Company.

Prior period restatement

In April 2022 the IFRS Interpretations Committee (IFRIC) issued an agenda decision on the treatment of configuration and customisation costs for Software as a Service (SaaS). Following the issuance of the IFRIC guidance, the Company elected to change its accounting policy to expense all configuration costs in the period in which they are incurred. Costs of modifying software are capitalised where they meet the recognition criteria in IAS 37 which includes the ability to demonstrate control. As required by IAS 8, this change in policy has been applied retrospectively.

More information can be found in Note 18.

1.3 GROUP FINANCIAL STATEMENTS

The financial statements contain information about EDU UK Management Services Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included within the consolidated financial statements of the Group headed by SG Global Topco Limited. The consolidated financial statements of SG Global Topco Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Britannia House, 21 Station Street, Brighton, BN1 4DE.

EDU UK MANAGEMENT SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)

1. ACCOUNTING POLICIES (CONT'D)

1.4 TAXATION INCLUDING DEFERRED TAX

Corporation tax, where payable, is provided on taxable profits at the current rate. Deferred tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Deferred tax assets and liabilities have not been discounted.

1.5 TURNOVER

Turnover represents the value of management services invoiced to subsidiaries and fellow group companies, net of Value Added Tax. The Company's activities consist of that of an intermediate holding and management services company.

1.6 INVESTMENTS

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less any impairment. Assets that have an indefinite useful life are tested for impairment where there is a trigger event. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount, which is considered to be the higher of its value in use and fair value less costs to sell. In order to assess impairment, assets are grouped into the lowest levels for which there are separately identifiable cash flows.

1.7 INTANGIBLES

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally-generated intangible assets

An internally generated intangible asset arising from software and course development is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The following useful lives have been determined for internally generated intangible assets:

Software Development	3-5 years
Course Development	3 years

EDU UK MANAGEMENT SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS (CONT'D)

1. ACCOUNTING POLICIES (CONT'D)

1.8 LEASES

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as laptops, photocopiers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'tangible fixed assets' policy.

EDU UK MANAGEMENT SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)

1. ACCOUNTING POLICIES (CONT'D)

1.8 LEASES (CONT'D)

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Administrative expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has elected to apply this to leases of student accommodation and motor vehicles only. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Covid-19-Related Rent Concessions Amendment

In response to the Covid-19 coronavirus pandemic, the International Accounting Standards Board has issued amendments to IFRS 16 Leases to allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of Covid-19 and the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

The Company has chosen to apply the practical expedient to all rent concessions that meet the conditions in the amendment.

1.9 PROVISIONS

Provisions are measured at the value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If material, provisions are determined by discounting the expected future cash flows at rates that reflect current market assessments of the time value of money.

EDU UK MANAGEMENT SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)

1. ACCOUNTING POLICIES (CONT'D)

1.10 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

a) Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

b) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the profit and loss account.

c) Fair value hedges

Where a derivative financial instrument is designated as a hedge of variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on re-measurement are recognised immediately in the income statement (even if those gains would normally be recognised in reserves).

The Company uses a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Refer to Note 15 for more details.

d) Hedge of a net investment

Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as Other Comprehensive Income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

1.11 SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares issued are shown as share capital at nominal value. The premium received on the issuance of shares in excess of the nominal value is shown as share premium within shareholders' equity.

1.12 GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Principal Risks and Uncertainties section of the Strategic Report on page 2 and in the Directors' Report on page 4.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.13 FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are recorded in GBP at the exchange rates ruling at the date of the transaction. Foreign exchange gains and losses resulting from such transactions are recognised in the Statement of Comprehensive Income, except when deferred in equity as qualifying cash flow hedges. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date and any exchange differences are taken to the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to foreign currency loans and other foreign exchange adjustments are included within finance income and expenses.

1.14 ADOPTION OF NEW AND REVISED STANDARDS

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 which have had a material impact on the Company, other than those discussed in Note 1.2.

