SG GLOBAL TOPCO LIMITED
ANNUAL REPORT
&
FINANCIAL STATEMENTS

Year Ended 31 December 2020

Registered Number: 11827427

DIRECTORS AND CORPORATE INFORMATION

DIRECTORS

K Burnett, Sir
R Kugler
B Ladriere
E Lancaster
E Little
O Personnaz
M Van Cauwenberge
N Williams
B Witcher

INDEPENDENT AUDITOR

Deloitte LLP
1 New Street Square
London
United Kingdom
EC4A 3HQ

REGISTERED OFFICE

Brighton Study Centre
1 Billinton Way
Brighton
East Sussex
BN1 4LF

COMPANY REGISTERED NUMBER

Registered in England No. 11827427

Introduction
The Directors present their report and the consolidated financial statements for SG Global Topco Limited, 'the Company', and its subsidiaries, together 'the Group' or 'Study Group', for the period ended 31 December 2020. The Company is domiciled in the United Kingdom with its registered office at 1 Billinton Way, Brighton, East Sussex, BN1 4LF, and the Group is headquartered in London.

The statutory reporting includes twelve months of trading for the year ended 31 December 2020 and seven months comparative period ended 31 December 2019 for the Group, since it acquired EDU UK Topco Limited on 31 May 2019. To provide a meaningful understanding of the Group's performance, the Directors have also included pro-forma results of the Group to show the full comparative twelve months' results of Study Group as if it had been owned by SG Global Topco Limited from 1 January 2019.

Overview
Study Group is the leading provider of international education, driving success for its students and partners. Its largest business is the delivery of Higher Education and Pathway programmes, referred to hereafter as the "International Education" business. This entails providing undergraduate foundation, International Year 1, Pre-Masters and Masters programmes to international students in the UK, Europe, the United States, Canada, Australia and New Zealand. It delivers these programmes to students from over 140 countries.

In 2020 the Group was proud to reach its 25th anniversary of providing high quality international education. During this period of significant market development and change, the Group has delivered strong financial performance and steadily improving academic standards, evidenced by the high numbers of students successfully progressing to the next stage of their academic careers.

One example of a significant market change during the year was the accelerated transition to online teaching delivery, and in February 2020 the Group acquired Insendi Limited ('Insendi'), a leading online learning platform innovator based in the UK. Insendi is chaired by Dr David LeFevre, who founded the company in 2017 in conjunction with the Edtech lab at London's Imperial College Business School. Insendi has grown rapidly since inception and has 15 partnership agreements with universities and business in the UK, Australia, the USA, Germany, Norway, Spain, Switzerland and Singapore.

Study Group was proud to be named Education Investor's University Pathway provider of the year in 2020.

The results throughout this report are either attributable to the International Education business or Insendi. The Group's International Education business comprises three geographical operating segments: United Kingdom & Europe ('UK&EU'), Australia & New Zealand ('ANZ') and North America ('NA').

The 2020 results were significantly affected by the Covid-19 pandemic, notwithstanding the mitigating actions that were rapidly taken to support our students and partners, and to strengthen Study Group's financial position. We specifically recognise and thank every member of the global Study Group team for their efforts, contribution, and commitment during this challenging period.

The 2019-20 intakes were transitioned to online learning with as high or higher levels of student retention and satisfaction relative to previous years. Consequently, most pathway students gained entry to their university of choice on completion of their studies. However, the closure of international borders impacted the number of students that was able to study in-country for academic years commencing in 2020, which materially impacted the Group's intakes particularly in the second half of the year. In light of these circumstances a fall in revenue of 14% to £234.8 million from £274.1 million [(i)] (£147.7 million for the seven months) [(ii)] is viewed as an achievement. The results benefited from opening a study centre at Cardiff University, along with a first full year's contribution from the Group's partnership with the University of Aberdeen. The Group also partnered with Huddersfield University to open a new centre for postgraduate students in London in January 2021.

(i) 2019 revenue and adjusted and reported EBITDA have been restated at 2020 foreign exchange rates to show the results at constant currency. Amounts at actual rates have been disclosed on page 4.
(ii) The parent entity was incorporated on 14 February 2019 and the acquisition of the trading group occurred on 31 May 2019, thus the results reflect 7 months of trade.

During 2020, the Group renewed three partnerships; the University of London's Royal Holloway College, University of Leeds, and Kingston University, and launched a partnership with Cardiff University in September 2020. Furthermore, Insendi signed new partnerships with the Johns Hopkins Carey Business School in the US and the Hong Kong University of Science and Technology's Business School.

As a consequence of the Covid-19 pandemic the Group rapidly implemented increased cash and cost control measures. This included voluntary staff salary reductions during a significant portion of the year. The Group also benefited from a variety of government initiatives in the various countries it operates to the value of £8.7 million, including £2.5 million of payroll related support passed directly on to furloughed employees, and £0.2 million in respect of research and development in Insendi.

In December 2020, Study Group reached an agreement with its lenders to set aside for an extended period the Group's leverage covenant on its term loan debt, which the Group complied with throughout the year. The agreement included a commitment from Ardian LBO Fund VI B S.L.P ('Ardian') to provide a capital injection of up to £32 million of which £17 million was received in February 2021, with a further £15 million available if required.

The financial outcome for the year was an adjusted EBITDA(i) of £49.9 million compared with £52.6 million in 2019 at constant currency(iii) and reported EBITDA(i) of £46.5 million compared to £40.0 million in 2019 (or for the statutorily reported period of 7 months ended 31 December 2019 an adjusted EBITDA of £22.5 million and a reported EBITDA of £12.3 million).

The general outlook is improving but remains uncertain at the time of writing. However, the Directors believe that the Group is in a strong financial position with the flexibility to adapt to any new challenges it might face.

Operating and financial review

Key performance indicators

The financial and non-financial KPIs for the continuing business are as follows. These KPIs are selected in order to monitor the Group's medium-term goal of continued revenue and EBITDA growth. Given the 7 month statutory period in 2019, pro-forma Full Year 2019 figures have been provided for comparability.

The Group revenue performance of the International Education and the Insendi businesses converted to adjusted EBITDA(i) of £49.9 million for the Full Year, compared to £52.6 million for the 2019 Full Year at constant currency(iii). The single largest influence on the Group's results in 2020 was the Covid-19 pandemic and management's response to it. The regional results are discussed in further detail below.

	Statutory results		**Pro-forma Full Year results**		
	2020	**2019**	**2020**	**2019**	**%**
£m	**12 months**	**7 months** (vi)	**12 months**	**12 months**	**Variance**
Revenue (£m)	**234.8**	148.6	**234.8**	275.7	(15%)
Constant currency adjustment (iii) (£m)		(0.9)		(1.6)	
Revenue at constant currency (£m)	**234.8**	147.7	**234.8**	274.1	(14%)
Adjusted EBITDA (i) (£m)	**49.9**	22.5	**49.9**	53.0	(6%)
Constant currency adjustment (iii) (£m)		(0.1)		(0.4)	
Adjusted EBITDA(i) at constant currency (£m)	**49.9**	22.4	**49.9**	52.6	(5%)
Operating profit/(loss) before Exceptional and Other items (£m)	**9.8**	(1.3)	**9.8**	13.4	(27%)
New student enrolments (NSE) (vii)	**10,012**	n/a	**10,012**	14,450	(31%)

Please see footnotes on page 4 for the operational and financial review

The Group's results by operating segment are summarised as follows and shown at constant currency(iii) to enable like-for-like Year on Year comparison:

	Revenue				
	Statutory results		**Pro-forma Full Year results**		
	2020	**2019**	**2020**	**2019**	**%**
£m	**12 months**	**7 months** (iv)	**12 months**	**12 months** (iii)	**Variance**
On a continuing operations basis:					
United Kingdom & Europe	**148.7**	79.5	**148.7**	153.5	(3%)
Australia & New Zealand	**74.8**	61.0	**74.8**	110.5	(32%)
North America	**9.9**	7.2	**9.9**	10.1	(2%)
Insendi(v)	**1.4**	-	**1.4**	-	N/A
Total	**234.8**	147.7	**234.8**	274.1	(14%)

	Adjusted EBITDA(i)				
	Statutory results		**Pro-forma Full Year results**		
	2020	**2019**	**2020**	**2019**	**%**
£m	**12 months**	**7 months** (iv)	**12 months**	**12 months** (i)(iii)	**Variance**
On a continuing operations basis:					
United Kingdom & Europe	**41.3**	15.8	**41.3**	37.6	10%
Australia & New Zealand	**25.3**	21.6	**25.3**	41.8	(39%)
North America	**(0.1)**	(1.2)	**(0.1)**	(2.7)	(96%)
Total University Partnerships	**66.5**	36.2	**66.5**	76.7	(13%)
Insendi (v)	**0.2**	-	**0.2**	-	N/A
Other operating income (vi)	**6.2**	-	**6.2**	-	N/A
Shared functional & corporate costs	**(23.0)**	(13.8)	**(23.0)**	(24.1)	(5%)
Total	**49.9**	22.4	**49.9**	52.6	(5%)

Reconciliation of reported EBITDA to adjusted EBITDA at actual foreign exchange rates:

	Statutory results		**Pro-forma Full Year results**		
	2020	**2019**	**2020**	**2019**	**%**
£m	**12 months**	**7 months** (iv)	**12 months**	**12 months** (iv)	**Variance**
On a continuing operations basis:					
Reported EBITDA (ii)	**46.5**	12.3	**46.5**	40.0	16%
Exceptional and other items	**3.4**	10.2	**3.4**	13.0	(74%)
Adjusted EBITDA (i)	**49.9**	22.5	**49.9**	53.0	(6%)

(i) Adjusted EBITDA for both 2019 and 2020 is defined as earnings before interest, tax, depreciation, amortisation, impairment and exceptional and other items (see Note 8 for details of exceptional and other items) Exceptional items are those which are material in size and are non-recurring in nature. Other items are not necessarily non-recurring in nature, but the Directors believe that it is helpful to show these amounts separately as they are not directly linked to the trading operations of the business.
(ii) Reported EBITDA is defined as earnings before interest, tax, depreciation, amortisation, and impairment.
(iii) 2019 revenue and adjusted and reported EBITDA have been restated at 2020 foreign exchange rates to show the results at constant currency.
(iv) The parent entity was incorporated on 14 February 2019 and the acquisition of the trading group occurred on 31 May 2019, thus the results reflect 7 months of trade.
(v) Insendi results relate to the period after 26 February 2020 and no comparatives are include for the period prior to acquisition.
(vi) Other operating income relates to Covid-19 support paid by various local governments which benefited the Group financially (£6.0 million) and grants in respect of research and development in Insendi (£0.2 million)
(vii) An NSE represents one new student arriving and enrolling in a course.

