

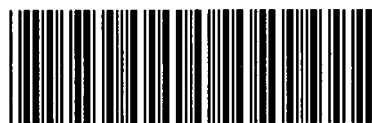
# **Bellerbys Educational Services Limited**

Annual report and financial statements

Registered number 02325576

31 December 2018

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## **DIRECTORS AND CORPORATE INFORMATION**

### **DIRECTORS**

J Pitman

G Bull

M Everett

C Phillips (resigned on 18th May 2018)

R Morgan (appointed on 1st October 2018)

### **INDEPENDENT AUDITOR**

KPMG LLP

15 Canada Square

London

E14 5GL

### **REGISTERED OFFICE**

Brighton Study Centre

1 Billinton Way

Brighton

East Sussex

BN1 4LF

### **COMPANY REGISTERED NUMBER**

Registered in England No. 02325576

## **Strategic review**

The Directors present their strategic report of Bellerbys Educational Services Limited ('the Company') for the year ended 31 December 2018. The Company is domiciled in the United Kingdom with its registered office at 1 Billinton Way, Brighton, East Sussex, BN1 4LF. The Company is a subsidiary undertaking of EDU UK TopCo Limited. EDU UK TopCo Limited and its subsidiaries comprise 'the Group' or 'Study Group'.

### **Overview of the year**

Study Group is the leading international provider of international education, driving success for its students and partners. Its core business is the delivery of Higher Education and Pathway programmes. This entails providing undergraduate, foundation or International Year 1, Pre-Masters and Masters programmes to international students on the campuses of its partner universities in the United Kingdom, Europe, The United States, Canada, Australia and New Zealand. It delivers these programmes in seven countries to international students from over 140 countries.

The Company has two main student offerings or lines of business which operate in two main geographic areas: University Pathways ('International Study Centres') and High Schools ('Bellerbys'). The University Pathways business entails providing foundation or International Year 1, and Pre-Masters programmes to international students on the campuses of our partner universities in the UK and Europe. The High School business is operated in the UK. Both of these business lines fall into the 'UK&EU Pathways' operating segment in line with the Group's operating segments.

The results for the year and financial position of the Company are as shown in the financial statements. In the opinion of the Directors the state of the Company's affairs at 31 December 2018 was satisfactory and they expect to grow profitability in future years.

Revenue increased by £19.7 million to £138.0 million (2017: £118.3 million). This was largely driven as a result of higher New Student Enrolment (NSE) numbers within key university partnerships. It was the first full year of partnership with Durham University and the Netherlands and Ireland branches which were formed in September 2017.

The Company has continued with its strategy of developing new and existing partnerships with its chosen university partners. During 2018, it demonstrated its strong record in this regard by renewing seven university partnerships across the UK and Europe. It signed a further new partnership with the University of Aberdeen at the start of 2019.

On 21 February 2019, the ultimate controlling party Providence Equity Partners VI International LP, entered into an agreement with Ardian, a private investment house, to sell a majority stake in EDU UK TopCo Limited. The transaction remains subject to authorisation from the Foreign Investment Review Board ("FIRB") in Australia and is expected to complete in May or June 2019.

## Strategic review (continued)

### Key performance indicators

The financial and non-financial KPIs for the business are as follows. These KPIs are selected for monitoring the Company's medium term goal of continued revenue and EBITDA<sup>1</sup> growth.

£ million	Revenue Year ended 31 December			Pre-exceptional EBITDA <sup>1</sup> Year ended 31 December			New student enrolment (NSE) Year ended 31 December		
	2018	2017	% Variance	2018	2017	% Variance	2018	2017	% Variance
International Study Centres and High Schools (Note 3)	138.0	118.3	17%	26.3	21.9	20%	6,388	5,734	11%
Group management services	-	-	-	0.3	0.4	(25%)	-	-	-
Unallocated functional & corporate costs	-	-	-	(9.7)	(8.2)	(18%)	-	-	-
<b>Total EBITDA</b>	<b>138.0</b>	<b>118.3</b>	<b>17%</b>	<b>16.9</b>	<b>14.1</b>	<b>20%</b>	<b>6,388</b>	<b>5,734</b>	<b>11%</b>

The International Study Centres and High Schools are managed as one operating segment to reflect the way that the business is monitored and managed.

#### *International Study Centres and High Schools*

Revenue in 2018 increased by 17% to £138.0 million (2017: £118.3 million), mainly as a result of higher student enrolments with key university partners. It was the first full year of partnership with Durham University and of the Netherlands and Ireland branches which were formed in September 2017. Pre-exceptional EBITDA growth was 20% to £16.9 million (2017: £14.1 million).

#### *Unallocated functional and corporate costs*

Functional and corporate costs, being largely central IT, finance, HR and head office cost recharges, increased by £1.5 million or 18% to £9.7 million (2017: £8.2 million) partly due to one-off recruitment fees and an overlap in staff costs as a result of changes within the Global Executive Team, and in order to support continued growth. These costs are managed and controlled centrally and recharged to Group companies on an appropriate basis.

<sup>1</sup> EBITDA is defined as earnings before tax, interest, depreciation, amortisation and exceptional items.

## Strategic review (*continued*)

### Exceptional and Other items

Exceptional items are those which are material in size and are non-recurring in nature. Total exceptional costs reduced in 2018 to £1.5 million credit (2017: £2.1 million cost) and are driven by a release of onerous property provisions as a result of changes to assumptions.

### Depreciation and amortisation

Depreciation and amortisation for the year to 31 December 2018 of £3.3 million was broadly in line with the prior year (2017: £3.1 million).

### Taxation

For the year to 31 December 2018, the tax charge is £0.6 million credit (2017: £0.4 million credit).

### Balance sheet position

Net assets were £68.1 million at 31 December 2018 (2017: £54.5 million).

### Cash flow

The Company generated a cash outflow of £25.2 million in the year (2017: £7.7 million inflow). £18.3 million inflow was generated from operating activities. This was offset by £39.7 million repayment of amounts owed to group undertakings and £3.8 million outflow from investing activities. Cash flow is managed at a Group level through the use of group cash pooling facilities.

### Going concern

Going concern is assessed on a Group basis at our ultimate parent level. The Group's day to day working capital requirements are managed through a £49 million revolving credit facility. The Group has a term loan which includes a covenant requiring that the Group's leverage ratio remains within agreed limits. This is the only acting covenant and is forecast to be met for the foreseeable future.

At 31 December 2018, the Group had available £32.2 million (December 2017: £22.6 million) of undrawn committed borrowing facilities, with £16.8 million of the £49.0 million revolving credit facility drawn (2017: £20.8 million drawn and £5 million carved out for lease guarantees). In addition, the liquidity outlook is positive for the foreseeable future.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company will be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

### Strategy

The Group remains committed to a strategy of continuing to strengthen its position as a leading provider of international education. The Group has identified four key areas of delivery to achieve the strategy:

*Student Success* A key factor in the success of the Group's partnerships is continuing to drive high progression rates to the partner institutions. During 2018 this increased from 82% to 87%.