EDU UK MANAGEMENT SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)

2 OPERATING LOSS

The following charges are included within cost of sales, administrative costs and depreciation and amortisation:

	2022	2021
	£'000	£'000
Depreciation of right-of-use assets	250	245
Impairment of investments (Note 5)	12,834	142,654
Employee benefit expense (Note 16)	482	707
	<hr/>	<hr/>

3 FINANCE COSTS

	2022	2021
	£'000	£'000
Unwinding of discount on provisions	186	746
Interest expense on lease liabilities	23	31
Interest expense – intercompany loans	3,824	4,018
Foreign exchange losses	7	-
	<hr/>	<hr/>
	4,040	4,795
	<hr/>	<hr/>

4 TAXATION

Analysis of tax charge in the year

	2022	2021
	£'000	£'000
Current tax		
UK corporation tax on losses for the year	-	-
Total current tax charge	-	-

	2022	2021
	£'000	£'000
Deferred tax (Note 8)		
Deferred tax (charge) / credit:		
Current year over provision	-	190
Prior year under provision	-	(852)
Write-down of previously recognised deferred tax assets	(807)	-
Total deferred tax (charge) / credit	(807)	(662)

Total tax charge to the Statement of Comprehensive Income	(807)	(662)
	<hr/>	<hr/>

EDU UK MANAGEMENT SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)

4. TAXATION (CONT'D)

Reconciliation of effective tax rates

	2022 £'000	2021 £'000
Loss on ordinary activities before tax	<u>(16,093)</u>	<u>(145,307)</u>
Loss on ordinary activities multiplied by rate of corporation tax in the UK of 19.00%	3,057	27,608
Effects of:		
Investment impairment		-
Items not taxable or deductible	(2,225)	(26,554)
Effect of group relief	(832)	(864)
Prior year tax losses recognised	<u>(807)</u>	<u>(852)</u>
Total current tax charge	<u>(807)</u>	<u>(662)</u>

The tax rate is the standard rate of corporation tax in the UK at 19%.

5 INVESTMENTS

	Investments in subsidiaries £'000
Cost	
At 1 January 2022	268,431
Additions	16,004
FX Revaluation	2,545
Impairment	<u>(12,851)</u>
At 31 December 2022	274,129
Net book value at 31 December 2022	<u>274,129</u>
Net book value at 31 December 2021	<u>268,431</u>

During the year, the Company invested additional amounts into EDU Holdings SPV Pty Limited (£11,109,374.21) and Study Group USA Higher Education LLC (£4,894,363.32).

The Company evaluates its investments in subsidiary undertakings annually for any indicators of impairment. The Company considers the relationship between the number of new enrolment students and the carrying value of its investments, among other factors, when reviewing for indicators of impairment.

In March 2023, Study Group announced an agreement to sell its shares in Study Group Australia Pty Limited and its subsidiaries to Navitas Pty Limited. The sale completed on 12 May 2023. Therefore fair value less costs of disposal was determined as the recoverable amount in the impairment review of Study Group Australia Pty Limited in accordance with IAS36.

Despite management's long-term growth expectations for Insendi Limited, the investment in this subsidiary was impaired in 2022 following management's calculated value in use where a terminal growth rate of 2.0% has been applied, reflecting the expected longer-term growth in the wider UK economy, rather than a rate specific to the Insendi business, in accordance with IAS 36. The North America segment has continued to be impacted by a lower continuing student body.

As a result of the annual impairment review undertaken, the Company has recognised impairment charges of £17,655,000 in respect of its investment in Insendi Limited. (2021: £0), and £15,834,000 in respect of its investment in Study Group USA Higher Education (2021: 1,533,000 - this investment was reclassified from EDU US Holdco Inc after the entities merged in December 2021). The Company has also reversed prior year impairments of £20,638,210 in the year in respect of its investment in EDU Holdings SPV Pty Limited (2021: £138,000,000 charge). The Directors believe that the carrying value of the remaining investments at year end is supported by their underlying assets, and therefore no further impairment has been recognised.

EDU UK MANAGEMENT SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENTS (CONT'D)

A summary of the Company's direct investments at the balance sheet date is as follows:

Name of Entity	Country of Incorporation	Nature of Business	Ownership 2022 %	Ownership 2021 %
Insendi Limited	United Kingdom	Trading	100	100
Study Group Holdings UK Limited	United Kingdom	Holding company	100	100
EDU Holdings SPV Pty Limited	Australia	Holding company	100	100
Study Group USA Higher Education LLC ¹	USA	Holding company	100	100
Study Group Canada Higher Education Limited	Canada	Trading	100	100

¹In December 2021 EDU US Holdco Inc was dissolved and merged with its subsidiary Study Group USA Higher Education LLC

6 INTANGIBLE ASSETS

COST	Course Development	Software	Total
2022	£'000	£'000	£'000
As at 1 January 2022	-	-	-
Additions	-	65	65
As at 31 December 2022	-	65	65
ACCUMULATED AMORTISATION			
As at 1 January 2022	-	-	-
Charge for the year	-	(5)	(5)
As at 31 December 2022	-	(5)	(5)
Net book value at 31 December 2022	-	60	60

COST	Course Development	Software	Total
2021	£'000	£'000	£'000
As at 1 January 2021	1,223	-	1,223
Transfers	(1,223)	-	(1,223)
As at 31 December 2021	-	-	-
ACCUMULATED AMORTISATION			
As at 1 January 2021	(41)	-	(41)
Restatement (Note 18)	41	-	41
As at 31 December 2021	-	-	-
Net book value at 31 December 2021	-	-	-

EDU UK MANAGEMENT SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)

6. INTANGIBLE ASSETS (CONT'D)

Course development intangible assets have been transferred to another Group company in the year in accordance with the nature of the courses developed. Software includes any software purchased or developed internally from which future economic benefits are expected. Such costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with IAS 38.

