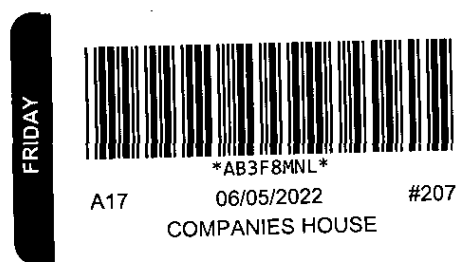




# Annual report and financial statements Camelot Midco Limited

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For the year ended 31 August 2021



Company no. 08780064

## Officers and professional advisers

<b>Company registration number</b>	08780064
<b>Registered office</b>	51-53 Hills Road Cambridge CB2 1NT
<b>Directors</b>	D Johnston B Webb
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

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## Strategic report

The directors present their strategic report on the company for the year ended 31 August 2021.

### Principal activities

The principal activity of the group during the year was that of an intermediate holding company which holds Cambridge Education Group Limited and its subsidiaries (CEG). CEG is a UK-based global group that specialises in the provision of high quality academic, English language and online programmes to international students out of its 12 ONCAMPUS centres across the UK, North America and continental Europe and 7 Digital university partnerships.

### Business review

The profit before taxation for the year was £7,271,000 (2020: £6,551,000). Net assets at the year end were £104,123,000 (2020: £98,301,000). In the opinion of the directors the state of the company's affairs at 31 August 2021 was satisfactory.

As an intermediate holding company, the company is dependent on the results of CEG. During the year, for continuing operations of CEG:

- student volume remained similar to 2020 with over 4,000 new students recruited, with a reduction in ONCAMPUS offset by continued growth in CEG Digital;
- turnover decreased by 14% from 2020's record high to £52.0m due to a pandemic-impact Autumn 2020 intake in ONCAMPUS;
- gross margin was largely unchanged at 56.3% (2020: 57.1%);
- underlying EBITDA decreased due to reduced revenue at ONCAMPUS;
- CEG Digital successfully launched its partnership with University of Portsmouth, and both Digital and ONCAMPUS signed new long-term partnerships with leading UK universities (Aston, Southampton, UCLan) launching in September 2021.

### Future developments

In future the company will continue to perform its present function within the group.

### Financial key performance indicators

The board and management use key performance indicators (KPIs) to monitor the success of the business. The KPIs used for the trading group headed by CEG are not relevant to the activities of the company and therefore the KPIs used are that the company provide financing for the group at an acceptable cost compared to that planned.

### Directors' duties under section 172 of the Companies Act 2006

When performing their duties under section 172 of the Companies Act 2006 the directors must have regard to the following considerations:

- the likely consequence of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct;
- the need to act fairly as between shareholders of the company.

We have detailed below how the directors have done so during the year for the CEG group of which the company is a member.

2021 was a year of change for Cambridge Education Group with: operational agility in response to the coronavirus pandemic, both in our traditional “face-to-face” ONCAMPUS centres and in our administrative head office locations; multiple acquisitions with significant revenue and EBITDA growth potential; increased business development activity in line with the group’s objective of developing its online and pathway offerings (including establishment of several new long-term partnerships); and significant growth in online revenue at CEG Digital. These changes were driven by strategic decisions made to ensure we manage our business with a focus on creating long term sustainable value for our shareholders.

Set out in the below table is management’s assessment of our key stakeholder groups, detailing how the board has considered the issues and factors that impact them and how engagement has impacted board decisions and company strategies during the financial year.