*Highly Engaged Team* The Group understands that recruiting, developing and retaining a strong team will be critical to achieving its objectives.

*Operational Excellence* The Group aims to continuously improve the service it provides to its agents and develop direct channels, which it sees as critical to generating future revenue and margin growth.

*Growth-Driven* Working with the best university partners to ensure the Group can offer the right propositions to its students to support them with the next phase of their education. To this end, the Group is constantly looking for new opportunities to expand its offering with its current partners, as evidenced by the renewals of its existing university partnerships in 2018. The Group believes that this, coupled with a longer term goal to explore new university partnerships, as demonstrated by the signing of the University of Aberdeen at the start of 2019, sets it up to be a global leader in international higher education and deliver exceptional student outcomes.

The Group believes that this strategy, combined with a continued focus on operational effectiveness and efficiency, will be supportive of continued longer term revenue and EBITDA growth.

## **Strategic review (*continued*)**

### **Outlook**

Overall, the company is pleased with the 2018 performance of the University Pathways business and NSE volumes. Strong 2018 NSEs provide a good foundation for 2019 and the company expects to see overall revenue and EBITDA growth across the University Pathways business.

### **Principal risks and uncertainties**

A risk management framework is in place and under ongoing review and development. The Board is responsible for overseeing the framework. The most significant risks are described below.

#### **Economic, market and trading risks**

##### *Industry and political risks*

If foreign direct investment in emerging markets were to slow down or there were to be political uncertainty in source markets, demand for a foreign-educated, English-speaking workforce may decline. The Group's students join from over 140 countries worldwide, which provides a degree of mitigation against these risks.

#### **Brexit, visa frameworks and immigration policy**

The Company's ability to recruit international students to its programmes depends on the ability of those students to procure visas. The company engages proactively with Government agencies in discussions on visa policy and frameworks and continually monitor students' processes through training agents in market.

With regards to the European Union (EU), it is unclear what the status will be of students from outside of the United Kingdom (UK), but within the EU, after the UK leaves the EU. However, the number of student weeks taught to EU students in the UK business represents approximately 5% of total weeks across the Company and therefore management consider the risk of a disorderly Brexit to the company to be low. Management cannot predict the impact a disorderly Brexit would have on its EU-staff but will manage it as effectively as possible.

#### **Contract risks**

##### *University partners*

The Company maintains relationships in the form of contractual agreements with numerous universities. It works closely with our university partners to ensure that we maintain a good relationship and are adhering to the terms of our contractual arrangements.

##### *Agent relationships*

The Company relies on a global network of education agents to recruit our international students and market our programmes. The management structure is designed to ensure that the Company manages its agent relationships effectively and it constantly reviews our approach to ensure that it is able to continuously improve in this area.

##### *Regulatory oversight*

The majority of The Company's partnerships are overseen by an independent third party regulator and many of these bodies are entitled to perform site visits at short notice in order to assess performance. All centres, colleges, and campuses are overseen by appropriately qualified personnel and, where deemed appropriate, the Company employs central staff to review compliance with regulatory requirements.

#### **Financial position**

The Group has a leverage covenant which must be met. The required leverage ratio gets lower over time and therefore in order to meet the covenant, the Group must deliver growth in adjusted EBITDA. The Group monitors its covenant requirements on a regular basis to ensure that it has time to take mitigating action in the event of a projected reduction in our leverage ratio.

#### **Foreign currency risk**

It is our general practice to collect revenues and pay expenses in the local currency of each country in which we operate. See Directors' Report (pages 9-11) for discussion on the Group's foreign currency and liquidity risk.

## **Strategic review (*continued*)**

### **Business systems risk**

The Company relies heavily on information technology systems and its online platform to operate its websites, facilitate student enrolment online, deliver its programmes and maintain cost-efficient operations. In common with all businesses, the Company's information technology systems and online platform could be impacted by interruption from both internal and external threats. In order to mitigate these risks, the Group's Production IT systems are housed and backed up appropriately to minimise the risk of catastrophic failure. All systems are monitored for environmental factors and system performance by a dedicated team of professionals.

### **Reputational risk**

The Company's reputation could be adversely affected by its ability to adequately update and expand the content of its existing programmes and develop new programmes, as well as the quality and integrity of its curricula, teaching staff or programme facilities. The Company continuously reviews its operations to ensure that it is able to respond to and mitigate any reputational risks.

### **Litigation risk**

In common with most other businesses, from time to time, the Company is subject to litigation. The occurrence of material litigation could have an adverse effect on its reputation and financial results in the event of an unfavourable outcome. The Company employs internal counsel and retains outside counsel to provide advice in the event of any litigation.



By order of the board

**G A Bull**  
*Director*

26 April 2019



## **Directors' report**

Bellerbys Educational Services Limited ('the Company') is a company registered in England and Wales with the Company number 02325576. The Directors present their report and the audited financial statements the Company for the year ended 31 December 2018.

### **Principal activities**

The principal activity of the Company in the year under review was that of a provider of international education preparing students for entry to university in the United Kingdom. From 1 September 2017 the company opened branches in the Netherlands and Ireland; the principal activity of these branches was that of a provider of international education preparing students for entry to university in the Netherlands and Ireland. The Company also has a branch in Singapore which provides management services.

### **Ultimate parent company**

In the view of the Directors, the ultimate parent undertaking and controlling party is Providence Equity Partners VI International LP, a company incorporated in the Cayman Islands.

Refer to Note 26 (Events after the balance sheet date) for details of the change in ultimate parent undertaking and controlling party announced to take place in 2019.

### **Results and dividends**

The Company profit for the year after taxation and before exceptional costs amounted to £12.1 million (2017: £11.4 million). The Directors do not recommend payment of a dividend (2017: Interim dividend of £79.0 million was paid).

### **Business review and future developments**

The information contained in the Strategic Review constitutes the review of the Company's business. It also contains details of expected future developments in the business of the Company, information about expenditure and key performance indicators used by management.

### **Directors**

The persons who were Directors at any time during or since the end of the financial year are listed below:

J H Pitman	
G A Bull	
M Everett	
C Phillips	Resigned on 18 <sup>th</sup> May 2018
R W Morgan	Appointed on 1 <sup>st</sup> October 2018

The Directors have no direct interest in the shares of the Company.

### **Directors' indemnities**

The Company maintains liability insurance for its Directors and officers. 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.

### **Financial instruments**

The Company's financial instruments comprise cash and liquid resources, and various items, such as trade debtors and trade creditors that arise directly from its operations.

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, credit risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have been reviewed and remain unchanged.

