INDIGOCYAN BIDCO LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2020

INDIGOCYAN BIDCO LIMITED

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

Directors	Richard P Blackburn Julie A Noone Robert Lucas Andrew C Mayfield Stuart G Martin Paul Geddes
Registered number	123842
Registered office	27 Esplanade St Helier Jersey JE1 1SG
Independent auditor	Deloitte LLP Statutory Auditor London, UK

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2020

The Directors present their Annual report and audited financial statements for the year ended 31 May 2020.

Principal activity

The Company acts as an intermediate holding company within the IndigoCyan Topco Limited group (herein referred to as "QA" or "the Group"), and the Directors do not expect this activity to change in the foreseeable future. QA is the UK's leading technology talent and training organisation. The Group helps learners to excel and businesses to grow. We are experts in emerging technologies, leadership and management, business methods and people skills. We believe that everything starts with our learners. Transforming their careers and their lives is what motivates and inspires us. We power the success of tomorrow by training the next generation of technologists, leaders and innovators. Our model is primarily business to business, with long-term revenue visibility resulting from customer satisfaction and learners' contracted future programme lengths.

Results and dividends

The loss before taxation for the year was £96.4m (2019: £129.7m) and arose due to an impairment in the Company's subsidiary investment of £53.8m (2019: £86.0m) and the interest cost on the intercompany loan notes used to finance the acquisition of the Group's subsidiaries. The Company's net liabilities increased to £261.8m (2019: £166.3m) reflecting the loss for the year. The impairment arose because of the performance in the Learning business, within QA Limited, which was impacted by Covid.

There were no dividends paid in the year under review or subsequently (2019 – £nil).

Key performance indicators

The Company is managed as part of the overall Group. For this reason the Directors believe that specific KPIs for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group including this Company is discussed in the IndigoCyan Holdco 3 Limited annual report.

Directors

The Directors who served during the year and subsequent to the year end, except as indicated, were:

Richard P Blackburn
William R G Macpherson (resigned 31 May 2020)
Stuart G Martin
Julie A Noone
Robert Lucas
Andrew C Mayfield
Nathan Runnicles
Paul Geddes (appointed 2 September, 2019)
Ben Pike (resigned 16 December, 2019)
Lisa Harrington (resigned 31 December, 2019)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2020

Principal risks and uncertainties

Competitive risk

The Company's subsidiaries operate in a competitive market and have a number of key competitors. The Group manages this risk by providing competitively priced, high quality, flexible learning solutions and maintaining strong relationships with its customers. The Covid pandemic resulted in an acceleration of the transition to digital learning. The Group will continue to invest in its virtual learning products to ensure that the proposition and experience evolves to best-fit a remote learning delivery model.

To manage these market risks the Group continues to invest in broadening the services, courses and products it offers, expanding the client base and developing new partners to mitigate the impact of a performance issue in a particular trading activity or relationship. The Board are confident in the Group's prospects and that it can successfully navigate the economic environment triggered by the Covid pandemic and the impact of Brexit.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including liquidity, price risk and credit risk. The Group does not use derivative financial instruments for speculative purposes.

Liquidity risk

In order to maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, the Group operates a centralised treasury function, features of which include intercompany cash transfers.

Credit risk

The Group's principal financial assets are bank balances and trade debtors.

The Group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provision for doubtful debts. A provision is made where there is objective evidence of non-recovery of the debt.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Future developments

Employers are faced with some significant and far-reaching challenges when it comes to skills and talent. The modern workforce is changing at an unprecedented pace with significant skills shortages. This is especially true in the tech space, and exacerbated when digital transformation is often quickly changing the mix of skills an employer requires (64% of employers lack the staff required for digital transformation).

Over the course of the pandemic, QA has responded quickly and decisively to market conditions. The Group successfully migrated its training and degree courses, together with its apprenticeship and academy programmes to virtual delivery, reset its cost base and has continued to invest to improve its offers to clients. These factors should see the Group emerging stronger from the pandemic with a more attractive client proposition and operating model. In the near-term, lockdown easing and reopening of the economy should create trading momentum starting with the reopening of schools in early March, followed by the Group's training centres in mid-May 2021. Although the economic environment is challenging with many markets absorbing the impact of both Covid and Brexit, the Board are confident in the Group's longer term prospects stimulated by the breadth of services it provides, at a time when there is an increasing need to address the UK's technology skills gap (accelerated because of Covid) at all levels of employment from apprentice to graduate through to senior management.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2020

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out on page 2. The Company is part of the IndigoCyan Topco Limited Group ("the Group") and the Directors have considered the adoption of the going concern basis of preparation of these financial statements with consideration to the wider group position and its business model.