Amortisation is included within 'Depreciation and amortisation' in the Statement of Comprehensive Income.

7 RIGHT-OF-USE ASSETS

	Land and buildings	
	2022	2021
	£'000	£'000
COST		
At 1 January	1,507	1,221
Additions	-	7
Revaluations	-	279
Disposals	(1,499)	-
At 31 December	8	1,507
ACCUMULATED DEPRECIATION		
At 1 January	(764)	(519)
Charge for the year	(245)	(245)
Disposals	1,009	-
At 31 December	-	(764)
Net book value at 31 December	8	743

The disposal of the Company's prior year right-of-use asset balance relates to the Group's previous head office building located in London. The lease was exited early due to an increase in remote working after the Covid 19 pandemic when a hybrid model was adopted.

The total cash outflow for the lease in the year amounted to £269,000 (2021: £269,000).

The maturity analysis of lease liabilities is presented in Note 13.

Amounts recognised in the profit and loss

	2022	2021
	£'000	£'000
Depreciation expense on right-of-use assets	245	245
Interest expense on lease liabilities	23	31
Gain on disposal	(30)	-
	238	276

EDU UK MANAGEMENT SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)

8 DEFERRED TAX ASSET

	2022	2021
	£'000	£'000
Balance at the beginning of the year	807	1,469
(Charge)/credit to the P&L:		
Unused tax losses	-	(1,105)
Change in tax rate from 19% to 25%	-	464
Fixed assets	-	(21)
Deferred tax release	(807)	-
Balance at the end of the year	-	807
	2022	2021
	£'000	£'000
Deferred tax assets relate to the following:		
Tax losses carried forward	-	803
Fixed assets	-	(8)
Accruals and provisions	-	12
	-	807

The Company had a total of £19,389,000 of deductible temporary differences arising from unused tax losses and unused tax credits for which there was an unrecognised deferred tax asset of £4,847,000 (2021: £2,791,000). No deferred tax asset is recognised as these are not likely to reverse per the projections up to 2027.

9 TRADE AND OTHE RECEIVABLES DUE WITHIN ONE YEAR

	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Amounts owed by group undertakings	1,117	2,500
Prepayments and accrued income	33	77
	1,150	2,577

10 TRADE AND OTHER CREDITORS DUE WITHIN ONE YEAR

	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Other current liabilities	598	573
Amounts owed to group undertakings	138,740	119,533
	139,338	120,106

11 TRADE AND OTHER CREDITORS DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£'000	£'000
Amounts falling due after more than one year:		
Amounts owed to group undertakings	61,618	57,976
	61,618	57,976

Long term intercompany loans have a term of 9 years ending 31 May 2028. Interest is charged at a fixed rate of interest at 8%.

EDU UK MANAGEMENT SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)

12 PROVISIONS

	Contingent consideration £'000	Property £'000	Total £'000
2022			
Movement in provisions:			
As at 1 January 2022	2,803	55	2,858
Utilisation of provision	(1,125)	(55)	(1,180)
Unwinding of Discount	186	-	186
Release of provision	(1,669)	-	(1,669)
As at 31 December 2022	195	-	195
Current	195	-	195
Non-Current	-	-	-
	195	-	195
	Contingent consideration £'000	Property £'000	Total £'000
2021			
Movement in provisions:			
As at 1 January 2021	7,573	47	7,620
Additional provision in the year	-	8	8
Utilisation of provision	(2,837)	-	(2,837)
Unwinding of Discount	746	-	746
Release of provision	(2,679)	-	(2,679)
As at 31 December 2021	2,803	55	2,858
Current	1,850	-	1,849
Non-Current	953	55	1,009
	2,803	55	2,858

Contingent consideration relates to Insendi which was acquired by the Company in February 2021, payable based on various targets, of which £1,125,000 has been paid in the year to 31 December 2022 (2021: £2,837,000), £186,000 recognised in respect of the unwinding of the discount (2021: £746,000), with a £1,669,000 write down of the provision to fair value based on revised terms and latest forecasts (2021: £2,679,000). A £195,000 provision remains at 31 December 2022 (2021: £2,803,000) all of which is expected to be paid within 12 months.