Review of results by Operating Segment

The following section provides commentary for the Full Year pro-forma result compared with the twelve month prior year period re-translated at constant currency 2020 foreign exchange rates to allow for a like-for-like comparison. Also, the Group has shown amounts of Government support received related to Covid-19 that financially benefit the results of the Group as a separate line item above so that there can be a more meaningful comparison of the underlying results. Where the government has provided financial support to employees who were furloughed and provided no services to the Group, their costs have been shown net of the government support provided.

Overall Study Group saw a decline in NSE (New Students Enrolled) from 14,450 to 10,012, a reduction of 31% due primarily to the Covid-19 pandemic with the largest reduction being in the second half of 2020.

UK & Europe
Full year revenue in 2020 reduced by 3.1% to £148.7 million (2019: £153.5 million) due to Covid-19 and related travel restrictions. The impact of Covid-19 was mitigated in part by a rapid move to online delivery including utilising the Group's recently-acquired online learning platform, Insendi. This enabled the Group to embed best practice principles into online teaching, including peer engagement and feedback. The UK & Europe business also benefited from pre-existing market conditions including a favourable post-study work rights regime in the UK. In light of this, new student volumes were higher than Covid-19 revised management expectations. In addition, prompt action by the Directors enabled the Group to manage its costs in response to the decline in student volumes to deliver Adjusted EBITDA growth of 9.8% to £41.3 million (2019: £37.6 million).

Australia & New Zealand
The impact of pre-existing market forces including favourable post-study work rights in the UK negatively affected the region's general attractiveness as a study destination in 2020. This combined with the impact of Covid-19 and more stringent travel regulations has resulted in Revenue declining by £35.7 million from £110.5 million for the full year 2019 to £74.8 million in 2020. The Group's ability to take quick action to reduce its costs in response to the decline in student volumes limited the EBITDA impact and consequently adjusted EBITDA declined by £16.5 million to £25.3 million (2019: £41.8 million).

North America
Full year revenue in 2020 decreased by 2.0% to £9.9 million (2019: £10.1 million). Adjusted EBITDA for the year improved to a loss of £0.1 million compared with a loss of £1.2 million for the 7 months in 2019 and a £2.7 million loss for the equivalent 12 month period. The improved performance benefited from a first full year's contribution from the Group's partnerships with DePaul University and University of Hartford.

Insendi (10 Months 2020 only)
The acquisition of online education platform provider Insendi is of strategic importance to Study Group. Chaired by the Director of the EdTech Lab at Imperial College Business School in London, the company draws on 20 years academic EdTech research and work with leading global universities at the cutting-edge of online academic delivery.

Study Group staff have been working closely with the online education development team at Insendi to collaborate on product innovation. In addition to leading strategic thinking around the switch to digital teaching during the pandemic, Insendi brings a strong academic pedigree through its work with a range of well-known and respected partners.

Revenue in 2020 for the 10 month period following acquisition was £1.4 million with adjusted EBITDA of £0.2 million and was in line with management expectations.

Shared functional, corporate costs and Government support
Functional and corporate costs, being largely central IT, finance, HR and head office costs reduced by 5% to £23.0 million from £24.1 million in 2019, reflecting the impact of cost control measures taken in response to Covid-19. These costs are managed and controlled centrally and as such are reported separately from the operating segments.

The Group received £6.0 million of Government funding in respect of Covid-19 related support. This came from a number of countries, mainly in the form of wage support packages for those employees continuing to work. Additionally, in the UK and Australia where the government was to fund the salaries of those persons being furloughed and who therefore provided no services to the Group, support amounted to £2.5 million and has been netted against salary cost in the relevant entity.

Operating Profit before financing cost
In the current year the Group made an operating profit before Financing costs and exceptional items of £9.8 million compared with a loss of £1.3 million for the 7 months of 2019.

Exceptional and Other items included in reported EBITDA

Exceptional items are those which are material in size and are non-recurring in nature. Other items are not necessarily non-recurring in nature, but the Directors believe that it is helpful to show these amounts separately as they are not directly linked to the recurring trading operations of the business.

Total Exceptional and Other items included in reported EBITDA for the period ended 31 December 2020 (as defined in footnote (i) on page 4) amounted to £3.4 million, including £1.7 million from redundancies due to restructuring activities caused by the impact of Covid-19, £0.2 million other restructuring costs, £0.6 million strategic investments relating to a corporate strategy project, and £0.3 million of costs relating to the acquisition of Insendi. This is compared to £10.2 million in 2019 which included £6.0 million of transaction fees in respect of the change of ownership, £1.9 million strategic investments relating to a corporate strategy project, £1.8 million restructuring costs, £0.9 million of shareholder and management fees and £(0.4) million relating to property provisions.

Goodwill impairment

Due to Covid-19 the Group experienced a reduction in the number of new students during the second half of 2020 relative to pre-pandemic expectations. Although the underlying demand from students to study overseas at leading international universities remains strong, they have also been concerned about safety, and limited international travel has meant that demand has reduced. Furthermore, the varying approaches taken by governments in response to Covid-19 has impacted demand across different operating segments with ANZ governments adopting a stricter border closure approach relative to that of the UK & Europe.

These events and government responses have consequently impacted the medium term outlook. Recovery in the ANZ operating segment is expected to take longer than in the UK & Europe, where a more rapid return to growth is expected in part aided by the roll out of vaccines, borders being open, and a favourable post-study work rights regime introduced in the UK from 2020. These regional dynamics partly offset each other in the medium term, and the Directors believe that the prospects for the business across all operating segments over the longer term remain strong. However, the respective sizes of the ANZ and UK & Europe operating segments are forecast to differ over the medium term relative to pre-pandemic expectations, with ANZ growing at a slower rate and UK & Europe at a faster rate than previously anticipated.

IAS 36 requires that an annual impairment test is applied to each Cash-Generating Unit, or “CGU” individually, without making allowance or adjustment for the overall group outlook. Therefore, a non-cash impairment of £154.2 million in respect of the goodwill carrying value in the ANZ business has been recognised. Conversely no change has been recognised to the carrying value of goodwill in the UK & Europe where the level of positive headroom has increased due to an enhanced outlook in that CGU. The full details of this review including sensitivity analysis are contained in note 9 to the Financial Statements.

Depreciation and amortisation

Depreciation and amortisation for the period ended 31 December 2020 totalled £40.1 million, (2019 full year: £37.6 million and 7 months: £23.7 million).

Finance income and expense

The net finance expense for the period ended 31 December 2020 was £23.6 million, an increase of £8.8 million on the 7 month post acquisition net cost of £14.8 million which is a more relevant comparison as this is based on the same funding model rather than a 12 month equivalent period. The largest finance expense was interest on the term loans of £16.3 million (2019 7 months: £9.8 million) which have an interest margin of 6.00%. The revolving credit facility (‘RCF’) was fully drawn from March 2020 to maximise on-hand liquidity during the Covid-19 pandemic which resulted in a cost of £1.2 million compared with commitment fees of £0.1 million for 7 months 2019. The Group also expensed in direct relation to the loan funding £1.2 million of amortisation of deferred borrowing costs compared to £0.7 million amortised in 2019.

The Group incurred finance costs related to other sources of finance including right-of-use assets (IFRS 16 assets) of £4.7 million, the equivalent cost for the 7 months in 2019 being £3.0 million, and the unwinding of interest calculations on various financial provisions (including the amounts potentially owed to the former owners of Insendi) of £1.0 million. In 2019 the Group expensed £0.7 million of foreign exchange losses primarily due to fluctuations in the Australian dollar; in 2020 the fluctuations moved in Study Group’s favour and gains of £0.9 million were recognised.

Taxation

For the year ended 31 December 2020, the Group recognised a tax liability of £3.7 million in respect of the current year's trading (2019: £1.2 million). However, this was more than offset with the recognition of various deferred tax timing adjustments of £4.7 million (2019: £5.2 million) which resulted in a positive impact to the Statement of Comprehensive Income of £1.0 million (2019: £4.0 million). The Group settled prior and current year tax liabilities with a payment of £1.7 million in the current year (2019: £0.2 million).