Stakeholders	Significance to the business	Examples of engagement	Examples of decisions impacted by the engagement
Shareholders	The board is accountable to its shareholders and must act in a way that is likely to promote the success of the group for the benefit of its members as a whole. The group seeks to maintain effective dialogue with its <i>shareholders, to ensure that their views and any concerns they may have are understood and considered.</i>	Regular monthly board meetings, complemented by separate consideration of relevant issues at meetings of the remuneration committee and audit committee.	Acquisitions of iheed and Castel, signing of new long-term partnerships with ONCAMPUS Aston / Southampton and Digital UCLan.
Customers (e.g. university partners)	Delivering a service that meets the needs of our customers in all of the markets in which we operate is fundamental to our success.	University ‘partner insights’ feedback survey, regular university board / steering group meetings.	
Students	Students are at the heart of what the group is trying to achieve, and as such we rely heavily on their feedback and evaluation of their learning experiences. Both ONCAMPUS and Digital actively engage students, individually and collectively, in the quality of their educational experience.	Induction surveys, end of programme surveys, representation at centre audits and on relevant committees (e.g. staff-student consultative committees).	Continuation of staggered start dates and flexible modes of delivery (e.g. face-to-face, online-only, blended) in response to existing and prospective student requirements during coronavirus disruption. #ByYourSide initiative including pre-arrival and travel support, and facilitation of access to health and vaccination services.

Stakeholders	Significance to the business	Examples of engagement	Examples of decisions impacted by the engagement
Suppliers (e.g. our agent network)	Strong working relationships with our suppliers is crucial to the effectiveness of our entire operation, enhancing our efficiency and creating value.	Agent surveys, 'familiarisation trips' to allow agents to experience our product first-hand.	Creation of global recruitment hub, based in Hong Kong, to embed student recruitment and admissions functions in or close to our key source markets.
Employees	Our people, including both permanent and temporary staff, and both employees and contractors, are what makes our business what it is. We rely on them to uphold our vision, values and culture, to deliver on our strategic priorities and to create long term sustainable value for our shareholders and stakeholders.	'#CEGConnected' engagement strategy includes daily updates for staff, new HR Connect line managers portal, and forums for 2-way employee dialogue. Employees are given individual objectives that form part of a group 'cascade', aiding alignment with the group's strategic priorities at all levels. Group-wide "culture survey" facilitated through external provider during 2021.	Introduction of group agile working policy, allowing most employees to work from home for up to 50% of their scheduled workdays. Introduction of enhanced cleaning and Covid testing / tracing protocols to protect staff during coronavirus pandemic.
Debt providers and banking partners	By providing funds for the group's working capital and general corporate purposes, our debt providers play an important role in our business.	Provision of annual budgets and monthly actual financial information to banking providers, annual senior management team presentation to lenders.	Financing structure of iheed and Castel acquisitions. Extension of (undrawn) RCF to provide continued liquidity.

### Principal risks and uncertainties

The main risks arising from the company's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and, as they relate particularly to the company, they are summarised below:

- interest rate risk: the company is not exposed to interest rate fluctuations as it borrows from its external loan note holders and parent undertaking at a fixed rate and lends to its subsidiary undertaking at a fixed rate.
- liquidity risk: the company maintains cash balances sufficient for the present servicing of its obligations.

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



D Johnston  
Director

## Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 August 2021.

A review of the business, including financial key performance indicators and principal risks and uncertainties, together with a summary of future developments is included in the strategic report under s414 of the Companies Act 2006 and are therefore not shown in the directors' report. Directors' duties under section 172 of the Companies Act 2006 are also described in the strategic report and are not included in this directors' report.

### Results and dividends

The profit for the financial year amounted to £5,822,000 (2020: £5,787,000). No dividend has been paid during the year (2020: £nil). The directors do not recommend the payment of a final dividend (2020: £nil).

Future developments and principal risks and uncertainties are discussed in the strategic report on pages 3 to 5.

### Directors

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

D Johnston  
B Webb

### Risk management

The principal risks and uncertainties and arrangements for their management are described in the strategic report on pages 3 to 5.

### Streamlined carbon and energy reporting

The company does not meet the definition of a large company which means that it is not obliged to include energy and carbon information in this directors' report.

### Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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). 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 financial statements, the directors are required to:*

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

**Disclosure of information to auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

**Independent auditor**

BDO LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487 (2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

On behalf of the board



D Johnston  
Director

22<sup>nd</sup> December 2021



## INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CAMELOT MIDCO LIMITED

### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Camelot Midco Limited ("the Company") for the year ended 31 August 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

### Independence

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### 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.

