INDIGOCYAN BIDCO LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2021

CONTENTS

COMPANY INFORMATION

Directors	Richard P Blackburn Robert A Lucas Andrew C Mayfield Stuart G Mayfield Paul Geddes
Registered number	123842
Registered office	27 Esplanade St Helier Jersey JE1 1SG

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2021

The Directors present their annual report and audited financial statements for the year ended 31 May 2021.

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.

Results and dividends

The profit before taxation for the year was £80.0m (2020: loss of £96.4m). The profit for the year related to the net of interest receivable £39.2m (2020: £20.4m) and interest payable of £101.4m (2020: £63.0m) to other Group companies. It is also net of a reversal of an impairment charge of £139.8m for the year ended 31 May 2021. The prior year ended 31 May 2020 loss of £96.4m was stated after an impairment charge of £53.8m. The tax credit on the result for the year was £2.4m (2020: £0.9m).

The profit for the year compared to the loss in 2020 is driven by the reversal of the historical built up impairment charges against the Company’s investments in its subsidiary undertakings. Now that the future of the economic environment is more certain than in 2020, the base case impairment review in 2021 estimated forecast future cashflows which were significantly higher than those estimated in the 2020 review and showed significant headroom above and beyond the prior year carrying value for the investments and intercompany debtors previously recognised. As such, a reversal of the historical impairment charges of £139.8m was recognised in 2021. See note 1 for further detail.

At 31 May 2021 the Company’s net liabilities were £181.8m (2020: £261.8m) reflecting the post-tax loss for the year. There were no dividends paid in the year under review or subsequently (2020: £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
Robert Lucas
Andrew C Mayfield
Nathan Runnicles
Paul Geddes
Stuart G Martin (resigned 17 December 2020)
Julie A Noone (resigned 17 December 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 current and immediate future economic environment.

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

The company's credit risk is attributable to debtors from Group companies. Amounts owing from Group companies are similarly reviewed and impaired where there is objective evidence of non-recovery of debt.

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.

In September 2021, the Group was subject to a cyberattack. Further details are included in the Annual Report for the Group headed by IndigoCyan Holdco 3 Limited which can be obtained from www.qa.com.

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 Indigo Cyan Topco Group which in turn owns the IndigoCyan Holdco 3 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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2021

Going concern continued

Since late March 2020, the Group's trading has been impacted by the Covid pandemic which resulted in lower demand for a period of time in our learning and apprenticeships' operation. The Group has seen a consistent improvement in trading since last summer, and throughout the financial year ended 31 May 2021 outperformed its plan for the year, surpassing the Adjusted EBITDA result achieved in the prior year despite the extended lockdown restrictions. After proactively maximising available liquidity at the start of the Covid pandemic through drawing on the Revolving Credit Facility in full and, obtaining a covenant waiver on the facility to 31 May 2021, the Group's positive trading progress and cash generation has supported a series of repayments since November 2021. Just £5.0m is outstanding on the facility at 30 November 2021.

Group cash as at 31 January 2022 was £19.8m. The forecasting process undertaken by the Directors recognises the inherent uncertainty, notwithstanding the significant progress made through the vaccination programmes, associated with predictions at the present time given the potential risk from new Covid variants and lockdown restrictions that could again be applied. Whilst the Directors believe that trading performance will remain robust and continue to improve, 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 speed of recovery as lockdown restrictions ease. As such, the Directors have assessed the impact of different revenue growth rates on the Group's cashflow forecasts. The analysis confirmed the Group has sufficient liquidity and is forecast to comply with its financial covenants (which would be tested if the revolving credit facility is drawn in excess of £25m). The Group has funding arrangements with its banks, which include drawn term loans and a £65m revolving credit facility, in place until June 2024 and June 2023 respectively.

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.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. The Company has received a letter of support from IndigoCyan Holdco 3 Limited confirming committed funding

Disabled employees

Application for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of the members of staff becoming disabled every effort is made to ensure that their employment in 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.

Directors' 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.

Events subsequent to the balance sheet date.

On 1 July 2021, a subsidiary, Seckloe 208 Limited, acquired 85.5% of Circus Street Limited, a global leader in providing commercial digital skills including ecommerce, data analytics and digital marketing skills through its subscription-based, proprietary digital platform.