Since late March 2020, the Group’s trading has been impacted by the outbreak of the Covid pandemic which resulted in lower demand for our learning and apprenticeships’ services, as our clients themselves responded to the impact of the pandemic on their own operations. The lockdown initially led to the closure of our training centres and the migration of all classroom-based learning to virtual delivery. The Group has taken cost reduction measures to help mitigate the effects of lockdown on the economy, together with working capital actions to preserve cash.

The Group has funding arrangements with its banks, which include drawn term loans and a £65.0m Revolving Credit Facility that was drawn in full in March 2020 to maximize the available liquidity. Since the year end £50m of this has been repaid. The Group obtained a waiver (to 31 May 2021) on its financial leverage covenant (the ratio of third party bank debt to EBITDA) and have agreed to a minimum liquidity covenant of £20.0m in its place. Post 31 May 2021 the Group’s covenants revert back to those included in its funding arrangements, which are only required to be met if the Group’s Revolving Credit Facility is overdrawn more than £25.0m.

The forecasting process undertaken by the Directors recognises the inherent uncertainty associated with predictions at the present time. Whilst the Directors believe that trading performance will remain robust, the Directors have assessed various scenarios, which consider the speed of economic recovery and demand for the Group’s services. The Directors consider the most significant uncertainty impacting the forecasts is the possibility of further lockdowns albeit this is reduced with the progress of the vaccine rollout. The Directors have assessed the impact of there being no economic recovery from current trading to assess the impact of continuing or rolling lockdowns on the Group’s cashflow forecasts throughout the going concern period.

The analysis confirmed the Group’s current liquidity position and compliance with relevant covenants would enable the Group to operate in this scenario for a period of at least 12 months from the date of signing these financial statements. The Company has received a letter of support from IndigoCyan Holdco 3 Limited confirming committed funding.

On this basis, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing and approving these financial statements. In making this assessment, the Directors have considered the cash flow forecasts of the Group, the availability of financial resources and facilities and compliance with covenants. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible be-identical with that of other employees.

Director's indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors and officers and these remain in force at the date of this report.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2020

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and

- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end, other than the continuation of the Covid pandemic. The pandemic has seen the Group’s trading impacted with revenues declining, as our clients themselves responded to the impact of the pandemic on their own operations. However, the results of the business have remained robust. In the near-term, lockdown easing and reopening of the economy should create trading momentum starting with the reopening of schools in March followed by the Group’s training centres in mid-May 2021.

The auditors, Deloitte LLP, will be proposed for reappointment in accordance with the Companies (Jersey) Law 1991.

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

Nathan Runnicles
Director

Date: 28 April 2021

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MAY 2020

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". The financial statements are required by law to 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 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 (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDIGOCYAN BIDCO LIMITED FOR THE YEAR ENDED 31 MAY 2020

1. Opinion

In our opinion the financial statements of IndigoCyan Bidco Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 May 2020 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been properly prepared in accordance with Companies (Jersey) Law, 1991.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- Valuation of investments in subsidiaries and recoverability of intercompany balances; and
- Going concern.

Materiality

The materiality that we used in the current year was £12.3m which was determined on the basis of 2% of total assets (2019: £13.1m, determined on the basis of 2% of total assets).

Scoping

Audit work to respond to the risk of material misstatement was performed directly by the audit engagement team.

Significant changes in our approach

In addition to the key audit matters of the valuation of investments and the recoverability of intercompany balances which were identified in the prior year audit, we also gave additional consideration to the going concern assessment of the trading entities within the group, as these entities support the related asset carrying values in this entity.

4. Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments in subsidiary companies and recoverability of intercompany balances

Key audit matter description

The Company has unlisted investments of £236.7m (2019: £333.5m) as at 31 May 2020 following recognition of an impairment charge of £53.8m in the current period (2019: £86.0m). The Company also has intercompany receivable balances of £527.1m (2019: £323.0m).