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.

### 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, except to the extent otherwise explicitly stated in our report, 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.

#### **Other Companies Act 2006 reporting**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### **Responsibilities of Directors**

As explained more fully in the Statement of Directors' Responsibilities, 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.

### *Extent to which the audit was 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:

Based on our understanding of the company and the sector in which it operates, we identified the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the entity's continued operation. We also considered those laws and regulations that have a direct impact on the financial statements.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks we related to posting inappropriate journal entries to manipulate financial results and management bias in making accounting estimates.

The audit procedures to address the risks identified included:

- challenging assumptions made by management in their accounting estimates and judgements
- identifying and testing journal entries selected based on specific risk criteria
- reading minutes of meetings of the board and review of legal correspondence.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
*Kieran Storan*  
B74264A83FEC4B7

Kieran Storan (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
55 Baker Street, London W1U 7EU

23 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Statement of comprehensive income

For the year ended 31 August 2021

	Note	2021 £'000	2020 £'000
Interest receivable and similar income	7	11,344	10,400
Interest payable and similar expenses	7	(4,073)	(3,849)
Net interest income		7,271	6,551
<b>Profit before tax</b>		<b>7,271</b>	<b>6,551</b>
Tax on profit	8	(1,449)	(764)
<b>Profit for the financial year and total comprehensive income</b>		<b>5,822</b>	<b>5,787</b>

All of the activities of the company are classed as continuing.

# Statement of financial position

As at 31 August 2021

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Investments	9	<u>39,499</u>	<u>39,499</u>
<b>Current assets</b>			
Debtors due less than one year	10	1,652	1,652
Debtors due after more than one year	10	114,476	103,132
Cash at bank and in hand		<u>10</u>	<u>9</u>
		116,138	104,793
<b>Creditors: amounts falling due within one year</b>	11	<u>(10,418)</u>	<u>(8,967)</u>
<b>Net current assets</b>		<u>105,720</u>	<u>95,826</u>
<b>Total assets less current liabilities</b>		145,219	135,325
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(41,096)</u>	<u>(37,024)</u>
<b>Net assets</b>		<u><u>104,123</u></u>	<u><u>98,301</u></u>
<b>Capital and reserves</b>			
Called-up share capital	14	45,999	45,999
Retained earnings	14	58,124	52,302
<b>Total equity</b>		<u><u>104,123</u></u>	<u><u>98,301</u></u>

The financial statements on pages 11 to 23 were approved by the directors and authorised for issue on 22<sup>nd</sup> December 2021, and are signed on their behalf by:



D Johnston  
Director

Company registration number: 08780064

## Statement of changes in equity

For the year ended 31 August 2021

	<b>Called-up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>At 1 September 2019</b>	<b>45,999</b>	<b>46,515</b>	<b>92,514</b>
Profit for the financial year and total comprehensive income	-	5,787	5,787
<b>At 31 August 2020</b>	<b>45,999</b>	<b>52,302</b>	<b>98,301</b>
Profit for the financial year and total comprehensive income	-	5,822	5,822
<b>At 31 August 2021</b>	<b>45,999</b>	<b>58,124</b>	<b>104,123</b>

# Notes to the financial statements

## 1 General information

Camelot Midco Limited ("the company") is a private company limited by shares and incorporated in the United Kingdom under the Companies Act and is registered in England. The address of the registered office, which is also the principal place of business, is given on page 1. The company is an intermediate holding company within a group of companies and the nature of that group's operations and principal activities are set out in the strategic report on pages 3 to 5.

## 2 Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards including "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

## 3 Summary of significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and prior year in these financial statements.

### a) Basis of preparation

These financial statements have been prepared on a going concern basis under the historic cost convention, as modified by the recognition of certain assets and liabilities measured at fair value.

The functional 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.