This report was approved by the board and signed on its behalf on 28 February 2022 by

Nathan Runnicles, Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MAY 2021

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Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company 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;
- followed applicable UK Accounting Standards have been followed, subject to FRS101 reduced disclosure exemptions; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDIGOCYAN BIDCO LIMITED

Report on the audit of the financial statements

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 2021 and of its profit 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 the 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" (United Kingdom Generally Accepted Accounting Practice).

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 matter that we identified in the current year was: • Recoverability of investments in subsidiaries and recoverability of intercompany balances Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk

Materiality	The materiality that we used in the current year was £16.0m which was determined on the basis of 2.0% of total assets prior to the recording of the impairment reversal. Due to the reversal of impairment in 2021 increasing total assets, materiality is equal to 1.6% of final total assets. (2020: £12.3m, determined on the basis of 2.0% of total assets)
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	In the 2020 audit, we identified going concern as a key audit matter due to the uncertainty arising out of the impacts of COVID-19 on the general economic environment that the company and its subsidiary investments operate in. In 2021, we no longer identified going concern as a key audit matter as the performance of the company and its subsidiary investments has adapted and stabilised since the initial impacts of COVID-19.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of relevant controls in place around management's assertion of the going concern assumption in the preparation of the company's financial statements
- Challenging the key assumptions used in management's cash flow projections based on our knowledge of the business and general market conditions affecting the company's subsidiary undertakings
- Challenging management's forecasts of future performance using independently sourced data, historical performance of the business and performance post year end
- Assessing management's own sensitivity analysis that the going concern assumption remained appropriate even in downside scenarios
- Testing of clerical accuracy of those forecasts and the historical accuracy of forecasts prepared by management

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

5.1. Recoverability of investments in subsidiaries and recoverability of intercompany balances

Key audit matter description	The company has investments in subsidiaries of £404.3m and intercompany balances of £569.4m as at 31 May 2021 (2020: £264.5m, £528.0m), carried at cost less provision for impairment. These investments and intercompany balances comprise direct and indirect investments of the IndigoCyan Holdco 3 Limited Group ("the Group") and are highly material to the company as they account for 100% of total assets. Judgement is required by the directors as to whether any of the investments should be impaired based on the financial position and prospects of the investments. This takes into consideration a range of assumptions such as the trading performance, the expected revenue growth and discount rates where management judgement is required. Further details are included within critical accounting estimates and judgements in note 1 and note to the financial statements.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls related to the recoverability of investments and related intercompany receivables. We obtained management's cash flow projections, challenging the key assumptions used when determining the carrying value based on our knowledge of the business and general market conditions affecting the Group undertakings as well as future trading performance and going concern assessment of the Group undertakings. We also reviewed the historical accuracy of management's forecasts by comparing them to the actual results for the forecasted period.
Key observations	Based on the work performed we concluded that the recoverability of investments in subsidiaries and recoverability of intercompany balances are appropriate.