#### **Interest rate risk**

The Company is exposed to interest rate risk through its overdraft facility as part of a Group wide cash pooling arrangement through HSBC. This is mitigated by minimising the amount of cash held or overdrawn in each company. Additionally, the wider Group's primary exposure to market interest rates relates to the Group's long-term borrowing obligations with floating interest rates. The risk of the Group being exposed to movement in interest rates is partially mitigated through the use of an interest rate swap.

## **Directors' report** *(continued)*

### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. This risk is mitigated by agents and students generally paying tuition fees prior to course commencement.

### **Liquidity risk**

The Company is exposed to liquidity risk. Ultimate responsibility for liquidity risk management rests with the board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management 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 covenant relating to the term loans.

### **Foreign currency risk**

The Company undertakes transactions denominated in foreign currencies, hence experiences translational and transactional exchange rate exposures. The risk is mitigated by revenues being billed in the currency where the services/operating costs are delivered/incurred. During the year, the Company did not actively hedge foreign currency exposure but it continues to monitor whether a hedging strategy would be beneficial.

### **Employment policies**

The Company's employment policies are regularly reviewed and updated to ensure that they remain effective. The policies are designed to promote a collaborative working environment, free from discrimination which supports the recruitment and retention of effective employees.

Study Group promotes equal opportunity and the avoidance of discrimination, by treating individuals equally and with fairness at all times when making employment decisions. The Group achieves this by reaching objective solutions based on merit, and ensuring that any unjustifiable barriers are removed. Staff are encouraged to raise any matters that are important to them within the workplace, in order to ensure that they are provided with appropriate levels of support.

It is the policy of the Group to follow equal opportunity employment practices and these include the full consideration of employment prospects for the disabled. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes.

The Group places importance on the contributions to be made by all employees to the progress of the Group and aims to keep them informed by the use of formal and informal communications as well as the Group's intranet site, email, employee forums and newsletters. We want and encourage our individuals to fulfil their potential and to build positive working relationships within a flourishing and dynamic environment. All balanced views are welcomed, and we routinely celebrate diversity across our global workforce, students and partners.

### **Political contributions**

Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

## **Directors' report** *(continued)*

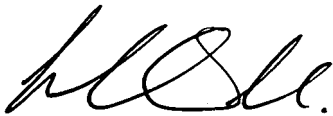
### **Events after the balance sheet date**

Events between the balance sheet date and the date the financial statements were issued are disclosed in Note 25.

### **Disclosure of information to auditor**

So far as each of the Directors at the time the report is approved are aware:

- there is no relevant audit information of which the auditor is unaware and
- they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.



**G A Bull**  
*Director*  
26 April 2019

## **Statement of Directors' responsibilities in respect of the strategic report, the Directors' 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 International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 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, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 company and to prevent and detect fraud and other irregularities.

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

On behalf of the Board



**G A Bull**  
*Director*

26 April 2019

## **Independent auditor's report to the members of Bellerbys Educational Services Limited**

### **Opinion**

We have audited the financial statements of Bellerbys Educational Services Limited ("the company") for the year ended 31 December 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company 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.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as deferred tax assets and provisions, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that 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 its 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **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:

## Independent auditor's report to the members of Bellerbys Educational Services Limited (Continued)

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

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 14, 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 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 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](http://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.



Mark Smith (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

15 Canada Square  
London  
E14 5GL

Date 26/04/2019

## Statement of comprehensive income

for the year ended 31 December 2018

	Note	2018			Restated 2017 <sup>(1)</sup>		
		Before Exceptional and Other Items	Exceptional and Other Items (Note 6)	Total	Before Exceptional and Other Items	Exceptional and Other Items (Note 6)	Total
		£000	£000	£000	£000	£000	£000
<b>Turnover</b>		<b>137,998</b>	-	<b>137,998</b>	118,296	-	118,296
Cost of sales		(70,010)	-	(70,010)	(61,358)	-	(61,358)
<b>Gross profit</b>		<b>67,988</b>	-	<b>67,988</b>	56,938	-	56,938
Administrative expenses		(52,485)	1,516	(50,969)	(42,854)	(2,081)	(44,935)
<b>Earnings before depreciation, amortisation, net financing costs and taxation (EBITDA)</b>		<b>15,503</b>	<b>1,516</b>	<b>17,019</b>	14,084	(2,081)	12,003
Depreciation and amortisation		(3,260)	-	(3,260)	(3,088)	-	(3,088)
<b>Operating profit</b>	4	<b>12,243</b>	<b>1,516</b>	<b>13,759</b>	10,996	(2,081)	8,915
Other interest receivable and similar income	8	1	-	1	20	-	20
Interest payable and similar charges	9	(725)	-	(725)	(66)	-	(66)
<b>Profit before taxation</b>		<b>11,519</b>	<b>1,516</b>	<b>13,035</b>	10,950	(2,081)	8,869
<b>Tax on profit</b>	10	<b>599</b>	-	<b>599</b>	433	-	433
<b>Profit for the financial year</b>		<b>12,118</b>	<b>1,516</b>	<b>13,634</b>	11,383	(2,081)	9,302

All of the activities are continuing. The company incurred no other comprehensive income or expense in the period.

The accompanying notes form an integral part of these financial statements.

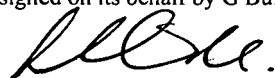
<sup>(1)</sup> The Company has restated its comparative amounts to reflect the impact of IFRS 15 (refer to Note 1.19).

## Statement of financial position

at 31 December 2018	Notes	2018 £000	Restated 2017 <sup>(1)</sup> £000
<b>Assets</b>			
<u>Non-Current Assets</u>			
PPE	12	14,119	12,662
Intangible assets	11	2,746	3,659
Trade and other receivables	14	7,211	6,057
Deferred tax assets	16	1,983	1,239
		<u>26,059</u>	<u>23,617</u>
<u>Current assets</u>			
Inventories	13	36	32
Trade and other receivables	14	203,781	216,555
Cash and cash equivalents		1,345	27,000
		<u>205,162</u>	<u>243,587</u>
<b>Liabilities</b>			
<u>Current liabilities</u>			
Unearned revenues		89,190	85,155
Trade and other payables	15	50,351	105,085
Tax payable		849	872
Provision	17	1,803	2,695
		<u>142,193</u>	<u>193,807</u>
<b>Net current liabilities</b>		<u>62,969</u>	<u>49,780</u>
<u>Non-current liabilities</u>			
Unearned revenues		14,243	10,517
Provision	17	6,647	8,376
		<u>20,890</u>	<u>18,893</u>
<b>Net assets</b>		<u>68,138</u>	<u>54,504</u>
<b>Equity</b>			
Share capital		2,040	2,040
Reserves		52,464	122,162
Retained earnings		13,634	(69,698)
		<u>68,138</u>	<u>54,504</u>

<sup>(1)</sup> The Company has restated its comparative amounts to reflect the impact of IFRS 15 (refer to Note 1.19).

The financial statements and notes on pages 15 to 39 were approved by the Board of Directors on 26<sup>th</sup> April 2019 and were signed on its behalf by G Bull. The accompanying notes form an integral part of these financial statements.