Investments are valued at cost less provision for impairment. These investments comprise direct and indirect investments in the operational entities of the IndigoCyan Holdco 3 Limited Group ('the Group'). The investments are highly material to the Company as they account for 31% of total assets.
Intercompany receivables are valued at amortised cost. These receivables comprise loan balances held with other companies in the Group structure. The receivables are highly material to the Company as they account for 69% of total assets.

Judgement is required by the Directors as to whether any of the investments or receivables should be impaired based on the financial position and future prospects of the investments and Group undertakings. This takes into consideration a range of factors such as the trading performance, the expected revenue growth and discount rates.

Further details are included critical accounting estimates and judgements note in note 1, note 7 and note 8 to the financial statements.

How the scope of our audit responded to the key audit matter

We obtained an understanding of relevant controls in place around management's assessment of impairment.

We obtained management's cash flow projections, challenging the key assumptions based on our knowledge of the business and general market conditions affecting the Group undertakings as well as the future trading performance and going concern assessment of the Group undertakings.

How the scope of our audit responded to the key audit matter (continued)
We challenged management's forecasts of future performance using independently sourced data, historic performance of the business and performance post year end. We considered the potential risk of management bias.

We evaluated the historical accuracy of management's forecasts by comparing the actual results to forecasts.

We benchmarked the weighted average cost of capital ("WACC") rate used to discount future cash flows against similar competitors and performed sensitivity analysis on the rate used. We involved our valuation experts to perform an independent review of the Company's WACC.

We obtained management's cash flow projections, challenging the key assumptions based on our knowledge of the business and general market conditions affecting the Group undertakings.

We challenged management's forecasts of future performance using independently sourced data, historic performance of the business and performance post year end. We considered the potential risk of management bias.

We evaluated the historical accuracy of management's forecasts by comparing the actual results to forecasts.

We benchmarked the discount rate against similar competitors and performed sensitivity analysis on the rate used.

Key observations
Based on the work performed we concluded that the valuation of the investments in subsidiary companies are appropriately stated.

Going concern of group undertakings

Key audit matter description
The impact of Covid on the global economy has been significant, and has had a negative effect on the trading activities of the Group of which the company is a constituent which in turn impact upon the investment and asset carrying values in the company. There are uncertainties around the Group's recovery from Covid, in terms of the length of the recovery period and the extent of the recovery.
The company has listed debt of £908.6m as at 31 May 2020, which is repayable on 23 June 2047 and incurs interest of 10% per annum.

The ability of the company to repay the debt and pay the relevant interest charges is dependent on the trading performance and future prospects of the Group. Any deterioration in performance of the Group would in turn affect the going concern basis of accounting under which the financial statements have been prepared.

The Directors have prepared cash flow projections for the subsidiaries, which involve significant judgement over key assumptions such as future performance, revenue growth and discount rates.
Further details are included within notes 7 and 8 to the financial statements.

How the scope of our audit responded to the key audit matter
We obtained an understanding of relevant controls in place around management's assessment of that the going concern assumption in the preparation of the financial statements was appropriate.

We obtained management's cash flow projections, challenging the key assumptions based on our knowledge of the business and general market conditions affecting the Group undertakings.

We challenged management's forecasts of future performance using independently sourced data, historic performance of the business and performance post year end. We considered the potential risk of management bias.

We evaluated the historical accuracy of management's forecasts by comparing the actual results to forecasts. We performed sensitivity on management's forecasts, and reviewed management's own sensitivity to audit that the going concern assumption remained appropriate even in downside scenarios.

Key observations
Based on the work performed we concluded that the going concern basis used to assess the carrying value of investments and assets in Group undertakings used in the preparation of the financial statements was appropriate.