Loss after taxation

After deducting the above impairment charges, depreciation and amortisation, finance expenses and taxation from Reported EBITDA of £46.5 million, the loss after taxation from continuing operations for the year to 31 December 2020 was £171.4 million which includes a non-cash impairment of £154.2 million in respect of the goodwill carrying value in the ANZ business. Additionally, the profit on discontinued activities amounted to £0.3 million. This compares to a loss of £22.5 million for the 7 months to 31 December 2019 and a further loss of £2.4 million on discontinued activities.

Balance sheet position

Net debt, being external borrowings less available cash, was £225.1 million compared with £177.5 million at 31 December 2019. Of the increase £7.6 million was due to FX movements on the portion of the term loans held in Australian Dollars, £10.1 million from the Insendi acquisition funded from existing cash reserves, with the remaining increase due to the Covid-19 impacted reduced level of NSE and consequently student fees collected. Despite the loss for the year and the cash out flows, cash remained positive and in excess of the value drawn on the revolving credit facility of £29.7 million.

Cash flow

The Group generated free cash inflow (being cash available to service debt) of £12.1 million (2019: £50.3 million) in the year ended 31 December 2020. Free cash flow for the total business included cash exceptional outflows of £4.8 million (2019: £3.7 million), a cash outflow of £23.2 million (2019: £44.0 million inflow) relating to movements in net working capital due to a reduction in advance student fee collections predominately in the UK where the impact of Covid-19 meant lower NSE in H2 2020 compared with H2 2019, a net cash tax outflow of £1.7 million (2019: £0.2 million), and capital expenditure of £8.4 million (2019: £10.5 million).

Exceptional cash outflows primarily related to restructuring costs £2.2 million (2019: £1.2 million) and a corporate strategy project £0.6 million (2019: £1.6 million).

Capital expenditure in the period was for continued investment across the business, both in IT developments and tangible spend, including launch costs for new centres.

During the year the Group's cash flow has also benefited from tax deferrals arising from local government Covid-19 related support schemes where available, the majority of which have unwound in the current financial year.

In terms of capital management, the Group would highlight the Capital injection discussed in the Going concern section on Page 8 below, the fact that the Group has a strong Balance sheet as described above and remains cash positive at this point in time, which when combined with the cost saving measures as mentioned in the Shared Functional, Corporate costs and Government support section on page 5 believe this will be sustained in the foreseeable future. The Directors general business strategy is outlined in the overview section on Page 2. On this basis the Directors currently believe the existing level of capital funding provided to the Group (which includes the capital injection referred to in the going concern section on page 8) is sufficient to allow the Group to achieve its future goals.

A reconciliation of adjusted EBITDA to free cash flow is set out below:

Reconciliation of Adjusted EBITDA to Free Cash flow	**2020 12 months £m**	**2019 7 Months £m**
Adjusted EBITDA(i) for the continuing business	49.9	22.5
EBITDA attributable to discontinued businesses	0.3	(1.8)
Cash exceptional and other items	(4.8)	(3.7)
Movement in working capital	(23.2)	44.0
Cash tax paid	(1.7)	(0.2)
Capital expenditure and other investment activities	(8.4)	(10.5)
Free cash flow	**12.1**	**50.3**

See definition on page 4 for Statutory results footnote (i) and for 2019 results footnotes (iv).

The following section provides commentary for the twelve month period to 31 December 2020 and comparison to the 7 months to 31 December 2019.

2021 developments including the impact of and response to Covid-19
The market in 2021 continues to evolve and varies between countries in terms of social distancing measures and international travel restrictions. For potential future students, this understandably creates uncertainty and concern as they make choices about their international education based on their long-term aspirations.

As the duration and impact of the pandemic extends, management have gathered information from our students, staff and the market to further refine our approach. This is particularly true in relation to continuing to expand our development and delivery of virtual course content, which we believe further enhances our overall commercial strategy to be the leading global provider of international education.

Specific examples have included:
- Creation of local learning centres in key student home countries.
- Continued development of the Insendi platform and content.
- Sharing experience on virtual teaching techniques and content, including Study Group's peer-reviewed Journal of Assessment Learning and Teaching in International Education ("JALTIE").

As a direct result of the above actions, satisfaction, continuation and progression rates are expected to remain strong in 2021.

The Group's management is also focusing on the future beyond the pandemic, assessing innovations and developments in the market and aligning those with the changing requirements of the Group's partners. This has been coupled with proactively looking for new partnerships and new student market segments. The market perception of Insendi as a world class quality provider and its ability to attract globally recognised partners gives the Directors confidence that the Company has strong growth prospects.

Going concern
The Directors outlined in the 2019 Financial Statements that a material uncertainty existed because an agreement reached with the Group's lenders, which included setting aside a financial covenant, remained subject to final legal documentation at the time of approving those financial statements. The Directors are able to report that the legal documentation of that agreement has been finalised such that the original covenant has been set aside and replaced with a new minimum liquidity covenant until September 2022. As part of this agreement a £17 million capital injection was received on 22 February 2021 from Ardian, and a further £15 million is committed if required.

The Directors have prepared a number of trading projections to cover the going concern review period. In light of the improving outlook including the deployment of vaccines, the Directors are confident that trading will begin to return towards pre-pandemic levels during the next twelve months. An illustrative extreme downside scenario for the purposes of stress-testing the Group's strong financial position has been prepared in which NSE for the second six months of 2021 could be approaching 20% lower than the comparable period in 2020 which was impacted by Covid-19 before cash resources would breach the minimum liquidity covenant. Based on current evidence available to the Directors at the date of this report, including the level of NSE expected for the first six months of 2021 which are largely secured, the likelihood of this level of reduction is considered remote. Therefore, under all reasonable downside scenarios modelled the group has sufficient committed facilities to meet liabilities as they fall due for a period of 12 months from signing these financial statements, and accordingly the Directors continue to adopt the going concern basis in the financial statements.

Strategy
Study Group is committed to a strategy of continuing to strengthen its position as a leading provider of international education. The Group has identified four key pillars to achieve its strategy:

Student Success:
International students and the provision of an excellent education is at the core of Study Group's business. It is also fundamental to the mission and strategic aims of our partners.

As such, a key factor in the success of the Group's partnerships is continuing to drive successful student outcomes and high progression rates to our partner institutions. To achieve this aim, students are supported with language and study skills related to their areas of desired undergraduate and postgraduate study. Students are assisted in adjusting to a new culture with confidence and to ensure excellent discipline-focused language skills. This enables them to not only successfully progress to leading universities but to thrive at them, achieving strong degrees and underpinning their future careers.

This can be seen by a 11% increase in the number of its Students offered progression from their ISC's into University in 2020 compared with 2019.

Partner Success:
Study Group aims to continuously improve the service it provides to all its stakeholders including its key partners, and recognises its own success is interwoven with the success of our partners.

Universities are international communities who rely on the recruitment of high-quality students from around the world who are well-prepared to succeed in the education they offer, and to progress to further study or successful careers. The financial contribution of international students also underpins university ambitions to deliver the research which is important to their own reputation and to addressing key challenges on health, productivity and the environment.

Providing universities with a reliable intake of high-quality students is achieved by ensuring these students are from a diverse range of countries. Study Group also ensures the teaching and pastoral support students receive in our Study Centres in both face-to-face and online formats in turn increases university attainment and reduced dropout rates.

Through expertise in transitional teaching and support for international students and its strengths in innovations around online education, the Group acts as a trusted partner and important contributor to our partners' success.

Highly Engaged Team:
The Group understands that recruiting, developing and retaining a strong team will be critical to achieving its strategic objectives. It is also focused on ensuring that its employees are continually learning and growing at work.

Growth-Driven:
Study Group works with high quality university partners to ensure Study Group can offer valuable propositions to its students to support them with the next phase of their education. To this end, the Group is constantly looking for new opportunities to improve the breadth of source channels in order to provide cultural and economic diversity for its existing partners, as well as expanding its offering and maintaining strong relationships, as evidenced by the renewals of all partner relationships whose contracts were due (also 100% in 2019). The Group believes that this, coupled with a longer term goal to build new university partnerships and develop new products and business lines, positions it to be a global leader in international higher education and deliver exceptional student outcomes. This can be evidenced by the addition of Cardiff University as a partner during the year and opening a new centre in London for postgraduate students with Huddersfield University in January 2021. Additionally, the Group acquired Insendi in February 2020 to develop the Group's online learning capabilities, and who signed new partnerships with the Johns Hopkins Carey Business School in the US and the Hong Kong University of Science and Technology's Business School.

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

Outlook
Overall, in the context of a Covid-19 impacted trading period, the Group is satisfied with the 2020 business performance and NSE volumes. The Board has considered the below Principal Risks and Uncertainties, in particular the continuing potential impact of Covid-19 on the business as discussed in the Going Concern section above and is confident that its strong financial and market position, together with its ongoing proactive management of the impact of the pandemic, will ensure that the Group will continue to manage through the situation and will emerge strongly.