G A Bull, Director,  
Bellerbys Educational Services Limited, Registered no. 02325576



## Statement of changes in equity

<b>2018</b>	<b>Ordinary share capital £000</b>	<b>Accumulated profits £000</b>	<b>Total Equity £000</b>
Balance at 1 January 2018	2,040	52,464	54,504
Profit and total comprehensive income for the period	-	13,634	13,634
<b>Balance at 31 December 2018</b>	<b>2,040</b>	<b>66,098</b>	<b>68,138</b>

<b>2017 (Restated)</b>	<b>Ordinary share capital £000</b>	<b>Accumulated profits restated <sup>(1)</sup> £000</b>	<b>Total Equity £000</b>
Balance at 1 January 2017 as stated	2,040	121,853	123,893
Changes in accounting policy IFRS 15	-	309	309
Restated Balance at 1 January 2017	2,040	122,162	124,202
Restated Profit and total comprehensive income for the period	-	9,302	9,302
Dividends paid	-	(79,000)	(79,000)
Restated balance at 31 December 2017	2,040	52,464	54,504

The accompanying notes form an integral part of these financial statements.

<sup>(1)</sup> The Company has restated its comparative amounts to reflect the impact of IFRS 15 (refer to Note 1.19).

## Cash flow statement

	Note	2018 £000	Restated 2017 <sup>(1)</sup> £000
<b><u>Cashflows from operating activities</u></b>			
Cash (outflow) / inflow generated from operations (below)		(21,221)	90,652
Interest received	8	1	20
Interest paid and financing costs	9	(38)	(66)
Tax paid		(103)	(125)
Net cash (outflow) / inflow generated from operating activities		(21,361)	90,481
<b><u>Cashflows from investing activities</u></b>			
Purchase of fixed assets	12	(3,648)	(3,276)
Purchase of intangible assets	11	(990)	(550)
Proceeds from disposal of intangible assets		832	-
Net cash used in investing activities		(3,806)	(3,826)
<b><u>Cashflows from financing activities</u></b>			
Equity dividends paid	20	-	(79,000)
Net cashflows from financing activities		-	(79,000)
Net increase in cash and cash equivalents		(25,167)	7,655
Cash and cash equivalents at the beginning of the financial year		27,000	19,096
Effect of exchange rate movements		(488)	249
Cash and cash equivalents at 31 December		1,345	27,000
<b><u>Cashflows from operating activities</u></b>			
Profit on ordinary activities before taxation		13,035	8,869
Interest expense	9	725	66
Amortisation and depreciation	4	3,260	3,088
Share scheme charges		-	62
Unrealised FX (gain) / loss		(170)	(700)
Loss on disposal of tangible assets		2	-
Interest income	8	(1)	(20)
(Increase) / decrease in inventories	13	(4)	66
(Increase) / decrease in trade and other receivables	14	(13,502)	2,107
Increase in unearned revenues/accruals	15	7,761	16,510
Decrease in provisions	17	(3,308)	(645)
(Decrease) / Increase in trade and other payables	15	(29,019)	61,249
Cash (outflow) / inflow generated from operations		(21,221)	90,652

The accompanying notes form an integral part of these financial statements.

<sup>(1)</sup> The Company has restated its comparative amounts to reflect the impact of IFRS 15 (refer to Note 1.19).

## Notes

(forming part of the financial statements)

### 1 Accounting policies

#### 1.1 General Information

Bellerbys Educational Services Limited was incorporated on 6 December 1988 and is a company incorporated, domiciled and registered in the United Kingdom. The company is limited by shares. The registered number is 02325576 and the registered address is 1 Billinton Way, Brighton, BN1 4LF, UK. The financial statements were authorised for issue by the Board of Directors on 26<sup>th</sup> April 2019

#### Accounting policies for the year ended 31 December 2018

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### 1.2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), and the Companies Act 2006 applicable to companies reporting under IFRS and IFRIC interpretations.

The financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1.18. This is the first set of the Company's annual financial statements in which IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have been applied. The impact of these new accounting standards is discussed within Note 1.19.

Previously the financial statements were prepared under Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") but the Board have elected to convert to IFRS for the year ended 31 December 2018. The Company has performed a detailed impact assessment and has concluded that there is no impact on the recognition, measurement or classification of its balance sheet at 1 January 2017 or 31 December 2017.

The Company's parent undertaking, EDU UK Intermediate Limited includes the Company in its consolidated financial statements. The consolidated financial statements of EDU UK Intermediate Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU, are available to the public and may be obtained from 1 Billinton Way, Brighton, BN1 4LF, UK.

Going concern is assessed on a Group basis at our ultimate parent level. The Group's day to day working capital requirements are managed through a £49 million revolving credit facility. The Group has a term loan which includes a covenant requiring that the Group's leverage ratio remains within agreed limits. This is the only acting covenant and is forecast to be met for the foreseeable future. At 31 December 2018, the Group had available £32.2 million (December 2017: £22.6 million) of undrawn committed borrowing facilities, with £16.8 million of the £49.0 million revolving credit facility drawn (2017: £20.8 million drawn and £5 million carved out for lease guarantees). In addition, the liquidity outlook is positive for the foreseeable future. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company will be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. 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 retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Non-derivative financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

##### a) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the statement of comprehensive income.

IFRS 9 requires the Company to record expected credit losses on all of its trade receivables on a lifetime basis. The Company has assessed the increase in the loss allowance, and corresponding related decrease in the deferred tax liability, and concluded that the impact is immaterial to the Company's financial statements. Refer to note 1.19 for further details regarding the adoption of IFRS 9.

##### b) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### c) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### 1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- |                                   |                    |
|-----------------------------------|--------------------|
| • buildings                       | 50 years           |
| • leasehold property improvements | over life of lease |
| • computer equipment              | 3 years            |
| • motor vehicles                  | 4 years            |
| • fixtures and fittings           | 5 years            |
| • asset retirement obligation     | over life of lease |

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### 1.6 Intangible assets

##### 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.

## Notes (continued)

### Accounting policies (continued)

#### 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:

Course Development	3 years
Software Development	3-5 years
Centre Contracts	Life of contract

#### 1.7 Inventories

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### 1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Provisions for onerous contracts are recognised when the Group believes that the unavoidable costs of meeting or exiting the contractual obligations exceed the economic benefits expected to be received under the contract.

#### 1.9 Taxation

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.

## **Notes (continued)**

### **Accounting policies (continued)**

#### **1.10 Cash and Cash Equivalents**

Cash and cash equivalents includes cash in hand, deposits at all banks, other liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts or loans where there is no right of set off are shown within borrowings in current or non-current liabilities on the balance sheet as appropriate.

#### **1.11 Employee benefits**

##### **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the company 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 profit and loss account in the periods during which services are rendered by employees.