6. Our application of materiality

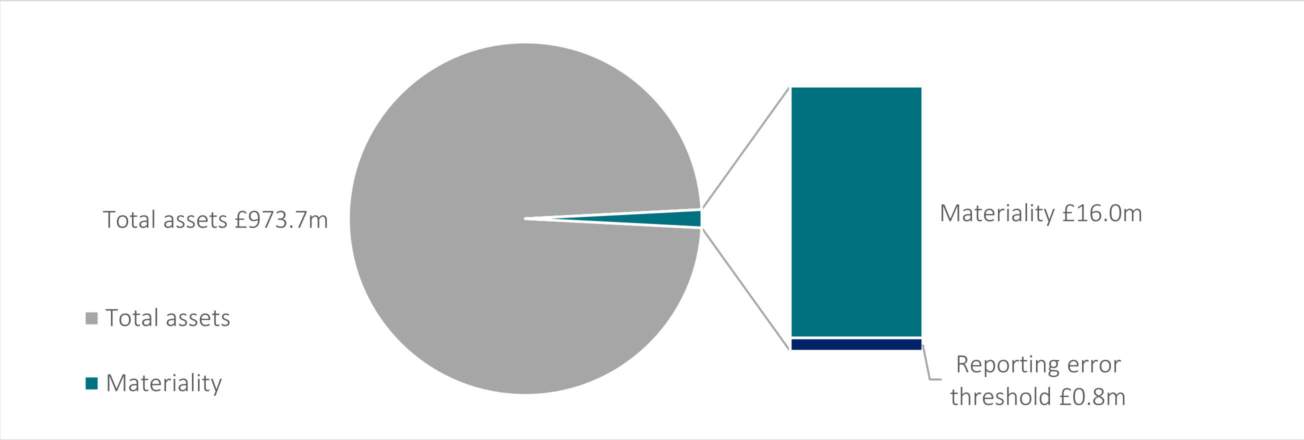
6.1. Materiality

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	£16.0m (2020: £12.3m)
Basis for determining materiality	2% of total assets prior to the recording of the impairment reversal (2020: 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.



6.2. 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 2021 audit (2020: 70%). In determining performance materiality, we considered the following factors:

a. Our understanding of the control environment relevant to the financial reporting process;

b. The low level of uncorrected misstatements identified in the prior year audit;

c. No significant changes in the business during the year against the expected business plan; and

d. Relative complexity of operations and stage of investment lifecycle in the current period.

6.3. Error reporting threshold

We agreed with the directors that we would report to the directors all audit differences in excess of £0.8m (2020: £0.3m), 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

7.1. Scoping

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

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

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.

10. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

10.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the directors about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Jersey) Law 1991 and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

10.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the directors concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

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

11.1. 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, or proper 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.

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

For and on behalf of Deloitte LLP

Senior Statutory Auditor

London, United Kingdom

28 February 2022

INDIGOCYAN BIDCO LIMITED

INCOME STATEMENT

	Note	2021 £m	2020 £m
Administration expenses	**6**	139.8	(53.8)
Operating profit/(loss)	**2**	139.8	(53.8)
Finance income	**3**	39.2	20.4
Finance costs	**4**	(101.4)	(63.0)
Profit/(loss) on ordinary activities before taxation		77.6	(96.4)
Taxation	**5**	2.4	0.9
Profit/ (loss) for the financial year		**80.0**	**(95.5)**

There was no other comprehensive income for 2021 (2020: £nil). Accordingly, no statement of total comprehensive income is presented.

All results derive from continuing operations.

The notes on pages 16 to 25 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2021

	Note	2021 £m	2020 £m
Non-current assets			
Investments	**7**	404.3	264.5
Debtors	**8**	569.4	528.0
Non -current assets		**973.7**	**792.5**
Current assets			
Cash and cash equivalents	**9**	0.1	0.1
Current assets		0.1	0.1
Current Liabilities			
Creditors: amounts falling due within one year	**10**	(247.0)	(145.8)
Total Assets Less Current Liabilities		**726.8**	**646.8**
Creditors: amounts falling due over more than one year	**10**	(908.6)	(908.6)
NET LIABILITIES		**(181.8)**	**(261.8)**
EQUITY			
Share capital	**12**	1.0	1.0
Profit and loss account		(182.8)	(262.8)
		(181.8)	**(261.8)**

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Nathan Runnicles
Director
Date: 28 February 2022

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2021

	Share capital	Profit and loss account	Total equity
2020	**£m**	**£m**	**£m**
As at 1 June 2019	**1.0**	**(167.3)**	**(166.3)**
Comprehensive income for the year			
Loss for the year	-	(95.5)	(95.5)
Total comprehensive result for the year	**-**	(95.5)	(95.5)
As at 31 May 2020	**1.0**	**(262.8)**	**(261.8)**
2021			
Comprehensive income for the year			
Loss for the year	-	80.0	80.0
Total comprehensive result for the year	-	80.0	80.0
As at 31 May 2021	**1.0**	**(182.8)**	**(181.8)**

The notes on pages 16 to 25 form part of these financial statements.

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.

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

- paragraph 73(e) of IAS 16 Property, Plant and Equipment;

- paragraph 118(e) of IAS 38 Intangible Assets;

• 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 paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

• the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and

• 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; and

• the requirements of paragraphs 134 (d) -134 (f) and 135(c)-135 (e) of IAS 36 Impairment of Assets.