6. Our application of materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

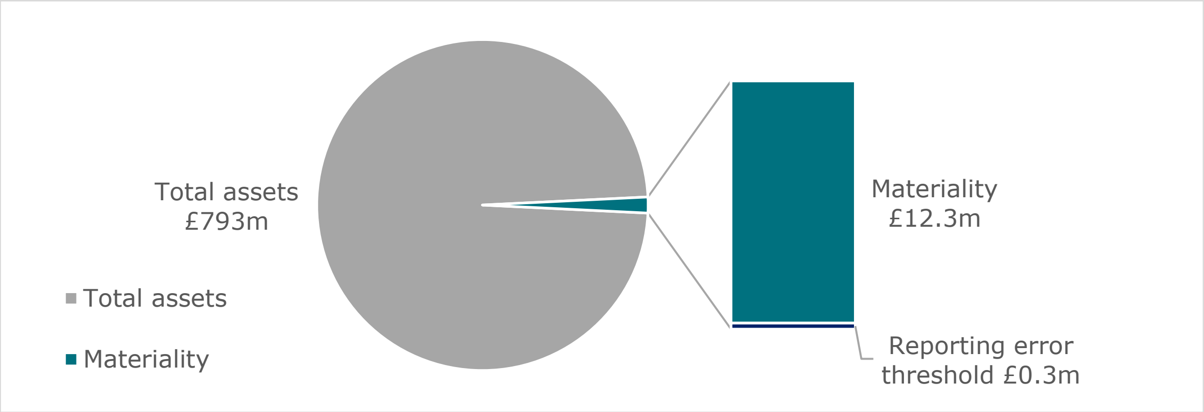
Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality

£12.3m (2019: £13.1m)

Basis for determining materiality
2% of total assets (2019: 2% of total assets)

Rationale for the benchmark applied
We determined materiality based on total assets as this is the key metric used by management, investors, analysts and lenders, with shareholder value being driven by total assets value movements.



Performance materiality
We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

a. our understanding of the control environment relevant to the financial reporting process;
b. no significant changes in the business during the year against the expected business plan;
c. relative complexity of operations and stage of investment lifecycle in the current period.

Error reporting threshold

We agreed with the Directors that we would report to the Directors all audit differences in excess of £0.3m (2019: £0.2m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

8. Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

9. Responsibilities of Directors

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

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

10. Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDIGOCYAN BIDCO LIMITED FOR THE YEAR ENDED 31 MAY 2020

Report on other legal and regulatory requirements

11. Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law, 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the Company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

12. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Saunders (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
28 April 2021

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2020

	Note	2020 £m	2019 £m
Administrative expenses	6	**(53.8)**	**(86.0)**
Operating loss		**(53.8)**	**(86.0)**
Interest receivable and similar income	3	**20.4**	**33.7**
Interest payable and similar expenses	4	**(63.0)**	**(77.4)**
Loss before tax		**(96.4)**	**(129.7)**
Tax credit on loss	5	**0.9**	**0.2**
Loss for the financial year		**(95.5)**	**(129.5)**

There was no other comprehensive income or expenses other than the loss for the current and financial periods. Accordingly, no statement of other comprehensive income is presented.

The notes on pages 16 to 23 form part of these financial statements.

BALANCE SHEET
AS AT 31 MAY 2020

	Note	2020 £m	Restated note 15 2019 £m
Fixed assets			
Investments	7	**264.5**	**318.3**
		264.5	**318.3**
Current assets			
Debtors: amounts falling due within one year	8	**528.0**	**338.2**
Cash at bank and in hand	9	**0.1**	**0.1**
		528.1	**338.3**
Current Liabilities			
Creditors: amounts falling due within one year	10	**(145.8)**	**-**
Total assets less current liabilities		**646.8**	**656.6**
Creditors: amounts falling due after more than one year	10	**(908.6)**	**(822.9)**
Net liabilities		**(261.8)**	**(166.3)**
Capital and reserves			
Called up share capital	12	**1.0**	**1.0**
Profit and loss account		**(262.8)**	**(167.3)**
		(261.8)	**(166.3)**

The financial statements for IndigoCyan Bidco Limited (Company number 123842) were approved and authorised for issue by the board and were signed on its behalf by:

Nathan Runnicles
Director

Date: 28 April 2021

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2020

	Called up share capital £m	Profit and loss account £m	Total equity £m
At start of year	**1.0**	**(37.8)**	**(36.8)**
Comprehensive expense for the year			
Loss for the year	**-**	**(129.5)**	**(129.5)**
Total comprehensive expense for the year	**-**	**(129.5)**	**(129.5)**
At 31 May 2019	**1.0**	**(167.3)**	**(166.3)**
Comprehensive expense for the year			
Loss for the year	**-**	**(95.5)**	**(96.4)**
Total comprehensive expense for the year	**-**	**(95.5)**	**(96.4)**
At 31 May 2020	**1.0**	**(262.8)**	**(261.8)**

The notes on pages 16 to 23 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

1. Accounting policies

General information and basis of accounting

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies (Jersey) Law 1991.