#### **1.12 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.

#### **1.13 Turnover**

Revenue is recognised as follows:

- Tuition revenue - Course fees are brought to account when service is provided and is spread evenly over the duration of the course. Discounts and bursaries given to students are netted against tuition revenue.
- Accommodation revenue - Accommodation revenue is recognised as the accommodation service is provided.
- Matriculation or placement revenue - Matriculation or placement revenue is recognised when the Group's performance obligations are met, which under IFRS 15 is the point at which matriculation or placement is confirmed. The revenue is recognised for all semesters and years, with an estimate of subsequent year amounts being made by taking into account average progression rates (refer to section 1.19 for the financial impact of IFRS 15 on the financial statements).
- Other revenue - Other revenue is recognised in line with IFRS 15 (refer to section 1.19) and when the amount can be reliably measured and it is probable that future economic benefits will flow to the entity.

#### **1.14 Student Acquisition costs**

Commission and bonuses paid to third party agents, where the company has a right to claw back the payments in the event the student leaves before completion of their course, are deferred on the balance sheet and recognised over the same period as the related student revenue. Payments made where the company has no recourse to claw them back are expensed as they are earned by the third party.

## Notes (continued)

### Accounting policies (continued)

#### 1.15 Expenses

##### *Operating lease payments*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss

#### 1.16 Exceptional and Other items

Due to their material nature, certain exceptional and non-trading items have been classified separately in order to draw them to the attention of the reader. In the judgement of the Directors, this presentation shows the underlying business performance of the company more accurately. Significant non-recurring items of income and expenditure are disclosed as exceptional items to help provide an understanding of the company's underlying performance. Exceptional items comprise, inter alia, impairment charges, restructuring costs, costs associated with material financing or acquisition transactions, and provisions for onerous contracts. Other non-trading items include shareholder fees and unrealised gains and losses on structural intragroup foreign exchange balances and derivative instruments.

#### 1.17 Financial Risk Management

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, market interest rates, credit risk and its liquidity position. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company which is outlined in the Directors' report. The fair values of short-term deposits, loans and overdrafts with a maturity of less than one year are assumed to be approximate to their book values.

#### 1.18 Key areas of Judgement

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below;

##### a) Deferred tax assets

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

##### b) Provisions

Judgement and estimation techniques are employed in the calculation of the best estimate of the amount required to settle obligations, including determining how likely it is that expenditure will be required the company. Provisions are shown in Note 17. Contingent liabilities related to pending litigation or outstanding claims subject to negotiation as well as other contingent liabilities require the Group to exercise judgement when recognising in the financial statements. Contingent liabilities are set out in Note 23.

## **Notes (continued)**

### **Accounting policies (continued)**

#### **1.19 Changes in accounting policies and disclosures**

##### **New and amended standards and interpretations**

The company applied IFRS 15 and IFRS 9 for the first time in 2018. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the company. The company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

##### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 was issued in May 2014, amended in April 2016 and was effective from 1 January 2018. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard supersedes all current revenue recognition requirements under IFRS 15. The company has adopted this in the 2018 accounts using the full retrospective method. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The company did not apply any of the other available optional practical expedients.

A detailed impact assessment has been carried out and all revenue recognition remains the same.

There are set-up costs incurred solely in relation to the winning and delivering of new contracts in recent years which are required to be capitalised under IFRS 15, and the cost amortised over the life of the contract.

The necessary changes as outlined above have been implemented in the 2018 financial statements. For the combined impact on revenue and costs, as well as P&L reserves, refer below:



## Notes (continued)

### Accounting policies (continued)

#### Impact on statement of comprehensive income (increase/(decrease)):

	2017 Reported £m	2017 IFRS 15 adjustment £m	2017 Restated £m
Revenue	118.3	-	118.3
Cost of sales	(61.4)	-	(61.4)
Administrative expenses	(45.3)	0.4	(44.9)
<b>Earnings before depreciation, amortisation, impairment, net financing costs and taxation:</b>	<b>11.6</b>	<b>0.4</b>	<b>12.0</b>
Depreciation and amortisation	(3.0)	(0.1)	(3.1)
<b>Operating profit</b>	<b>8.6</b>	<b>0.3</b>	<b>8.9</b>
Interest payable	-	-	-
<b>Profit before taxation</b>	<b>8.6</b>	<b>0.3</b>	<b>8.9</b>
Taxation charge	0.4	-	0.4
<b>Total comprehensive income for the period</b>	<b>9.0</b>	<b>0.3</b>	<b>9.3</b>

#### Impact on the consolidated statement of financial position (increase/(decrease)):

31 December 2017	2017 reported £m	2017 IFRS 15 adjustment £m	2017 restated £m
Non-current assets:			
Intangible assets	3.0	0.6	3.6
Equity:			
Accumulated profits	51.8	0.6	52.4
<b>1 January 2017</b>	<b>Opening 2017 pre-adjustment £m</b>	<b>Opening 2017 IFRS 15 adjustment £m</b>	<b>Opening 2017 restated £m</b>
Non-current assets:			
Intangible assets	3.7	0.3	4.0
Equity:			
Accumulated profits	123.9	0.3	124.2

## Notes (continued)

### Accounting policies (continued)

#### IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 has been effective for annual periods beginning on or after 1 January 2018 and brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

The Company adopted the new standard from 1 January 2018 and performed a detailed impact assessment of all three aspects of IFRS 9, concluding that there is no significant impact on its statement of financial position and equity for the current and prior period.

IFRS 9 requires the Company to record expected credit losses on all of its trade receivables on a lifetime basis. The Company has assessed the increase in the loss allowance, and corresponding related decrease in the deferred tax liability, and concluded that the impact is immaterial to its financial statements for the current and prior period.

The Company does not have any hedge relationships.

#### 1.20 Revision to IFRS not applicable in 2017

Standards and interpretations issued by the IASB are only applicable if endorsed by the EU.

The following Adopted IFRS has been issued but have not been applied by the company in these financial statements. The company has conducted analysis on the likely impact of adoption of these standards on its financial statements:

##### IFRS 16 Leases

The company is required to adopt IFRS 16 Leases from 1 January 2019. The company has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may change because:

- the company has not finalised the testing and assessment of controls over its new IT systems; and
- the new accounting policies are subject to change until the company presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, or a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

## **Notes (continued)**

### **Accounting policies (continued)**

#### **I. Leases in which the company is a lessee**

The Company will recognise new assets and liabilities for its operating leases of property (including student accommodation, schools, classrooms, and office buildings), IT data centres, and motor vehicles. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised its operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Company will no longer recognise provisions for operating leases that it assesses to be onerous. Instead the company will recognise an impairment of the relating right-of-use asset, and include the payments due under the lease in its lease liability.