Principal Risks and Uncertainties
A risk management framework is in place consisting of divisional compliance, risk and assurance boards that report monthly to a Global Compliance, Risk and Assurance Board ('GCRAB'). The GCRAB has as its key objectives the following:

- Drive focus on the achievement of top grade compliance
- Oversee, test, challenge and provide input into initiatives and activities that are integral to delivering top grade compliance
- Filter and prioritise new ideas for improving compliance and managing enterprise risks
- Monitor adherence to all statutory compliance measures and requirements across the Group
- Receive and consider output from any Divisional Compliance, Risk and Assurance Groups
- Identify and evaluate all significant enterprise risks and ensure they are appropriately owned and managed
- Ensure that all key stakeholders are aligned in pursuit of the achievement of top grade compliance

The Board is responsible for overseeing the framework. The most significant risks are described below.

- **Covid-19**

The global economy has been and remains affected by the Covid-19 pandemic. The Group's management are actively engaged on a daily basis in supporting current and future students and are following public health guidance in each of the territories in which it operates. It is not currently possible to accurately determine how long the pandemic and associated disruption will continue, and therefore the consequent financial impact on the Group. Although the majority of student are being taught on-line with high satisfaction levels, a number of students are choosing to defer commencing their studies until borders re-open and a level of on campus teaching and student experience returns. The Group is keeping its resource levels and investments under close review in order to respond as flexibly as possible to the situation as it evolves. The Board is confident that its strong financial and market position, together with its proactive management of the impact of the outbreak, will ensure that the Group will manage through the situation and will emerge strongly. The Directors' going concern assessment is detailed in the Strategic Report on page 8.

- **Economic, market and trading risks**

Industry and political risks

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

- **Contract risks**

University partners

The Group maintains relationships in the form of contractual agreements with its university partners. It works closely with these university partners to ensure that it maintains a good relationship and adheres to the terms of its contractual arrangements. If university partners are lost it could damage the future prospects of the Group.

Agent relationships

The Group works with a global network of education agents to recruit its international students and market its programmes. The Group's agent management process is designed to ensure the effective management of these relationships and is constantly reviewed to continuously improve in this area. The Group works with over 1500 agents worldwide which provides a significant degree of mitigation against the risk of overreliance and subsequent loss of any one agent relationship, which otherwise could restrict the Group's ability to successfully recruit students in particular source markets.

- **Regulatory oversight**

The majority of our partnerships are subject to regulatory compliance and are overseen by independent third party regulators. This risk of the withdrawal of a licence to operate in any one region is mitigated by the Group's commitment to assuring adherence to its regulatory obligations and, beyond that, achieving top grade compliance. All of our centres, colleges, and campuses are operated by appropriately qualified personnel and, where deemed appropriate, central staff are employed to review compliance with regulatory requirements and, where possible, drive continual improvement.

Financial position

The Group's term loan includes a single financial covenant requiring that the Group's leverage ratio remain within agreed limits, with which the Group was in compliance throughout 2020. In February 2021 the legal documentation was finalised on an agreement reached with the Group's lenders, and as a result this covenant has been set aside and replaced with a new minimum liquidity covenant until September 2022. As part of this agreement a £17 million capital injection was received on 22 February 2021 from Ardian, and a further £15 million is committed if required. The Group monitors its covenant requirements on a regular basis to ensure that it has time to take mitigating action in the event of a projected liquidity reduction. The impact that Covid-19 has had on the business and its financial position, and consequently on the Directors' going concern assessment is detailed in the Strategic Report on page 8.

Refer to the Directors' Report for discussion on the Group's foreign currency and liquidity risk.

Business systems risks

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

Reputational risk
The Group's reputation could be adversely affected by its ability to adequately update and expand the content of its existing programmes and develop new programmes, as well as the quality and integrity of its curricula, the compliance of its teaching staff with those programmes, effective agent management during the recruitment cycle, and general student well-being along with high quality delivery of programme content and facilities. The Group continuously reviews its operations to ensure that it is able to respond to and mitigate any reputational risks.

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

(i) Student weeks taught represents the number of weeks in which a single student is taught in one of its courses or subjects.

Section 172 of the Companies Act 2016

The Board is fully aware of its duty to promote the success of the Company pursuant to Section 172 of the Companies Act 2016. Consequently, each Director must act in a way s/he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

the likely consequence of any decision 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 the environment
the desirability of the Company maintaining a reputation for high standards of business conduct
the need to act fairly as between members of the Company.

The Board understands the business can only grow and prosper if it respects the views of students, University Partners, suppliers, and shareholders to whom the Board is accountable. The Board seeks to align the Company's strategic direction to the shareholders' long-term aspirations for sustainability, growth, diversification and investment.

The Board has safeguards in place to ensure the long term implications of decisions are being considered. Regular five year planning allows the Company to preserve the value of the business over the long term and whilst there are internal boards that have delegated authority to review long term consequences, the Board conducts an appropriate level of due diligence where required. The GCRAB, as defined on page 9, maintains a monthly dashboard that indicates a rating for various sectors of the business.

The development of the Group's strategy under the Board's direction (as stated on page 8 & 9) sets a target for the Group to become the leading provider of international education by driving success for the Group's students and partners. The Board ensures there is clear dialogue with employees and other stakeholders about the Group's vision through communications such as weekly newsletters, social media posts (Workplace) and presentations by members of the global executive and senior leadership teams. The Directors consider feedback from the employees and other stakeholders in reviewing progress of and aiding principal decisions in relation to future strategy.

During the Covid-19 pandemic, the Directors have considered the health and safety of both students and staff to be of paramount importance, leading to a number of specific actions:

- Moving 15,000 students online and creating an environment where the majority of staff were able to work from home.
- Where centres have re-opened the Directors have ensured they comply with the relevant Covid-19 guidelines.
- The Directors have also provided support to employees working from home in terms of ensuring a high level of staff engagement comprising regular online global town hall meetings, supported by many other local and regional meetings.
- The organisation of regular online student and employee surveys as a method of gathering feedback from both groups.
- The Group continues to allow employees to benefit from various government backed schemes to help safeguard roles.

The Directors also took other decisions which included: invoking the cost control measures that are outlined in the Shared Functional and Corporate cost section on page 5. The discussion in the going concern section on page 8 outlining the changes to the conditions relating to the long-term borrowing on Page 8 and the 2021 developments on Page 8 around the ongoing development of remote education.

The Directors have also recognised the threat to the Group's data and information systems created by remote working and have engaged additional IT support to provide enhanced safeguards in this area. The financial impact of the pandemic on the business and consequently on shareholders has been outlined in page 6 of the Strategic Report.

The Board recognises that whilst promoting the success of the Company for the benefit of the shareholders is paramount, the interests of other stakeholders including the workforce, students, agents and partners is also crucial. The Board continues to engage with the workforce and has taken into consideration their interests through annual policy reviews, engagement surveys, an online HR service portal and the introduction of self-service career development platforms. Also refer to the employment policies section within the Directors' report on page 15. Students are encouraged to provide feedback to the Company and also have roll on sub-committees that ultimately feed up to the Board. Agents are surveyed for their feedback. The relationships with university partners are maintained through frequent steering/management meetings.

The Board is committed to high standards of ethical conduct, social responsibility, community engagement and environmental sustainability. It currently achieves this through its implementation of Group policies, training and by ensuring the welfare of students and staff is maintained. The Board reviews further ways to address these commitments on a regular basis. The Board has continued to create a positive environmental and social impact with the "Building Futures" initiative which this year has focused on fundraising to help reconstruct schools in Bangladesh. Refer to 'Charitable contributions' on page 16 for further detail on this initiative.

Energy and Carbon Reporting

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 covering the reporting of Green House Gas (GHG) emissions came into operation for the Group for the first time in respect of the current reporting period. The Group is considered a large group for the purposes of these regulations and is required from 1st January 2020 onwards to report on its annual UK Emissions. In respect of the method for determining these disclosures the directors have followed the 2019 UK Government environmental reporting guidance. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2019 to calculate the above disclosures.

The Group has made no disclosures in respect of its operations outside of the UK.

The Company has provided Scope 1[i] and Scope 2[ii] on a location basis in respect of the properties it leases and has direct control over the energy consumption. There are a number of other properties in which the Group occupies either individual rooms within a larger building or rents other properties where there is no method of being able to reliably assess the energy usage. In these circumstances the Group has no way of obtaining any accurate information of the energy consumed, in which case the Group considers these arrangements and any energy consumed in this way to be a Scope 3 supply and therefore outside the mandatory requirements of these current regulations. The Group has however felt it appropriate and relevant to voluntarily disclose the Electricity Transmission data related to the Electricity it purchases as a Scope 3 disclosure.

The Directors have chosen to report an Intensity ratio of tonnes CO_2 emission per £million of Revenue UK& EU. This ratio equals 7 tonnes of CO_2 per £1 million of revenue.

2020

UK Only Consumption		**Tonnes CO_2**
Electricity Consumption	Scope 2	647.6
Electricity Transmission	Scope 3	55.7
Business mileage in staff private vehicles	Scope 3	7.0
Natural Gas Consumption	Scope 1	344.9
Total		1,055.2

The Directors are actively looking to work towards developing a more sustainable future with the following initiatives:

- Seeking ISO14001 environmental accreditation in the next 5 years
- Undertook in 2019 UK Group wide energy savings opportunity scheme assessment
- Cycle to work schemes
- Ongoing replacement of LED lighting as a part of regular maintenance upgrades

The Directors are always looking for new and innovative ways of reducing the Carbon footprint of the business. However, setting long term targets in this area has been challenging in the last year as trading has been significantly affected by the pandemic and with its impact on the historic business model, determining a meaningful basis period against which to critically compare the success of future performance has not been possible at this time. The Directors are confident that as the business emerges from this challenging period, they will be able to actively look to enhance and develop its reporting in this area.