IndigoCyan Bidco Limited ("the Company") is a company incorporated in Jersey under the Companies (Jersey) Law 1991. The Company is a private company limited by shares and is registered in Jersey.

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

On 29 November 2017, £630,665,865 Unsecured A Loan Notes were admitted to the Official List of The International Stock Exchange, Guernsey.

The Company meets the definition of a qualifying entity under FRS 101 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates.

New and amended standards

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting period beginning on or after 1 June 2020. The Group has elected not to early adopt these standards which are described below:

- Amendments to References to the Conceptual Framework for IFRS Standards;
- Definition of a Business (amendments to IFRS 3);
- Definition of a Material (amendments to IAS1 and IAS 8);
- Classification of Liabilities as Current or Non-Current (amendments to IAS1);
- Interest rate benchmark reform (Amendments to IFRS 9 and IFRS 7); and
- Covid related rent concessions (amendment to IFRS-16).

The above are not expected to have a material impact on the financial statements. There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

During the year the Group has adopted the following amendments and interpretations which have not had a material effect on the financial statements.

- Annual improvements to IFRS standards 2015-2017 cycle;
- IFRIC 23 Uncertainty over income tax treatments;
- Long term interests in associates (amendments to IAS 28); and
- Prepayment features with a negative compensation (amendments to IFRS 9).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

1. Accounting policies (continued)

Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Going concern

The Company's financial statements have been prepared on the going concern basis as set out on page 4.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1. Accounting policies (continued)

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Intercompany receivables

Intercompany receivables are measured at cost, less any impairment.

Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. 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 fair value of cash or other resources received or receivable, net of direct issue costs.

All financial assets and liabilities are initially measured at transaction price. Debt instruments are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Interest receivable

Interest receivable is recognised in the Statement of comprehensive income using the effective interest method.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies described above the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are explained in the individual accounting policies above and are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The key sources of estimation uncertainty are set out below.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

1. Accounting policies (continued)

Impairment of investments in subsidiaries and non-financial assets

The Company conducts impairment reviews of investments in subsidiaries and non-financial assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use which base on future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise. The Directors ran sensitivities changing the growth rate by 1%, discount rate by 1% and cash flow by 10%.

2. Auditor's remuneration

Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements amounted to £2,500 (2019: £2,500) and were borne by another Group company.

3. Interest receivable

	2020	2019
	£m	£m
Interest receivable on amounts due from Group companies	20.4	33.7
	20.4	33.7

4. Interest payable and similar expenses

	2020	2019
	£m	£m
Interest payable on loans from Group undertakings	63.0	77.4
	63.0	77.4

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

5. Taxation

The total tax credit for the year is £0.9m (2019: £0.2m).

Factors affecting tax charge for the year

The tax assessed for the year is the same as the standard rate of corporation tax of 19% as set out below:

	2020 £m	2019 £m
Loss for the year	(96.4)	(129.7)
Loss on ordinary activities multiplied by standard rate of corporation tax of 19%	18.3	24.6
Expenses not deductible for tax purposes	(21.3)	(24.4)
Non-taxable income	3.9	-
	0.9	0.2

The Finance Act 2016, enacted in an earlier period, contained legislation which reduced the main rate of Corporation Tax to 17% from 1 April 2020. This reduction in Corporation Tax rates was cancelled by the 2020 Budget held on 11 March 2020 and substantively enacted on 17 March 2020, such that the main rate of Corporation Tax remains 19% from 1 April 2020.

The 2021 Budget held on 11 March 2021 announced that the main rate of Corporation Tax would be increased to 25% from 1 April 2023, and legislation to that effect has been included in Finance Bill 2021 published on 11 March 2021.