During 2018, the Company has performed a detailed impact assessment of IFRS 16, and estimates that it will recognise:

- right-of-use assets and lease liabilities of c. £73-77 million as at 1 January 2019
- depreciation charges of c. £6-8 million on its right-of-use assets during the year ended 31 December 2019
- interest charges of c. £5-7 million on its lease liabilities during the year ended 31 December 2019

Due to the change in the accounting for expenses of leases that were classified as operating leases under IAS 17, the Company's EBITDA is expected to improve by an estimated amount of £9-12 million during the year ended 31 December 2019. There will be a corresponding addition of leases to the balance sheet meaning an increase in net debt.

The Company does not expect the adoption of IFRS 16 to impact its ability to comply with the Group's existing term loan covenant requirements.

#### **II. Leases in which the company is a lessor**

The Company will reassess the classification of sub-leases in which the Company is a lessor.

Based on the information currently available, the Company expects that it will reclassify approximately 1 sub-lease as a finance lease, resulting in the recognition of total finance lease receivables of c. £2-4 million as at 1 January 2019.

No significant impact is expected for other leases in which the Company is a lessor.

#### **III. Transition**

The Company plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, where applicable, with no restatement of comparative information.

The Company plans to apply the following practical expedients upon transition:

- to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4
- apply the recognition exemptions for short-term leases and leases of low-value items
- apply a single discount rate to leases with similar characteristics
- use hindsight when determining the lease term
- exclude initial direct costs from ROU asset measurement
- apply IAS 37 Provisions rather than IAS 36 impairment of assets for its onerous contracts
- elect not to apply the requirements of IFRS 16 to leases of intangible assets
- elect not to separate lease and non-lease components for leases of student accommodation and motor vehicles.

## Notes (continued)

### 2 Turnover

All turnover relates to the provision of educational services and arises in the UK.

### 3 Segmental analysis

During 2018, the Group's High Schools and UK & Europe Pathways businesses became more aligned in the courses offered, which led to the two business lines being monitored and managed as one operating segment. As a result the Company's results all relate to one operating segment and no segmental analysis is included. This is in line with the internal reporting of the Group's performance to the Chief Operating Decision Maker, ('CODM') identified as the Group's CEO, Emma Lancaster.

### 4 Operating profit / (loss)

Included in Statement of comprehensive income are the following:

	2018	Restated 2017
	£000	£000
Depreciation on tangible assets	2,189	2,237
Amortisation on intangible assets	1,071	851
Operating lease rentals	10,983	12,796
Allowance for bad debt charge	184	335
	<u>          </u>	<u>          </u>

#### Auditor's remuneration:

Fees payable to the company's auditor of £97,000 (2017: £67,000) for the audit of the Company's annual financial statements has been borne by a fellow group company.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, EDU UK Intermediate Limited.

### 5 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Teaching	839	791
Administration	313	273
	<u>          </u>	<u>          </u>
	1,152	1,064
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£000	£000
Wages and salaries	31,471	26,791
Social security costs	2,459	2,035
Contributions to defined contribution plans	1,117	907
	<u>          </u>	<u>          </u>
	35,047	29,733
	<u>          </u>	<u>          </u>

## Notes (continued)

### 6 Directors' remuneration

All of the Directors of the company are remunerated through other group companies. Whilst it is impossible to accurately allocate their costs due to the number of directorships and the subjectivity involved, it is estimated that Director's costs borne in other group companies but relating to their services in the governance of Bellerbys Educational Services Limited are approximately:

	2018 £000	2017 £000
Salaries and short-term benefits	488	399

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £196,308 (2017:£169,990), and company pension contributions of £28,423 (2017:£8,636) were made to a money purchase scheme on their behalf.

#### Key management compensation:

Key management are defined as the Global Executive Team (GET), which is the team of senior management who support the Chief Executive Officer in the day to day management of the Group's affairs and are involved in strategic decision making. The GET are remunerated through a number of Group companies. Due to the number of appointments and the subjectivity involved it is impossible to accurately allocate their costs relating to Bellerbys Educational Services Limited.

### 7 Exceptional items

	2018 £000	2017 £000
Exceptional items included within operating profit		
Restructuring costs	72	921
Onerous property contracts	(1,588)	1,160
Total exceptional (credit) / cost	(1,516)	2,081

Restructuring costs relate to closure of the Bellerbys College in Oxford. Onerous property contracts relate to sites in Oxford (closed in 2017) and loss-making accommodation in Greenwich and Leicester.

### 8 Other interest receivable and similar income

	2018 £000	2017 £000
Other interest receivable	1	20

### 9 Interest payable and similar charges

	2018 £000	2017 £000
Other interest payable	38	66
Unwinding of discount and effect of changes in discount rate on provisions (Note 16)	687	-
Total interest payable and similar income	725	66

## Notes (continued)

### 10 Taxation

#### Recognised in the profit and loss account

	2018 £000	£000	2017 £000	£000
UK corporation tax				
Current tax on income for the period	-		-	
Adjustments in respect of prior periods	-		-	
		-		-
Foreign tax				
Current tax on income for the period	215		158	
Adjustments in respect of prior periods	(70)		(131)	
		145		27
Total current tax		145		27
Deferred tax (see note 16)				
Accelerated capital allowances	(744)		(460)	
Total deferred tax		(744)		(460)
Tax on profit on ordinary activities		(599)		(433)

#### Reconciliation of effective tax rate

	2018 £000	Restated 2017 £000
Profit for the year	13,634	9,302
Total tax credit	(599)	(433)
Profit excluding taxation	13,035	8,869
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	2,747	1,707
Effect of tax rates in foreign jurisdictions	(20)	(27)
Non-deductible expenses	550	1,134
Tax losses not recognised/paid	(3,033)	(2,643)
Timing differences	(775)	(13)
Accelerated capital allowances	-	(460)
Over provided in prior years	(68)	(131)
Total tax credit	(599)	(433)

The main rate of corporation tax in the UK is 19% from 1st April 2017 and will reduce to 17% from 1st April 2020.

2017 reconciliation of effective tax rate has been restated for IFRS 15.

## Notes (continued)

### 11 Intangible assets

2018

	Course development £000	Software costs £000	Centre contracts £000	Total £000
<b>Cost</b>				
Balance at 1 January 2018	286	3,559	724	4,569
Additions	295	480	215	990
Disposals	-	(832)	-	(832)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	581	3,207	939	4,727
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>				
Balance at 1 January 2018	31	795	84	910
Amortisation for the year	107	894	70	1,071
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	138	1,689	154	1,981
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 1 January 2018	255	2,764	640	3,659
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2018</b>	<b>443</b>	<b>1,518</b>	<b>785</b>	<b>2,746</b>
	<hr/>	<hr/>	<hr/>	<hr/>

2017 (Restated)

	Course development £000	Software costs £000	Centre contracts £000	Total £000
<b>Cost</b>				
Balance at 1 January 2017	169	3,494	357	4,020
Additions	117	65	367	549
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	286	3,559	724	4,569
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>				
Balance at 1 January 2017	10	1	48	59
Amortisation for the year	21	794	36	851
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	31	795	84	910
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 1 January 2017	159	3,493	309	3,961
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2017</b>	<b>255</b>	<b>2,764</b>	<b>640</b>	<b>3,659</b>
	<hr/>	<hr/>	<hr/>	<hr/>

Opening balances at 1 January 2017 have been restated for IFRS 15.