Approved / authorised on behalf of the Board of Directors

E Lancaster
Director
29th April 2021

(i) Scope 1 is a defined within the Carbon reporting regulations as direct emissions from the Groups own direct consumption of fuel oil and natural gas or the group's own direct generation of electricity.
(ii) Scope 2 is defined as the consumption of electricity generated by third parties and directly consumed by the Group.
(iii) Scope 3 fundamentally covers all other consumption not directly cover in either Scope 1 or 2.

General Information
SG Global Topco Limited ('the Company'), is a holding company registered in England and Wales with the Company number 11827427. The Directors present their report and the audited consolidated financial statements for SG Global Topco Limited 'the Company' and its subsidiaries, together 'the Group' or 'Study Group', for the year ended 31 December 2020.

Principal Activities
Study Group is a leading provider of international education. It delivers its University Partnerships programmes to international students from over 140 countries.

The subsidiaries and associated undertakings of the Group in the year, including those registered overseas, are listed in Note 13 to the financial statements.

Ultimate Parent Company
In the view of the Directors, the ultimate parent undertaking and controlling party is Ardian LBO Fund VI B S.L.P., a company incorporated in France.

Result and Dividends
The Group loss for the twelve month reporting period after taxation amounted to £171.1 million (2019 £24.9 million) including discontinued operations, and a loss after taxation of £171.4 million (2019 £22.5 million) for continuing operations. Of the Group loss for the year, no loss is attributable to non-controlling interests. The Directors do not recommend payment of a dividend (2019 £nil).

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

Directors
The persons who were Directors at any time during or since the end of the financial year are listed below; details of the Directors and their background are set out on pages 17 to 18:

K Burnett, Sir
R Kugler
B Ladriere
E Lancaster
E Little
O Personnaz
M Van Cauwenberge
N Williams
B Witcher

Directors' Indemnities
The Group maintains liability insurance for any Directors and officers of any Group company. The Group has also provided an indemnity for its Directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This indemnity has been in place throughout the financial year and is in place as at the date of this report.

Financial Instruments
The Group's financial instruments comprise borrowings, cash and liquid resources, and various items, such as trade debtors and trade creditors that arise directly from its operations. The Group's financial liabilities comprise borrowings, trade creditors, lease liabilities and other creditors, the main purpose of which is to raise finance for the Group's operations. The Group also has financial assets comprising cash, trade and other debtors.

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

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have been reviewed and remain unchanged.

Interest rate risk
The Group's primary exposure to market interest rates relates to the Group's long-term borrowing obligations. The risk of the Group being exposed to movement in interest rates is partially mitigated through the use of different currency loans in Pound Sterling and Australian Dollars with different variable rate basis of LIBOR and BBSY. The interest rates currently applicable to this variable rate debt are LIBOR for Pound Sterling loans and BBSY for Australian Dollar loans plus 6%. For the rolling credit facility the margin is set at 4.75 %. The Group also may at times hold cash and cash equivalents which earn interest at a variable rate. The current banking arrangement has interest rate floors in place for both GBP (0.5% LIBOR) and AUD (1.5% BBSY) which impacts the interest rates the Group is exposed to and the Group utilises interest rate cap agreements to manage and mitigate its exposure to changes in interest rates.

In August 2019, the Group entered into two interest rate cap agreements to cap the floating interest rates on a 6-monthly basis on 50% of the GBP (£57.5 million) and 50% of the AUD term loans ($107.3 million) until 30 August 2022, covering 50% of the Group's total loans. The Group will continue to regularly monitor and sensitise interest rate risk and will consider additional interest rate arrangements to manage and mitigate its exposure to changes in interest rates if this is considered appropriate.

As part of the Group's regular review of interest rate risk, the Group is aware of and has considered the future elimination of LIBOR. It is currently considered there is no significant risk around this elimination as the agreements in place for the long-term borrowing obligations have agreed terms that account for any unavailability of LIBOR rates.

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

Liquidity risk
Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group actively monitors compliance with its minimum liquidity covenant relating to the term loans. The company draws on the revolving credit facility as and when required. Whilst the revolving credit facility was substantially drawn at the year end, currently the group has £25.0 million undrawn on the revolving credit facility and an additional £15 million undrawn on the Ardian capital injection that are available to the Company and the Group. Also refer to page 8 for specific consideration given to liquidity with respect to the going concern assessment.

Foreign currency risk
The Group undertakes transactions denominated in foreign currencies, hence experiences translational and transactional exchange rate exposures. The Group is mainly exposed to movements between Pound Sterling and Australian Dollars/US Dollars. EBITDA for the year was generated as follows: 64.3% in Pound Sterling; 53.5% in Australian Dollars, (14.9%) in Singapore Dollars, 0.1% in US Dollars and (3.1%) other. The transaction risk is mitigated by revenues being billed in the currency where the services/operating costs are delivered/incurred.

The largest elements of the Group external debt, being its term loans, are denominated 50% in Pound Sterling and 50% in Australian Dollars. It hedges the foreign exchange exposure on the Australian Dollar term loan using a net investment hedge (see Note 21). During 2020 the Group operated under a leverage ratio (upon which its bank loan covenant compliance was calculated) and was impacted to a certain extent by movements in foreign exchange rates; however, the impact on EBITDA and net debt to a certain extent offset and is something management regularly monitored. In February 2021 this has been replaced until September 2022 with a minimum liquidity covenant. The Group continues to review whether it would be beneficial to take out a foreign currency hedge to mitigate this risk.

Employment Policies
The Group's employment policies are regularly reviewed and updated to ensure that they remain effective. The policies are designed to promote a collaborative working environment, free from discrimination which supports the recruitment and retention of effective employees. Study Group promotes equal opportunity and the avoidance of discrimination, by treating individuals equally and with fairness at all times when making employment decisions. The Group achieves this by reaching objective solutions based on merit and ensuring that any unjustifiable barriers are removed. Staff are encouraged to raise any matters that are important to them within the workplace, in order to ensure that they are provided with appropriate levels of support.

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

The Group places importance on the contributions to be made by all employees to the progress of the Group and aims to keep them informed by the use of formal and informal communications as well as the Group's intranet site, email, employee forums and newsletters. Via these mediums, employees are made aware of the financial and economic factors affecting the performance of the Company, as well as encouraging our individuals to fulfil their potential and to build positive working relationships within a flourishing and dynamic environment. The Group also incentivises certain role's performance through various bonus and other reward systems relevant to their level and role. All balanced views are welcomed, and it routinely celebrates diversity across our global workforce, students and partners. Refer to the s172 report on pages 12 & 13 for details on how the Board of Directors engage with employees and take into account their interest when making key business decisions.

Political Contributions
The Group made a political donation of £14,785 to the Australian Federal Labour Business Forum (2019: nil). The Company made no Political donations in the year (2019: nil).

Business Relationships
The Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others as discussed in the s172 report on page 12 & 13.

Charitable Contributions
During the year the Group made donations of £11,000 (in 2019 the Group made Full Year donations of £58,000, including £16,600 within the 7 month statutory period) to its charitable partner, Plan International, which strives to advance children's rights and equality for girls all over the world. The Group's partnership with Plan International, known as 'Building Futures' invests in educational infrastructure projects in developing countries, and aligns with its mission to educate students from every corner of the globe.

Continuing the partnership's history, the donation made in the year was utilised to finalise £200,000 of funding to complete a project in the Kurigram district of Bangladesh. The project benefitted 2,627 children directly and improved infrastructure across 8 schools, including the provision of boundary walls and girl friendly wash blocks to support girls to get to, and stay in school safely. Building Futures' next project is focussed on supporting Girls in Ghana to improve the quality of and access to education, by using innovative education technology and improving school learning environments. The project will benefit 31,680 children, including a focus on 17,640 girls who risk dropping out of school during their transition from primary school to junior high school.

Going Concern
Refer to the Going Concern review on page 8 of the Strategic Report.

Greenhouse Gas emissions
The Directors have chosen to disclose the Group's UK Greenhouse gas emissions in the on page 13 of the S172 report.

Events after the Balance Sheet Date
Events between the balance sheet date and the date the financial statements were issued are disclosed in Note 30 of the consolidated financial statements and Note 8 of the parent company financial statements. The impact that Covid-19 has had on the business and consequently on the Directors' going concern assessment is detailed in the Strategic Report on page 8.

Disclosure of Information to Auditor
Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved / authorised on behalf of the Board of Directors

N.Williams

N Williams
Director
29th April 2021

The Directors include the following individuals, being a balance of executive Directors and non-executive Directors:

Emma Lancaster
Chief Executive Officer,
Study Group
Emma Lancaster was appointed Chief Executive Officer of Study Group in September 2018 having served as Chief Financial Officer since April 2013.

Ms Lancaster was CFO of SHL Group Ltd for 11 years, during which time it was both a public company listed on the London Stock Exchange and private equity backed. Prior to SHL, she was Director of Finance and Business Development at The Rank Group plc. Ms Lancaster's early career was at Arthur Andersen in a variety of both client-facing and internal roles in the Global Corporate Finance group.

Ms Lancaster has a BA (Hons) in Zoology from Oxford University.

Nick Williams
Chief Financial Officer
Study Group
Nick joined Study Group in October 2018 as Chief Financial Officer and was appointed to the Board on the same day.