1. Accounting policies

New and amended standards

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting period beginning on or after 1 June 2021. The Company has elected not to early adopt these standards which are described below:

- The Company has elected not to early adopt these standards which are described below: Interest rate benchmark reform (Amendments to IFRS 9 and IFRS 7);
- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
- IFRS 17 Insurance Contract;
- Classification of Liabilities as Current or Non-Current (amendments to IAS1);
- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use; and
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture.

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 Company.

During the year the Company or the wider Group in which it has investments has adopted the following amendments and interpretations which have not had a material effect on the financial statements.

- 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);
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract – Annual Improvements to IFRS Standards 2018-2020 Cycle: and
- Amendment to IFRS 16: Covid 19-Related Rent Concessions.

Finance income and finance costs

Finance income comprises the interest income on external bank deposits, which are recognised in the income statement in the period using the effective interest method.

Finance costs comprise the interest expense on external borrowings which are recognised in the income statement in the period in which they are incurred and the funding arrangement fees which were prepaid and are being amortised to the income statement over the length of the funding arrangement.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment. The investments in subsidiaries are considered for impairment on a bi-annual basis.

1. Accounting policies

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash and loans to subsidiary undertakings) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances.

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 except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value. Debt instruments are subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate the exact discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Going concern

The Company’s assessment in relation to going concern is set out in the Directors report on page 4.

1. Accounting policies (continued)

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.

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 Income statement and 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.

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 are based 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.

In the impairment review of investments and intercompany debtors, the Directors determined that the discounted forecast future cashflows necessitated a reversal of impairment charges of £139.8m for the year ended 31 May 2021. In 2020, due to the uncertainty surrounding the wider economic environment impacting the short and medium cashflows as a result of COVID-19, the Directors determined that an impairment of investments of £53.8m was required in addition to the previous impairments recognised in 2019 of £86.0m. This was considered appropriate based on the considerable uncertainty at the time of the impairment review. Now that the future of the economic environment is more certain, the base case impairment review in 2021 estimated forecast future cashflows which were significantly higher than those estimated in the 2020 review and showed significant headroom above and beyond the prior year carrying value for the investments and intercompany debtors previously recognised. As such, a reversal of the historical impairment charges of £139.8m was recognised in 2021.

In determining the reversal of the impairment charge, the directors considered sensitivities of a 1% decrease on the growth and discount rates used and a 10% decrease in the cash flow estimates used in the impairment review to support the reversal of prior impairment charges. The impact of these sensitivities would cause the discounted forecast future cashflows to vary as follows:

Growth rate -a £64m reduction
Discount rate -a £161m reduction
Cashflow -a £86m reduction.

2. Operating result and 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 (2020: £2,500) and were borne by another Group company. See note 6 for details of other administration expenses.

3. Finance income

	2021	2020
	£m	£m
Interest receivable on amounts due from Group companies	**39.2**	**20.4**

4. Finance costs

	2021	2020
	£m	£m
Interest payable on loans to Group undertakings	**101.4**	**63.0**

5 Taxation

The total tax credit for the year is £2.4m (2020: £0.9m).

Factors affecting the tax charge for the year

The tax assessed for the year is the same as the standard rate of corporation tax of 19% (2020:19%) as set out below:

	2021	2020
	£m	£m
Profit/ (loss) for the year:	77.6	(96.4)
Profit/ (loss) on ordinary activities multiplied by standard rate of corporation tax	(14.7)	18.3
Expenses not deductible	(13.8)	(21.3)
Non-taxable income	30.9	3.9
Tax credit	**2.4**	**0.9**

b) Factors affecting future tax charges

The Company had no deferred tax assets or liabilities as at 31 May 2021 (2020: Nil).

The Finance Act 2016 included legislation to reduce the main rate of UK Corporation Tax to 17% from 1 April 2020, however the Budget in March 2020 announced that main rate of UK Corporation Tax would remain at 19%. This was substantively enacted by the Provisional Collection of Taxes Act on 17 March 2020.

The Budget in March 2021 announced that the main rate of UK Corporation Tax would increase to 25% from 1 April 2023. Finance Bill 2021 included the legislation to enact this rate change and was substantively enacted on 24 May 2021.