Amortisation is included within 'depreciation and amortisation' in the statement of comprehensive income.

Intangible fixed assets are reviewed for impairment once indicators of impairment are identified. Based on the review performed, no additional impairment has been recorded in 2018.

## Notes (continued)

### 12 Tangible fixed assets

2018

	Land and buildings £000	Leasehold property improvements £000	Motor vehicles £000	Computer equipment £000	Fixtures & fittings £000	Asset retirement obligation £000	Total £000
<b>Cost</b>							
Balance at 1 January 2018	5,164	7,070	3	3,217	7,678	2,732	25,864
Additions	-	1,845	-	624	1,091	88	3,648
Disposals	-	-	-	-	-	(18)	(18)
	<u>5,164</u>	<u>8,915</u>	<u>3</u>	<u>3,841</u>	<u>8,769</u>	<u>2,802</u>	<u>29,494</u>
<b>Depreciation</b>							
Balance at 1 January 2018	1,307	4,036	3	2,035	5,205	616	13,202
Depreciation charge for the year	98	316	-	533	1,038	204	2,189
Depreciation on disposals	-	-	-	-	-	(16)	(16)
	<u>1,405</u>	<u>4,352</u>	<u>3</u>	<u>2,568</u>	<u>6,243</u>	<u>804</u>	<u>15,375</u>
<b>Net book value</b>							
At 1 January 2018	3,857	3,034	-	1,182	2,473	2,116	12,662
<b>At 31 December 2018</b>	<u>3,759</u>	<u>4,563</u>	<u>-</u>	<u>1,273</u>	<u>2,526</u>	<u>1,998</u>	<u>14,119</u>

Land and buildings includes freehold land of £250,000 (2017: £250,000) which is not depreciated.

2017

	Land and buildings £000	Leasehold property improvements £000	Motor vehicles £000	Computer equipment £000	Fixtures & fittings £000	Asset retirement obligation £000	Total £000
<b>Cost</b>							
Balance at 1 January 2017	5,164	5,720	3	2,514	7,082	2,105	22,588
Additions	-	1,350	-	703	596	627	3,276
	<u>5,164</u>	<u>7,070</u>	<u>3</u>	<u>3,217</u>	<u>7,678</u>	<u>2,732</u>	<u>25,864</u>
<b>Depreciation</b>							
Balance at 1 January 2017	1,208	3,572	3	1,534	4,173	475	10,965
Depreciation charge for the year	99	464	-	501	1,032	141	2,237
	<u>1,307</u>	<u>4,036</u>	<u>3</u>	<u>2,035</u>	<u>5,205</u>	<u>616</u>	<u>13,202</u>
<b>Net book value</b>							
At 1 January 2017	3,956	2,148	-	980	2,909	1,630	11,623
<b>At 31 December 2017</b>	<u>3,857</u>	<u>3,034</u>	<u>-</u>	<u>1,182</u>	<u>2,473</u>	<u>2,116</u>	<u>12,662</u>

Depreciation is included within 'depreciation and amortisation' in the statement of comprehensive income.

Intangible fixed assets are reviewed for impairment once indicators of impairment are identified. Based on the review performed, no additional impairment has been recorded in 2018.



## Notes (continued)

### 13 Inventories

	2018 £000	2017 £000
Catering stock	36	32

The value of stock passing through the Cost of Sales amounted to £1,370,541 (2017: £1,462,509)

### 14 Trade and other receivables

	2018 £000	2017 £000
<u>Current</u>		
Trade receivables	65,745	51,511
Less: provision for impairment of receivables	(1,231)	(1,047)
Trade receivables (net)	64,514	50,464
Other debtors	1,618	895
Prepayments	5,263	3,813
Accrued income	1,955	5,830
Amounts owed by group undertakings	27,211	79,686
Amounts owed by holding undertakings	103,220	75,867
	<u>203,781</u>	<u>216,555</u>
<u>Non-Current</u>		
Trade receivables	<u>7,211</u>	<u>6,057</u>

Trade receivables represent amounts due from students or, in some cases, their agents. Tuition fees are invoiced in full prior to course commencement; however they are not payable until commencement of each semester resulting in non-current receivables. No interest is charged on trade receivables. Amounts owed by parent and fellow group undertakings are unsecured, non-interest bearing and repayable on demand.

#### Ageing of trade receivables net of provision:

	2018 £000	2017 £000
Current	65,125	51,368
30-60 Days	584	841
60-90 Days	1,689	1,356
90-120 Days	2,203	980
120+ Days	2,124	1,976
Total	<u>71,725</u>	<u>56,521</u>

#### Ageing of impaired receivables

	2018 £000	2017 £000
1 - 120 days	-	-
> 120 days	(1,231)	(1,047)
	<u>(1,231)</u>	<u>(1,047)</u>

The net cost relating to the increase in provision has been included in 'administrative expenses' in the statement of comprehensive income.

## Notes (continued)

### 14 Trade and other receivables (continued)

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

### 15 Trade and Other payables

	2018	2017
	£000	£000
<u>Current</u>		
Trade creditors	19,377	13,254
Other creditors	8,875	7,004
Accruals	15,288	13,990
Amounts owed to group undertakings	5,268	4,215
Amounts owed to holding undertakings	1,543	66,622
	<u>50,351</u>	<u>105,085</u>

Amounts owed to parent and fellow group undertakings are unsecured, non-interest bearing and repayable on demand.

### 16 Deferred tax assets

Deferred tax is calculated in full on temporary differences under the liability method. The movement on the deferred tax assets and liabilities is as shown below:

	2018	2017
	£000	£000
Balance at 1 January	1,239	779
Credit to Statement of comprehensive income	744	460
Balance at 31 December	<u>1,983</u>	<u>1,239</u>

Deferred tax assets have been recognised in respect of all losses and other temporary differences to the extent that it is probable that those assets will be recovered.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset.

	2018	2017
	£000	£000
Deferred tax assets relate to the following:		
Property, plants, equipment	<u>1,983</u>	<u>1,239</u>
Presented in the Statement of financial position as follows:		
Deferred tax assets	<u>1,983</u>	<u>1,239</u>

## Notes (continued)

### 17 Provisions

	2018 £000	2017 £000
<u>Current</u>		
Asset retirement	459	310
Onerous lease	1,344	2,385
	<u>1,803</u>	<u>2,695</u>
<u>Non-current</u>		
Asset retirement	2,441	2,422
Onerous lease	4,206	5,954
	<u>6,647</u>	<u>8,376</u>
	<b>Asset Retirement</b>	<b>Onerous Lease</b>
<b>Balance at 1 January 2018</b>	2,732	8,339
Provisions made during the year	146	802
Provisions used during the year	(7)	(2,079)
Unwinding of discount and changes in the discount rate	29	658
Reversal of provision	-	(2,170)
<b>Balance at 31 December 2018</b>	<u>2,900</u>	<u>5,550</u>
		<b>Total</b>
		11,071
		948
		(2,086)
		687
		(2,170)
		<u>8,450</u>

Asset retirement obligations relate to the lease terms on leased properties. Provisions will unwind over the length of the lease.