Property provisions predominantly relate to dilapidation provisions on the leased property which has now been terminated.

EDU UK MANAGEMENT SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)

13 LEASE LIABILITIES

	2022 £'000	2021 £'000
Maturity analysis:		
Year 1	49	271
Year 2	-	269
Year 3	-	269
Year 4	-	-
	<u>49</u>	<u>809</u>
Less: unearned interest	49	(39)
	<u>49</u>	<u>770</u>
Analysed as:		
Non-current	-	521
Current	49	249
	<u>49</u>	<u>770</u>

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease contracts are managed by the Group's property and operations departments, and the impact of lease liabilities on future forecast cash flows are monitored within the Group's treasury function.

14 SHARE CAPITAL

	2022		2021	
	Number of shares	£	Number of shares	£
Ordinary shares authorised, allotted and issued of £1 each	3	3	3	3

15 FINANCIAL INSTRUMENTS

The Company's policies and strategies in relation to risk and financial instruments are explained in the Directors' Report. Accounting policies used to account for financial instruments are detailed in Note 1.

Fair value hedge

In the year and prior year the Company had a fair value hedge using the AUD \$88.9 million term loan to hedge the Company's investments in foreign operations.

EDU UK MANAGEMENT SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)

16 EMPLOYEES

	2022 £'000	2021 £'000
Staff costs during the year:		
Wages and salaries	418	606
Social security costs	64	95
Superannuation and other pension costs	-	6
	<u>482</u>	<u>707</u>
The average monthly number of employees during the year was as follows	Number	Number
Management	<u>1</u>	<u>1</u>

Directors' remuneration

The Directors of the Company are considered to be key management personnel who are responsible for the day-to-day management of the Group's affairs and who perform services across the Group. The Group has undertaken a reassessment of Directors' qualifying services across the Group and has noted that the Company's Directors are not specifically remunerated for their services to the Company. Accordingly Directors' remuneration is deemed to be £nil (2021: £nil). Total Directors' remuneration is disclosed in the consolidated Group accounts of SG Global Topco Limited.

17 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking of the Company is EDU UK Intermediate Limited.

The ultimate parent undertaking and controlling party is Ardian LBO Fund VI B S.L.P, a French Special Limited Partnership with a separate legal identity registered and resident in France, with registered office at 20 place Vendôme, 75 001 Paris, France.

The parent company of the largest consolidated group is SG Global Topco Limited. The consolidated accounts are available from Britannia House, 21 Station Street, Brighton, BN1 4DE.

18 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in IAS 24 from the requirement to disclose transactions between the Company and its wholly owned subsidiaries.

19 EVENTS AFTER THE BALANCE SHEET DATE

EDU UK Management Services Limited is an indirect subsidiary of SG Global Topco Limited, which is the parent company of Study Group, the consolidated Group. On 12 May 2023, a transaction to sell Study Group's interests in the pathway colleges associated with the University of Sydney in Australia and the University of Waikato in New Zealand was completed. This followed a public announcement on 1 March 2023, and was effected by a sale of the shares in Study Group Australia Pty Limited and its subsidiaries to Navitas Pty Limited. Study Group Australia Pty Limited is an indirect subsidiary of EDU UK Management Services Limited through its investment in EDU Holdings SPV Pty Limited.

As at 31 December 2022, due to the exact terms and scope of the sale not yet being final, management assessed the most likely outcome at that date, which was that Taylors College Auckland would be included within the sale. Subsequently, the sale completed under revised terms allowing Study Group to retain Auckland and keep a high-quality presence in the southern hemisphere. Following an amendment to the sale agreement prior to completion, Study Group retained its ownership of Taylors College Auckland, the pathway college associated with University of Auckland. The net assets associated with Taylors College Auckland were £0.9 million, the fair value of which is included in the investment in EDU Holdings SPV Pty Limited, based on management's expectations as at 31 December 2022.

These financial statements include a reversal of £20,638,000 of prior year investment impairment charges using management's calculation of the value of the investment in EDU Holdings SPV Pty Limited using the fair value less cost of disposal of Study Group Australia Pty Limited at the year-end. The net profit or loss on disposal related to the Australia and New Zealand transaction following completion on 12 May 2023 is yet to be calculated and will be finalised and disclosed within the 2023 consolidated financial statements of SG Global Topco Limited.