Values are presented in thousands of pounds sterling except where the nature of the disclosure or the value disclosed is such that disclosure in pounds sterling is more appropriate.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### b) Going concern

The group containing the company meets its day-to-day working capital requirements for trading purposes through its banking facilities. The company itself does not have access to borrowing facilities but does maintain cash balances which are sufficient to meet its present requirements for working capital. The directors have prepared both detailed budgets and long term forecasts for the group, taking account of possible changes in trading performance. At 31 August 2021, the excess of current liabilities over debtors due within one year was £8,766,000 (2020: £7,315,000). Group undertakings have confirmed that, despite amounts being owed within one year, there is no intention of requiring payment within 12 months. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and to meet long term liabilities as they fall due. The company therefore continues to adopt the going concern basis in preparing its financial statements.

### **3 Summary of significant accounting policies (continued)**

#### **c) Consolidated financial statements**

The company is a wholly-owned subsidiary of Camelot Topco Limited. It is included in the consolidated financial statements prepared by that company which are publicly available. Therefore, by virtue of section 400 of the Companies Act 2006, the company is exempt from the requirement to prepare consolidated financial statements. These financial statements are therefore for the company only.

#### **d) Interest**

Interest income is recognised in the period in which it is earned using the effective interest rate method.

#### **e) Dividends**

Dividend income is recognised when the right to receive payment is established.

#### **f) Borrowing costs**

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred, using the effective interest rate method.

#### **g) Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts to be paid to the tax authorities.

#### **h) Investments**

Investments in a subsidiary company are valued at cost less accumulated provision for permanent impairment.

#### **i) Cash at bank and in hand**

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term high liquid investments. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

#### **j) Current debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in 'Administrative expenses'.



### 3 Summary of significant accounting policies (continued)

#### k) Financial instruments

Basic financial assets, including amounts owed by group undertakings and cash balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Financing transactions are measured at the present value of the future receipts discounted at the market rate of interest and are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

Basic financial liabilities including amounts owed to group undertakings and accruals are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. For such transactions the debt instrument is measured at present value of the future receipts discounted at a market rate of interest and subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends and other distributions to the company's shareholders are recognised as a liability in the period in which the dividends and other distributions are approved by the shareholders. Interim dividends are recognised when paid. These amounts are recognised in the statement of changes in equity.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the statement of comprehensive income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

#### **4 Critical accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the directors, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are described below.

##### **Taxation**

The company establishes provisions based on reasonable estimates of direct and indirect tax rates and where relevant for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

#### **5 Disclosure exemptions**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with. The company has taken advantage of the following exemptions:

- under FRS 102 paragraph 1.12(b) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Camelot Topco Limited, includes the company's cash flows in its own consolidated financial statements;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statements of the group in which the company is consolidated; and
- from the key management personnel compensation disclosures required under FRS102 paragraph 33.7, as the information is provided in the consolidated financial statements of the group in which the company is consolidated.

#### **6 Operating result**

The company had no employees during the year (2020: nil).

Directors' remuneration is borne by other group companies and it is deemed not possible to allocate a charge from other group companies.

Audit fees payable to the company's auditor of £10,000 (2020: £10,000) have been borne by another group company without recharge in the year.

## 7 Net interest income

	2021 £'000	2020 £'000
<b>Interest receivable and similar income:</b>		
On intra group loans and loan notes	<u>11,344</u>	<u>10,400</u>
<b>Interest payable and similar expenses:</b>		
On investor loan notes	(1,892)	(1,885)
On intra group loan notes	<u>(2,181)</u>	<u>(1,964)</u>
Total interest payable and similar expenses	<u>(4,073)</u>	<u>(3,849)</u>
Net interest income	<u><u>7,271</u></u>	<u><u>6,551</u></u>

## 8 Tax on profit

### (a) Analysis of charge in the year

The tax charge represents

	2021 £'000	2020 £'000
<b>Current tax:</b>		
UK corporation tax for the year	1,381	1,245
Adjustment in respect of prior periods	<u>68</u>	<u>(481)</u>
Tax on profit	<u><u>1,449</u></u>	<u><u>764</u></u>

### (b) Reconciliation of tax charge

The tax assessed on the profit on ordinary activities for the year is higher (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit before tax	<u>7,271</u>	<u>6,551</u>
Profit before tax multiplied by rate of tax	1,381	1,245
Adjustment in respect of prior period	<u>68</u>	<u>(481)</u>
Tax charge for the year	<u><u>1,449</u></u>	<u><u>764</u></u>

**9 Investments**

Cost and net book value	£'000
At 31 August 2020 and 31 August 2021	<u><u>39,499</u></u>

Investments are the directly held subsidiary undertakings detailed in note 15.