6. Administration expenses

	2021	2020
	£m	£m
	(139.8)	53.8

For the year ended 31 May 2021, administration costs of less than £0.1m were incurred in respect of legal and professional costs (2020: less than £0.1m).

Impairment credits of £139.8m were released during the year ended 31 May 2021, being the reversal of prior year impairment charges of £53.8m and impairment charges brought forward from 2019 of £86.0m.

7. Investments

	Investments in subsidiary undertakings £m
Cost at 31 May 2019, 31 May 2020, and 31 May 2021	**404.3**
Impairment as at 31 May 2019	(86.0)
Impairment charged to the income statement in the year ended 31 May 2020	(53.8)
Impairment credit to the income statement in the year ended 31 May 2021	139.8
Accumulated impairment charges as at 31 May 2020 and 31 May 2021	**-**
Net book value of investments as at 31 May 2020 and 31 May 2021	**404.3**

Details of the subsidiaries are disclosed in the financial statements of IndigoCyan Holdco 3 Limited. See note 14, Controlling party, for details of the registered address. The Company has recognised an reversed the impairment charge to the income statement of £139.8m at 31 May 2021 (2020: expensed impairment charges of £53.8m) based on the facts known at the balance sheet date and the Directors assessment of the future cashflows.

8. Debtors

	2021	2020
	£m	£m
Amounts owed by Group undertakings	**569.4**	**528.0**

Amount owed by Group undertakings include interest -bearing amounts of £566.9m (2020: 527.1m). These amounts are subject to a range of interest rates between 4.5% and 12.8% for 2021 and 2020.

Other amounts owed by Group undertakings of £3.3m (2020: £0.9m) and are repayable on demand.

9. Cash and cash equivalents

	2021	2020
	£m	£m
Cash at bank	**0.1**	**0.1**

10. Creditors:

	2021	2020
	£m	£m
Amounts due within one year:		
Amounts owed to Group undertakings	247.0	145.8
	247.0	**145.8**

	2021	2020
	£m	£m
Amounts due in more than one year:		
Amounts owed to parent company	72.1	65.3
Amounts owed to Group undertakings	836.5	843.3
	908.6	**908.6**

Included in the above 'Amounts due in more than one year' as at 31 May 2021 are £nil amounts repayable in instalments (2020: £nil).

Amounts owed to parent company and group undertakings attract interest at a range of rates between 4.5% and 12.8%. Included in Amounts owed to Group undertakings include loan notes issued to IndigoCyan Holdco 3 Limited. These loan notes are repayable in 2047 and attract interest at a rate of 10% (2020: 10%). These loan notes are listed on the International Stock Exchange, Guernsey.

11. Financial instruments

	2021 £m	2020 £m
Financial assets:		
Cash and bank balances	0.1	0.1
Financial assets that are debt instruments carried at amortised cost	569.4	528.0
	569.5	**528.1**

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

11. Financial instruments

	2021 £m	2020 £m
Financial liabilities:		
Creditors amounts falling due within one year-amounts owed to Group	247.0	145.8
Creditors: amounts owed to Group and parent	908.6	908.6
	1,155.6	**1,054.4**

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

12. Share capital and reserves

Each share carries pari passu voting and distribution rights. The Company's other reserves which represent cumulative profits or losses, net of dividends.

	2021	2020
	£m	£m
Financial liabilities:		
Allotted, called up and fully paid 950,0000 ordinary shares of £1 each	1.0	1.0
	1.0	**1.0**

Profit and loss

The profit and loss reserve represents cumulative profit or losses, net of dividends.

13. Related party transactions

The Company has taken advantage of the exemption under FRS101 Section 8(k) not to disclose transactions with entities that are wholly owned members of the Group headed by Indigo Cyan Holdco 3 Limited.

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 the registered office. IndigoCyan Holdco 3 Limited's registered address is 27 Esplanade, St Helier, Jersey, JE1 1SG.

15. Events subsequent to the balance sheet date.

On 1 July 2021, a subsidiary, Seckloe 208 Limited, acquired 85.5% of Circus Street London Limited, a global leader in providing commercial digital skills including ecommerce, data analytics and digital marketing skills through its subscription-based, proprietary digital platform.