Nick began his finance career at KPMG, and prior to joining Study Group was finance leader for a number of growing, international businesses. Immediately before joining the Group he was CFO of JacTravel, a global B2B travel provider. Previous businesses included Masternaut, Truflo International and Biocompatibles. Nick also serves as Non-Executive Director of Cambridge Scientific Innovations.

He has a BA (Hons) in History from the University of Exeter and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Professor Sir Keith Burnett FRS
Vice-Chair (Academic)
Study Group
Professor Sir Keith Burnett FRS is an eminent scientist who was formerly the Head of the Division of Mathematical, Physical and Life Sciences at The University of Oxford. He also worked as a physicist in the United States and at Imperial College in London before spending two decades at Oxford and then 11 years as the President and Vice-Chancellor of The University of Sheffield.

In addition to his role with Study Group, Sir Keith is Chair of the Nuffield Foundation - the charitable trust established in 1943 Lord Nuffield, the founder of Morris Motors, which aims to improve social well-being by funding research and innovation projects in education and social policy and building research capacity in science and social science. He is also the Chair of the Academic Council of the Schmidt Science Fellows in partnership with the Rhodes Trust in Oxford, a global programme to support exemplary interdisciplinary science in partnership with the world's leading universities. He has served as President of the U.K. Science Council, as a trustee of the Royal Society and as a member of the Prime-Minister's Advisory Council on Science and Technology.

A speaker of Mandarin Chinese, Sir Keith has also been a significant leader of scientific and educational partnership between the UK and China. In 2014 and 2016 he was given an Award for Outstanding Personal Achievement by the People's Republic of China for his contribution to the understanding of Chinese language and culture. Sir Keith was the co-founder of the award-winning #WeAreInternational campaign which welcomes international students and scholars to the UK, now supported by over 100 UK universities, education providers and businesses and led by the U.K. Council for International Student Affairs. He was awarded a knighthood in 2013 for services to Science and Higher Education.

Ralph Kugler
Non-Executive Chairman
Ralph has worked on a number of private equity deals, in a number of different sectors. He currently chairs Williams Lea Tag, an Advent International investment, and is Independent Director of Keter, a BC Partners investment. He also chairs an exciting early stage business, Headbox.

Ralph has been involved in a number of education activities in recent years. He is Board Trustee on the largest primary school MAT. He was chair of the Advisory board of a leading University business school, recently stepping down after 10 years on the board. Until 2018, he was Chairman of Cognita, the global K12 schools organisation, with over 70 schools worldwide.
Ralph spent 25 years at Unilever, and has lived and worked in S Africa, Brazil, Malaysia, Thailand and Belgium, as well as the UK. He rose to become executive Director on the main board of Unilever. He has also been a Director of Intercontinental Hotels, and was Board advisor on the main board of Mars, Incorporated.

Ralph was appointed Commander of the Royal Order of the Direkgunaborn, a Thai royal honour, in 1999.

Olivier Personnaz
Ardian
Olivier is a Managing Director based in the London office at Ardian. Prior to joining Ardian in 2011, he was a Principal at Apax Partners in the business and financial services team. Previously, Mr. Personnaz worked in Paris as a management consultant with McKinsey & Company. He graduated as an Engineer from Ecole Centrale Paris. Currently sits on the board of Audiotonix and SFAM.

Bruno Ladrière
Ardian
Bruno has been a Managing Director with Ardian since 2002. He was previously a Director at PAI Partners. He has extensive investment experience in the food, chemicals, industrials and healthcare sectors. Bruno has worked in the pharmaceutical industry with Rhone-Poulenc, in management consulting with Corporate Decisions and in investment banking with Triago. He qualified as a Medical Doctor and received an MBA from The Wharton School. Currently sits on the board of Audiotonix, Inula, and Solina.

Edward Little
Ardian
Edward Little is based in the London office of Ardian. Prior to joining Ardian in 2018, Mr. Little worked at TPG Capital where he focused on the consumer and business services sectors. Previously, Mr. Little worked at HIG Capital and began his career as an investment banker at Rothschild in London. Mr. Little is a graduate of the London School of Economics. He also sits on the board of Audiotonix.

Benjamin Witcher
Ardian
Benjamin Witcher joined Ardian in 2015 within Ardian's Buyout team in London. Prior to joining Ardian, he spent two years in the Leveraged Finance & Sponsors Group at Credit Suisse. In addition he currently sits on the board of Audiotonix.

Michael Van Cauwenberge
Ardian
Michael Van Cauwenberge joined Ardian in 2019 as an Analyst within the Buyout Team in London. Currently sits on the board of Audiotonix.

The Global Executive Team

The GET is responsible for the day to day management of the Group's affairs. It is led by the Group's CEO, Emma Lancaster. All members of the team have extensive experience in, and in-depth knowledge of, the education sector or the function that they lead. The current members of the GET and roles are as follows:

Emma Lancaster, Chief Executive Officer
Nick Williams, Chief Financial Officer
Gordon Bull, Chief Legal Officer (resigned 12 February 2021)
Alex Chevrolle, Managing Director, ANZ
Anthony Claridge, Chief Information Officer
Mike Everett, Chief Growth Enablement Officer
Nikki Hall, Chief People & Transformation Officer
Robert Morgan, Global Chief Operating Officer (resigned 8 February 2021)
James Pitman, Managing Director, Development UK & Europe
Manoj Shetty, Chief Revenue Officer
Mark Cunnington, Executive Director, UK & Europe (appointed 28 February 2020)
Alison Alfers, Chief Legal Officer (appointed 16 February 2021)

SG GLOBAL TOPCO LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

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

On behalf of the Board of Directors

N. Williams

N Williams
Director
29th April 2021

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of SG Global Topco Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes to the consolidated financial statements 1 to 30; and
- the related notes to the parent company financial statements 1 to 9.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

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 group and the parent 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, 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.

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 group's and parent 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 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 within the annual report. 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.

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 group's and the parent 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 group or the parent 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.

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.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and in-house legal counsel, about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included UK Companies Act 2006, HMRC tax legislation, General Data Protection Regulations ("GDPR"), the Office for Students Regulatory framework, the Australian Corporations Act 2001 and TESQA Act 2011.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- manual journals posted to revenue within the accounting system: we tested the design and implementation of controls in place to mitigate the risk of material misstatement and we profiled all manual journals to revenue and selected a risk focussed sample to agree to supporting documentation, assessing whether the entries showed sensible business rationale and were not indicative of fraud;
- impairment of goodwill and intangible assets and the associated management estimates and judgements within the assessment: we tested the design and implementation of relevant controls, we confirmed the mathematical accuracy of the model, challenged and performed sensitivity analysis on a number of the assumptions used in the calculation, and we used an internal specialist to assess discount rates used to discount the cash flows; and
- the classification of exceptional items: we tested the design and implementation of controls in place to mitigate material misstatement; we challenged management's judgement as to whether costs meet the definition of exceptional items and agreeing a sample to supporting documentation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the Australian Taxation Office.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
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 group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.

Helen Burridge

Helen Burridge (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29th April 2021

GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended 31 December 2020

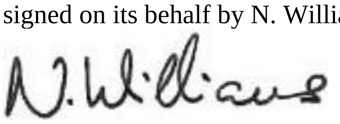
		2020			7 months to 31 December 2019		
On a continuing operations basis:	**Note**	**£m**	**Exceptional and other items (Note 8) £m**	**Total £m**	£m	Exceptional and other items (Note 8) £m	Total £m
Revenue	2	**234.8**	**-**	**234.8**	148.6	-	148.6
Sales and marketing costs		**(64.2)**	**-**	**(64.2)**	(39.8)	-	(39.8)
Delivery costs		**(79.6)**	**-**	**(79.6)**	(55.8)	-	(55.8)
Administrative expenses		**(47.3)**	**(3.4)**	**(50.7)**	(30.5)	(10.2)	(40.7)
Other operating income	3	**6.2**	**-**	**6.2**	-	-	-
EARNINGS BEFORE DEPRECIATION, AMORTISATION, IMPAIRMENT, NET FINANCING COSTS AND TAXATION FROM CONTINUING OPERATIONS:		**49.9**	**(3.4)**	**46.5**	22.5	(10.2)	12.3
Impairment	3	**-**	**(155.2)**	**(155.2)**	(0.1)	(0.2)	(0.3)
Depreciation and amortisation	3	**(40.1)**	**-**	**(40.1)**	(23.7)	-	(23.7)
OPERATING PROFIT/(LOSS)	3	**9.8**	**(158.6)**	**(148.8)**	(1.3)	(10.4)	(11.7)
Finance income	4	**0.4**	**0.9**	**1.3**	0.3	-	0.3
Finance costs	5	**(23.9)**	**(1.0)**	**(24.9)**	(14.4)	(0.7)	(15.1)
(LOSS) BEFORE TAXATION		**(13.7)**	**(158.7)**	**(172.4)**	(15.4)	(11.1)	(26.5)
Taxation	6	**1.0**	**-**	**1.0**	4.0	-	4.0
(LOSS) FOR THE PERIOD AFTER TAXATION FROM CONTINUING OPERATIONS		**(12.7)**	**(158.7)**	**(171.4)**	(11.4)	(11.1)	(22.5)
Discontinued operations:	7						
Profit/(loss) after tax for the period from discontinued operations, net of tax		**0.3**	**-**	**0.3**	(1.8)	(0.6)	(2.4)
(LOSS) FOR THE PERIOD AFTER TAXATION		**(12.4)**	**(158.7)**	**(171.1)**	(13.2)	(11.7)	(24.9)
OTHER COMPREHENSIVE PROFIT/(LOSS)							
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):							
Exchange differences on translation of foreign operations		**8.2**	-	**8.2**	(4.2)	-	(4.2)
OTHER COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD, NET OF TAX		**8.2**	-	**8.2**	(4.2)	-	(4.2)
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD		**(4.2)**	**(158.7)**	**(162.9)**	(17.4)	(11.7)	(29.1)