**10 Debtors**

	2021 £'000	2020 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	1,652	1,652
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings – loan notes	42,303	38,111
Amounts owed by group undertakings – loans	<u>72,173</u>	<u>65,021</u>
Total amounts falling due after more than one year	<u>114,476</u>	<u>103,132</u>
	<u><u>116,128</u></u>	<u><u>104,784</u></u>

The intra group loans and loan notes are unsecured, bear interest at 11% compounded annually on 31 August, and the principal plus interest are repayable on 31 August 2027. Other amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**11 Creditors: amounts falling due within one year**

	2021 £'000	2020 £'000
Amounts owed to group undertakings	<u>10,418</u>	<u>8,967</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**12 Creditors: amounts falling due after more than one year**

	2021 £'000	2020 £'000
Amounts falling due between one and five years:		
Amounts owed to group undertakings – loan notes	-	19,823
Amounts falling due after more than five years:		
Amounts owed to group undertakings – loan notes	22,003	-
Investor loan notes including accrued interest	19,093	17,201
	<u>41,096</u>	<u>37,024</u>

The investor loan notes and intra group loan notes are unsecured, bear interest at 11% compounded annually on 31 August, and the principal plus interest is repayable on 31 August 2027. During the year, the repayment date on the intra group loan notes was extended from 30 September 2021 to 31 August 2027. The cumulative accrued interest on these loan notes was £7,570,000 (2020: £5,677,000).

**13 Related party transactions**

As a wholly-owned subsidiary of Camelot Topco Limited, the company is exempt from the requirement to disclose transactions with other members of the group.

During the year the company entered into transactions with other related parties as follows:

A principal balance of £11,523,000 (2020: £11,523,000) of loan notes was held at the year end by BEP IV (Nominees) Limited, a subsidiary company of Bridgepoint Group Limited which is the ultimate parent company of Bridgepoint Advisers Limited. Bridgepoint Advisers Limited manages the fund which is the ultimate controlling party of the company as disclosed in note 16. The interest expense for the year on these notes was £1,611,000 (2020: £1,605,000) and the cumulative balance comprising principal and accrued interest was £16,257,000 (2020: £14,646,000).

#### 14 Called-up share capital and reserves

Allotted, called-up and fully paid:

	2021		2020	
	No.	£'000	No.	£'000
Ordinary shares of £1 each	45,999,330	45,999	45,999,330	45,999

The ordinary shares are not redeemable, have voting rights of one vote per share and are all equally entitled to dividends and any distribution of capital. All shares are classified as equity.

The retained earnings reserve represents the cumulative profits and losses, net of dividends paid and other adjustments.

#### 15 List of subsidiary undertakings

Subsidiary undertakings	Registered office	Nature of business	Interest
<b><u>Direct shareholdings</u></b>			
Camelot Interco Limited	i.	Intermediate holding company	100% ordinary shares
<b><u>Indirect shareholdings</u></b>			
Cambridge Education Group Consulting (Shanghai) Limited	ii.	Provision of administrative services for group companies	100% ordinary shares
Cambridge Education Group Hong Kong Limited	iii.	Provision of administrative services for group companies	100% ordinary shares
Cambridge Education Group Limited	i.	Intermediate holding company	100% ordinary shares
Cambridge Online Learning Limited	i	Dormant	100% ordinary shares
Camelot Bidco Limited	i.	Intermediate holding company	100% ordinary shares
Camelot Holdco Limited	i.	Intermediate holding company	100% ordinary shares
Castel International (Education) Limited	iv.	On-site university foundation courses	100% ordinary shares
CEG Administrative Services Limited	i.	Provision of administrative services to group companies	100% ordinary shares
CEG Digital Limited	i.	Online and blended learning courses	100% ordinary shares
CEG International Limited	i.	Dormant	100% ordinary shares
CEG ONCAMPUS Holdings Limited	i.	Intermediate holding company	100% ordinary shares
CEG Online Limited	i.	Online and blended learning courses	100% ordinary shares
CEG Pathways, Inc	v.	On-site university foundation courses	100% ordinary shares