Management have identified a number of sites with onerous contracts which are expected to be loss making, where due to declining trading conditions, the unavoidable costs of meeting the obligations under each contract exceeds the economic benefits expected to be received. Under IAS 37, an onerous contract provision is required to be booked as soon as the loss is anticipated. As a result, a provision for each contract has been booked and will be unwound over the remaining life of the contract.

### 18 Employee benefits

#### Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £1,116,539 (2017: £907,000).

### 19 Capital and reserves

#### Share capital

	2018 £000	2017 £000
<i>Allotted, called up and fully paid</i>		
2,000,122 (2017: 2,000,122) Ordinary shares of £1 each	2,000	2,000
40,000 (2017: 40,000) Preference shares of £1 each	40	40
	<u>2,040</u>	<u>2,040</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The preference shares have a preference over the ordinary shares in the event of a winding up of the company up to the nominal value of the shares. In all other respects the shares rank pari passu.

## Notes (continued)

### 20 Dividends paid and proposed

	2018 £000	2017 £000
<i>Declared and paid during the year:</i>		
Equity dividends on ordinary shares:		
Interim for 2017: £39.498p per share	-	79,000
	<hr/>	<hr/>
Dividends paid	-	79,000
	<hr/>	<hr/>

### 21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018 £000	2017 £000
Less than one year	10,759	11,235
Between one and five years	39,443	39,916
More than five years	63,964	72,811
	<hr/>	<hr/>
	114,166	123,962
	<hr/>	<hr/>

During the year £10,983,403 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £12,795,530).

Some properties are let under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	2018 £000
Less than one year	752
Between one and five years	3,010
More than five years	3,216
	<hr/>
	6,978
	<hr/>

During the year £ 376,216 (2017:£nil) was recognised as rental income by the Company

### 22 Commitments

The Company had the following commitments in respect of land and buildings which are payable as follows:

	2018 £000	2017 £000
Less than one year	2,549	3,316
Between one and five years	607	4,391
More than five years	-	1,621
	<hr/>	<hr/>
	3,156	9,328
	<hr/>	<hr/>

## **Notes** *(continued)*

### **23 Contingent liabilities**

The Company is from time to time party to legal proceedings and claims, which arise in the ordinary course of the business.

The Company's assets have been pledged as security for borrowings undertaken by fellow group companies EDU UK TopCo Limited and Study Group Holdings UK Limited. As at 31 December 2018, the borrowings of these companies amounted to £nil (2017: £nil).

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

## Notes (continued)

### 24 Related Parties

#### Trading transactions

During the year the Company entered into transactions with related parties who were members of the Group:

	Sales to		Administrative expenses incurred from		Amounts owed by/(owed to) related parties	
	2018	2017	2018	2017	2018	2017
	£000	£000	£000	£000	£000	£000
Beijing Study Group Information Consulting Co Ltd	-	-	-	-	-	472
Bellerbys College Ireland Ltd	-	-	-	-	-	(81)
Centre for English Studies LLC	15	22	128	70	-	(38)
EDU Holdings SPV Pty Ltd (Australia)	-	-	-	-	16,812	-
EDU UK Intermediate Ltd	-	-	-	147	-	-
EDU UK Management Services Ltd	-	-	622	434	58,551	24,764
EDU UK Topco Ltd	-	-	-	-	26,535	51,104
Embassy Educational Services (UK) Ltd	43	45	-	-	-	51,960
SG Study Group Malaysia SDN. BND.	-	-	3	34	(345)	(81)
SGI Consulting Services Nigeria	-	-	-	99	(579)	(435)
SGIL Study Group India Private Limited	-	-	-	-	83	-
Study Group Australia Pty Ltd	6,122	7,246	63	-	3,816	22,162
Study Group Canada Higher Education Inc	139	161	-	-	138	317
Study Group Canada Ltd	6	4	-	-	-	12
Study Group Distance Learning Ltd	-	-	-	-	1,598	1,513
Study Group do Brazil Agenciamentoe Participacoes	-	-	-	-	(524)	(149)
Study Group Finance Pty Ltd	-	-	2,781	2,204	(3,356)	(3,194)
Study Group Holdings UK Ltd	-	-	-	-	(1,543)	(1,652)
Study Group Ltd	-	-	-	-	(3)	(3)
Study Group Netherlands BV	-	-	-	-	-	455
Study Group NZ Ltd	280	371	-	-	593	376
Study Group UK Ltd	157	-	26,317	24,477	18,134	(64,970)
Study Group USA Higher Education LLC	387	398	-	-	536	459
Study Group USA Inc.	-	-	126	-	(170)	-
Xueji Education Information (Beijing) Ltd	-	-	4	1,681	3,634	1,955
Xueji Education Information Consulting (Guangzhou) Ltd	-	237	-	334	(291)	(235)

Transactions that took place between companies within the group were for transfer pricing and management charges. Consideration was in the form of intercompany loans.

## Notes (continued)

### 24 Related Parties (continued)

#### Trading transactions

During the year the Company entered into transactions with related parties who were not members of the Group:

	Sale of goods		Purchase of goods		Amounts owed by related parties	
	2018	2017	2018	2017	2018	2017
	£000	£000	£000	£000	£000	£000
Company under common control						
Instituto Marangoni	420	109	390	1	29	3

Transactions made between parties were in relation to the recruitment of students on behalf of the other for academic terms that began in October 2017 and January 2018.

### 25 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Study Group UK Limited. The ultimate controlling party is Providence Equity Partners VI International LP, a company incorporated in the Cayman Islands.

The largest group in which the results of the Company are consolidated is that headed by EDU UK TopCo Limited, where the registered office is Brighton Study Centre, 1 Billinton Way, Brighton, East Sussex, BN1 4LF. The smallest group in which they are consolidated is that headed by EDU UK Intermediate Limited, where the registered office is Brighton Study Centre, 1 Billinton Way, Brighton, East Sussex, BN1 4LF. The consolidated financial statements of these groups are not available to the public and may be obtained from 1 Billinton Way, Brighton, BN1 4LF, UK.

As disclosed in Note 26, a change in ownership is expected in 2019.

### 26 Events after the balance sheet date

Ardian, a private investment house, announced on 21st February 2019 that they had reached an agreement with Providence Equity Partners to acquire a majority stake in Study Group. The transaction remains subject to authorisation from the Foreign Investment Review Board ("FIRB") in Australia and is expected to complete in May or June 2019.