The accompanying notes form an integral part of these financial statements

GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2020

	Note	**31 December 2020 £m**	31 December 2019 £m
ASSETS			
NON-CURRENT ASSETS			
Goodwill	**9**	**156.2**	287.7
Other intangible assets	**10**	**412.2**	408.6
Property, plant and equipment	**11**	**21.7**	26.1
Right-of-use assets	**12**	**100.1**	117.4
Interests in joint ventures	**13**	**0.3**	0.3
Finance lease receivables	**14**	**6.0**	4.7
Deferred tax assets	**15**	**0.6**	20.1
Other financial assets		**-**	0.1
		697.1	865.0
CURRENT ASSETS			
Finance lease receivables	**14**	**1.0**	0.8
Current tax assets		**0.4**	0.3
Trade and other receivables	**16**	**47.8**	58.1
Cash and cash equivalents	**25**	**34.5**	44.0
		83.7	103.2
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**17**	**80.4**	80.0
Unearned revenues	**18**	**76.2**	113.0
Current tax liabilities		**6.1**	3.2
Borrowings	**21**	**29.7**	-
Lease liabilities	**19**	**15.3**	16.2
Provisions	**20**	**12.3**	4.8
		220.0	217.2
NET CURRENT LIABILITIES		**(136.3)**	(114.0)
NON-CURRENT LIABILITIES			
Borrowings	**21**	**229.9**	221.5
Deferred tax liabilities	**15**	**84.0**	104.4
Provisions	**20**	**5.1**	5.2
Lease liabilities	**19**	**98.0**	113.2
		417.0	444.3
NET ASSETS		**143.8**	306.7
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	**23**	**334.8**	334.8
Share premium reserve	**23**	**1.0**	1.0
Translation reserve		**4.0**	(4.2)
Accumulated losses		**(196.0)**	(24.9)
TOTAL SHAREHOLDERS' FUNDS		**143.8**	306.7

The financial statements and notes on pages 23 to 64 were approved by the Board of Directors on 29th April 2021 and were signed on its behalf by N. Williams. The accompanying notes form an integral part of these financial statements.



N. Williams, Director, SG Global TopCo Limited, Registered no. 11827427

GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

2020	**Note**	**Ordinary Share Capital £m**	**Share Premium Reserve £m**	**Translation Reserve £m**	**Accumulated Losses £m**	**Total Equity £m**
At 1 January 2020		**334.8**	**1.0**	**(4.2)**	**(24.9)**	**306.7**
Loss for the year		**-**	**-**	**-**	**(171.1)**	**(171.1)**
Other comprehensive income for the year		**-**	**-**	**8.2**	**-**	**8.2**
Total comprehensive loss for the year		**-**	**-**	**8.2**	**(171.1)**	**(162.9)**
Issue of share capital	**23**	**-**	**-**	**-**	**-**	**-**
At 31 December 2020		**334.8**	**1.0**	**4.0**	**(196.0)**	**143.8**

2019	Note	Ordinary Share Capital £m	Share Premium Reserve £m	Translation Reserve £m	Accumulated Losses £m	Total Equity £m
Opening balance on incorporation		-	-	-	-	-
Loss for the period		-	-	-	(24.9)	(24.9)
Other comprehensive income for the period		-	-	(4.2)	-	(4.2)
Total comprehensive gain/(loss) for the period		-	-	(4.2)	(24.9)	(29.1)
Issue of share capital	23	334.8	1.0	-	-	335.8
At 31 December 2019		334.8	1.0	(4.2)	(24.9)	306.7

GROUP CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2020

The Group has elected to present a statement of cash flows that analyses all cash flows in total, including both continuing and discontinued operations; amounts relating to discontinued operations are disclosed in Note 7.

	Note	2020 £m	2019 £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax (including loss on discontinued operations)		**(172.1)**	(28.9)
Adjustments for:			
Depreciation and amortisation	**3**	**40.1**	23.7
Impairment of Goodwill	**3**	**154.2**	-
Impairment of right of use assets	**3**	**0.8**	(0.1)
Impairment of intangible assets	**3**	**0.2**	0.1
Finance costs		**24.9**	14.4
Finance income	**4**	**(0.4)**	(0.3)
Loss on disposal of discontinued operations	**7**	**-**	0.6
Acquisition costs	**8**	**0.3**	6.0
		48.0	15.5
Decrease in trade and other receivables		**9.8**	60.7
Decrease in unearned revenues		**(37.1)**	(9.4)
Decrease in provisions		**(0.5)**	(0.6)
Decrease trade and other payables		**(0.3)**	(14.5)
		19.9	51.7
Acquisition costs	**29**	**(0.3)**	(6.0)
Interest paid and financing costs		**(17.9)**	(5.4)
Interest element of lease payments		**(4.7)**	(3.0)
Income taxes paid		**(1.7)**	(0.2)
Net cash (used in)/generated from operating activities		**(4.7)**	37.1
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**0.2**	0.1
Interest income on the net investment in the lease		**0.3**	0.2
Purchase of businesses	**29**	**(11.2)**	(287.5)
Cash balances acquired on acquisition	**29**	**0.9**	6.2
Purchase of property, plant and equipment	**11**	**(0.9)**	(6.8)
Purchase of intangible assets		**(7.5)**	(3.7)
Net cash used in investing activities		**(18.2)**	(291.5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on issue of shares	**23**	**-**	335.8
Proceeds from issue of loans		**-**	232.8
Deferred borrowing costs on new loans		**-**	(7.7)
Proceeds from draw down of revolving facility		**29.9**	-
Repayment of bank loans and other financing	**28**	**-**	(252.5)
Repayment of the principal portion of the net investment in the lease		**1.2**	0.5
Repayment of the principal portion of the lease liability		**(15.0)**	(10.8)
Net cash generated from financing activities		**16.1**	298.1
Net (decrease)/increase in cash and cash equivalents		**(6.8)**	43.7
Cash and cash equivalents at the beginning of the financial period		**44.0**	-
Effect of foreign exchange rate changes		**(2.7)**	0.3
CLOSING CASH AND CASH EQUIVALENTS	**25**	**34.5**	44.0

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 GENERAL INFORMATION

SG Global Topco Limited is a private company limited by shares and is incorporated, domiciled and registered in England and Wales. The Company commenced trading on 31 May 2019, consequently the comparative period is for 7 months to 31 December 2019. The Group consolidated financial statements were authorised for issue by the Board of Directors on 29th April 2021.

For the year ending 31 December 2020 the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies:

Subsidiary Name	Companies House Registration Number
EDU UK Intermediate Ltd	07285315
EDU UK Management Services Ltd	07285370
EDU UK Topco Ltd	07285288
Insendi Limited	11098726
Study Group Holdings UK Ltd	05888001
Bellerbys UK Ltd	04275123
Study Group Distance Learning Ltd	07145464
SG Global Bidco Ltd	11827693
SG Global Midco Ltd	11827648
SG Global Finco Ltd	11827569

Accounting policies for the year ended 31 December 2020
The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the year and the prior period, unless otherwise stated.

1.2 BASIS OF PREPARATION

These financial statements include the consolidated results of the SG Global Topco Limited Group ('the Group') for the year ended 31 December 2020. The parent entity acquired the trading group on 31 May 2019, thus the comparative results for 2019 reflect 7 months of trading.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), and the Companies Act 2006 applicable to companies reporting under IFRS and IFRIC interpretations. The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 65 to 70.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.24.

Going Concern
The Directors outlined in the 2019 Financial Statements that a material uncertainty existed because an agreement reached with the Group's lenders, which included setting aside a financial covenant, remained subject to final legal documentation at the time of approving those financial statements. The Directors are able to report that the legal documentation of that agreement has been finalised such that the original covenant has been set aside and replaced with a new minimum liquidity covenant until September 2022. As part of this agreement a £17 million capital injection was received on 22 February 2021 from Ardian, and a further £15 million is committed if required.

The Directors have prepared a number of trading projections to cover the going concern review period. In light of the improving outlook including the deployment of vaccines, the Directors are confident that trading will begin to return towards pre-pandemic levels during the next twelve months. An illustrative extreme downside scenario for the purposes of stress-testing the Group's strong financial position has been prepared in which NSE for the second six months of 2021 could be approaching 20% lower than the comparable period in 2020 which was impacted by Covid-19 before cash resources would breach the minimum liquidity covenant. Based on current evidence available to the Directors at the date of this report, including the level of NSE expected for the first six months of 2021 which are largely secured, the likelihood of this level of reduction is considered remote. Therefore, under all reasonable downside scenarios modelled the group has sufficient committed facilities to meet liabilities as they fall due

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

for a period of 12 months from signing these financial statements, and accordingly the Directors continue to adopt the going concern basis in the financial statements.

1.3 BASIS OF CONSOLIDATION

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Joint Arrangements
A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

Application of the equity method to joint ventures
Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

1.4 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of sales taxes and discounts.