**15 List of subsidiary undertakings (continued)**

Subsidiary undertakings	Registered office	Nature of business	Interest
CEG UFP Limited	i.	On-site university foundation courses	100% ordinary shares
CEG UNW Online Limited	i.	Online and blended <i>learning courses</i>	100% ordinary shares
Falmouth Flexible Ltd	i.	Online and blended learning courses	100% ordinary shares
Hull Online Limited	i.	Online and blended learning courses	100% ordinary shares
Iheed Health Training Limited	vi.	Online and blended learning courses	74.4% ordinary shares
ONCAMPUS Amsterdam B.V. <sup>a</sup>	vii.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Aston Limited	i.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Coventry Limited <sup>b</sup>	i.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Education Dublin Limited	viii.	Dormant	100% ordinary shares
ONCAMPUS Hull Ltd	i.	On-site university foundation courses	100% ordinary shares
ONCAMPUS London Limited <sup>c</sup>	i.	On-site university foundation courses	100% ordinary shares
ONCAMPUS LSBU Limited <sup>d</sup>	i.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Lund Sweden AB	ix.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Reading Limited	i.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Southampton Limited	i.	On-site university foundation courses	100% ordinary shares
ONCAMPUS Sunderland Limited <sup>e</sup>	i.	On-site university foundation courses	100% ordinary shares
ONCAMPUS UK North Limited <sup>f</sup>	i.	On-site university foundation courses	100% ordinary shares
Portsmouth Online Limited	i.	Online and blended learning courses	100% ordinary shares
Queen Mary Digital Limited	i.	Online and blended learning courses	100% ordinary shares
Southampton Global Limited	i.	Online and blended learning courses	100% ordinary shares

## 15 List of subsidiary undertakings (continued)

- i 51-53 Hills Road, Cambridge, CB2 1NT
- ii Room 408, Building 2, No. 215 Yaohua Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, People's Republic of China
- iii Suites 3005-6, 30/F Tower 2, The Gateway, Harbour City, Kowloon, Hong Kong
- iv Leebrook House, Leebrook, Tralee, Kerry, Ireland
- v 251 Little Falls Drive, Wilmington, DE 19808, United States of America
- vi Hamilton House, 28 Fitzwilliam Place, Dublin, Ireland
- vii Jachthavenweg 109H, 1081 KM Amsterdam, Netherlands
- viii Main Street, Dunboyne, Meath, Ireland
- ix Östra Vallgatan 14, 223 61 Lund, Sweden
  
- a On 24 September 2020 the subsidiary changed its name from Amsterdam FoundationCampus B.V.
- b On 4 September 2020 the subsidiary changed its name from Coventry FoundationCampus Limited
- c On 4 September 2020 the subsidiary changed its name from FoundationCampus London Limited
- d On 4 September 2020 the subsidiary changed its name from London South Bank FoundationCampus Limited
- e On 4 September 2020 the subsidiary changed its name from CEG FoundationCampus Sunderland Limited
- f On 4 September 2020 the subsidiary changed its name from CEG UCLAN FoundationCampus Limited

## 16 Ultimate controlling party

The immediate and ultimate parent company is Camelot Topco Limited.

Camelot Topco Limited is the parent undertaking of the smallest and largest group which prepares publicly available consolidated financial statements that incorporate the results of the company and its subsidiaries. Copies of the consolidated financial statements may be obtained from the address given on page 1.

The ultimate controlling party is Bridgepoint Europe IV Fund, managed by Bridgepoint Advisers Limited, which owns the majority of the shares in the ultimate parent company on behalf of various funds.