6. Administrative costs

	2020 £m	2019 £m
Impairment	53.8	86.0
	53.8	86.0

The impairment arose as a result of the performance of the Learning business, within QA Limited, which was impacted by Covid.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

7. Fixed asset investments

	Investments in subsidiary companies (restated note 15) £m
At 1 June 2018 (restated note 15)	**404.3**
Additions	**-**
Cost at 31 May 2019 and at 31 May 2020	**404.3**
Impairment at 31 May 2019	**86.0**
Impairment	**53.8**
Impairment at 31 May 2020	**139.8**
At 1 June 2019	**318.3**
At 31 May 2020	**264.5**

Details of the subsidiaries are disclosed in the financial statements of IndigoCyan Holdco 3 Limited, which can be found at www.qa.com. The Company has recognised an impairment charge to the income statement of £53.8m (2019: £86.0m) based on the facts known at the balance sheet date and the Directors assessment of the economic impact of Covid on the future cashflows.

Separately there is a prior year restatement see note 15 for further information.

8. Debtors

	2020 £m	Restated (note 15) 2019 £m
Amounts owed by Group undertakings	**528.0**	**338.2**

Amounts owed by Group undertakings are repayable on demand and subject to interest at 10%.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

9. Cash and cash equivalents

	2020 £m	2019 £m
Cash at bank	0.1	0.1

10. Creditors:

Amounts falling due after more than one year	2020 £m	2019 £m
Amounts owed to parent company	65.3	59.2
Amounts owed to Group undertakings	843.3	763.7
	908.6	822.9

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2020 £m	2019 £m
Repayable other than by instalments	908.6	822.9
	908.6	822.9

Amounts owed to parent Company are repayable in 2047 and attract interest at a rate of 10%. Amounts owed to Group undertakings represents loan notes issued to IndigoCyan Holdco 3 Limited. These loan notes are repayable in 2047 and attract interest at a rate of 10%. These loan notes are listed on The International Stock Exchange, Guernsey.

Amounts falling due less than one year	2020 £m	2019 £m
Amounts owed to Group undertakings	145.8	-
	145.8	-

Amounts owed by Group undertakings are repayable on demand and subject to interest at 4.5% (2019: nil).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

11. Financial instruments

	2020 £m	2019 £m
Financial assets		
Cash at bank balances	0.1	0.1
Financial assets that are debt instruments measured at amortised cost	528.0	338.2
	528.1	338.2
Financial liabilities		
Financial liabilities measured at amortised cost	1,054.4	822.9

Financial assets that are debt instruments measured at amortised cost comprise loans to Group undertakings.

Financial liabilities measured at amortised cost comprise loans from Group undertakings.

12. Share capital

	2020 £m	2019 £m
Authorised, called up and fully paid		
950,000 ordinary shares of £1 each	1.0	1.0

Each share carries pari passu voting and distribution rights.

The Company's other reserves are the profit and loss reserve which represents cumulative profits or losses, net of dividends.

13. Related party transactions

The Company has taken advantage of the exemption included in FRS 101 Section 8(k) not to disclose transactions with entities that are wholly owned members of the Group headed by IndigoCyan Holdco 3 Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

14. Controlling party

The Directors regard IndigoCyan Holdings Jersey Limited, a company registered in Jersey, as the ultimate controlling party and IndigoCyan MidCo Limited, a company registered in Jersey, as the immediate parent company. IndigoCyan Holdings Jersey Limited is controlled by funds managed by CVC Advisors LLC.

The Company is exempt from producing consolidated accounts on the grounds that it is included in the consolidated accounts of IndigoCyan Holdco 3 Limited, a company registered in Jersey (being the only parent that produces consolidated accounts). Copies of the consolidated accounts of IndigoCyan Holdco 3 Limited which is the only company in which the entity is consolidated can be obtained from www.qa.com. IndigoCyan Holdco 3 Limited's registered address is 27 Esplanade, St Helier, Jersey, JE1 1SG.

15. Restatement

The prior year financial statements incorrectly classified preference share dividend income due to the Company of £15.2m from its subsidiary. The preference shares interest receivable was presented within cost of investment whereas the Directors consider that as this is a debt instrument that it is more fairly presented within receivables. The prior year financial statements have been restated to correct for this error. The following tables summarise the impact of the prior year restatement on the financial statements of the Company.

Balance sheet	**2019**
	£m
Decrease in Investments	15.2
Increase in Receivable	15.2