Revenue is recognised as follows, in accordance with the principles of IFRS 15:

a) **Tuition revenue**
Tuition revenue is generated from education courses provided to students and is recognised over time as the courses are provided, with performance obligations being satisfied as the course is delivered. Discounts and bursaries given to students are netted against tuition revenue. Payments from students are due in accordance with agreed payment terms for that particular course and education provider. Pre-payments for courses are treated as deferred revenue and amortised over the duration of the course. Refunds will be granted to students in accordance with the agreed refund policies for each University partner, for example in exceptional circumstances such as relating to illness or bereavement, or where Study Group has been unable to provide or complete teaching of a paid-for programme of study.

b) **Accommodation revenue**
Accommodation revenue is generated from accommodation provided to students and is recognised over time as it is provided. Payments from students are due in accordance with agreed payment terms for the accommodation provided. Pre-payments for accommodation are treated as deferred revenue and amortised over the duration of stay. Refunds will be granted to students in accordance with the agreed refund policies for each University partner, for example in exceptional circumstances such as relating to illness or bereavement, or where Study Group has been unable to provide or complete teaching of a paid-for programme of study.

c) **Matriculation or placement revenue**
Matriculation or placement revenue from University Partners is recognised when the Group's performance obligations are met, which is the point at which matriculation or placement of the student is confirmed. The revenue is recognised for all semesters and years, with an estimate of subsequent year amounts being made by taking into account average progression rates. Payment is due in accordance with agreed payment terms with that particular University. Study Group is entitled to payment once the student enrols on their course, and there is no obligation for a refund should the student fail to complete the course.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) **Insendi**
Turnover is recognised when the performance obligations have been met. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, and value added tax. Platform fees are invoiced annually in advance and recognised over the period of the agreement in line with the performance obligations. Amounts related to future periods are included in deferred income. Service fees relating to course development are invoiced in advance and turnover is recognised in line with costs incurred until the course is delivered at which point any profit is recognised as the performance obligations have been met. Implementation and consultancy income is recognised upon delivery of these services.

e) **Other revenue**
Other revenue is recognised in line with IFRS 15 and when the performance obligations have been met.

1.5 STUDENT ACQUISITION COSTS

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

1.6 LEASES

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

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

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

The lease liability is presented as a separate line in the consolidated statement of financial position.

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. At the end of each reporting period, the Group assesses whether there is any indication that a right-of-use asset may be impaired under IAS 36. If there is an indication of impairment, the asset will be written down to its recoverable amount.

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

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

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

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

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

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

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.7 EXCEPTIONAL AND OTHER ITEMS

Due to their material nature, certain exceptional and other non-trading or non-recurring items have been classified separately in order to aid the understanding of the reader. Exceptional items comprise, inter alia, impairment charges, restructuring costs and costs associated with material financing or acquisition transactions. Other items include strategic investments which comprise upfront investments for the benefit of future years, non-executive Director fees, restructuring costs and unrealised FX gains or losses that the Directors believe are beneficial to strip out when analysing the underlying trading result for the year because these are items that are not directly linked to the trading business.

1.8 BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is re-measured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

1.9 GOODWILL

On acquisition of a business, fair values are attributed to the identifiable assets and liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is subsumed into goodwill. Where fair values of acquired contingent liabilities cannot be measured reliably, the assumed contingent liability is not recognised but is disclosed in the same manner as other contingent liabilities.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to CGU's for the purpose of impairment testing, with CGU's in line with the reported operating segments. The allocation is made to those CGU's or Groups of CGU's that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment. Goodwill is recorded in the functional currency of the CGU to which it relates.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.10 INTANGIBLES

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

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Intangible assets acquired in a business combination are recorded in the functional currency of the CGU to which they relate. Subsequent to initial recognition at fair value, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses at the balance sheet exchange rate, on the same basis as intangible assets acquired separately.

The following useful lives have been determined for the intangible assets acquired separately or in a business combination:

University Partnerships	10-30 years
Brand	30 years
Software	3-5 years
Centre Contracts	Life of contract
Course Development	3 years
Technology	10 years

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

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

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

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

Course Development	3 years
Software Development	3-5 years

1.11 TANGIBLE FIXED ASSETS

Fixed assets are shown at historical cost less accumulated depreciation and impairment losses. The cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Repairs and maintenance are expensed as incurred, while major renovations and improvements are capitalised as fixed assets and depreciated over their estimated useful lives.

Depreciation is provided at rates calculated to write off the cost or valuation of each asset, on a straight-line basis over its expected useful life to their residual values, as follows:

Freehold buildings	- 50 years
Equipment	- 2-10 years
Leasehold improvements	- Term of lease

Freehold land is not depreciated.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.12 IMPAIRMENT OF NON-CURRENT ASSETS

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount, which is considered to be the higher of value in use and fair value less costs to sell. In order to assess impairment, assets are grouped into the lowest levels for which there are separately identifiable cash flows (cash-generating units). Cash flows used to assess impairment are discounted using appropriate rates taking into account the cost of capital and any risks relevant to those assets.

1.13 FINANCIAL INSTRUMENTS

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

Financial assets
All financial assets are normally recognised and de-recognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value. On de-recognition, however, where a specific transaction is entered into with a counterparty that is judged to carry a high credit or liquidity risk, then the Directors may determine that de-recognition of the financial asset shall be based on settlement date rather than trade date, with any realised gain or loss taken to the income statement on date of settlement.

Financial assets that are within the scope of IFRS 9 are required to be classified and measured subsequently at amortised cost, fair value through other comprehensive income ('FVTOCI') or fair value through profit and loss ('FVTPL') on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at FVTOCI; and
- all other debt investments and equity investments are measured subsequently at FVTPL.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and amounts 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Classes of financial asset
Financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified at amortised cost. Trade and other receivables 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 recognition of interest would be immaterial.

Financial assets at FVTOCI

Financial assets at FVTOCI are stated at fair value, with any gains or losses arising on re-measurement recognised in other comprehensive income.

Financial assets at FVTPL

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the income statement. The net gain or loss recognised in the income statement incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the income statement.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. In accordance with IFRS 9 impairment of financial assets is based on an expected credit loss ('ECL') model. The ECL model requires the Group to account for ECLs and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected, IFRS 9 also requires current and future events to be considered when making an impairment assessment.

IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECLs if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

For all financial assets, including finance lease receivables, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

De-recognition of financial assets
The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities
Financial liabilities are classified as either "financial liabilities at FVTPL" or "other financial liabilities".

Financial guarantee contract liabilities
Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and IFRS 9 Financial Instruments permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the income statement. The net gain or loss recognised in the income statement incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in the statement of comprehensive income.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities
The Group de-recognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.14 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

a) Hedge of a net investment

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

1.15 PROVISIONS

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

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

1.16 TAXATION INCLUDING DEFERRED TAX

Corporation tax, where payable, is provided on taxable profits at the current rate.

Deferred tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

1.17 DISCONTINUED OPERATIONS

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of comprehensive income.

Additional disclosures are provided in Note 7. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

1.18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits at all banks, other liquid investments or funds with original maturities of three months or less and bank overdrafts. Bank overdrafts or loans are shown within borrowings in current or non-current liabilities on the balance sheet as appropriate, where they are expected to be settled on this basis.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.19 EMPLOYEE BENEFITS

Defined contribution plans
During the year the Group contributed to defined contribution pension schemes under which it pays contributions based upon a percentage of the members' basic salary. The schemes are administered by trustees either appointed by the Group or elected by the members.

Contributions to defined contribution pension schemes are charged to the Statement of Comprehensive Income according to the year in which they are payable.

Employee leave entitlements
Employee benefit provisions relate predominantly to annual leave and long service leave entitlements payable to employees in certain jurisdictions.

1.20 SHARE CAPITAL AND SHARE PREMIUM

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

1.21 FOREIGN CURRENCY

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pound Sterling, which is the Company's functional and the Group's presentation currency.

b) Transactions and balances

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

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

On consolidation incomes and cash flows of foreign subsidiaries are translated into Pound Sterling using average rates that existed during the accounting year. The balance sheets of foreign subsidiaries are translated into Pound Sterling at the rates of exchange ruling at the balance sheet date. Gains or losses arising on the re-translation of opening and closing net assets are recognised in the statement of other comprehensive income and accumulated in a foreign exchange translation reserve.

1.22 FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, market interest rates, credit risk and its liquidity position. The Group has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Group which is outlined in the Directors' Report.

The fair values of short-term deposits, loans and overdrafts with a maturity of less than one year are assumed to be approximate to their book values.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.23 ACCOUNTING FOR GOVERNMENT GRANTS

In various circumstances the Group can be entitled to and has been in receipt of a number of different grants and financial support packages from various government bodies across the territories in which it operates. The Group looks to apply IAS 20 accounting for government grants. Accordingly, the Group has reviewed the conditions of each of these schemes individually and has interpreted the conditions in accordance with IAS 20. Broadly the grants fall into one of the following categories:

- In the circumstances where the Group acts as an agent on behalf of the local government and is distributing financial support to its employees whilst they are unable to undertake their normal duties, the timing of receipts and payments are flowed through the Statement of Financial Position and there is no impact to the Statement of Comprehensive Income.
- In the situation where the Group receives support from the relevant government in terms of a wage or other cost subsidy for which there is no requirement, contingent or otherwise, to repay such financial support at a later stage, the Group treats the grant as Other Operating Income in the Statement of Comprehensive Income to the extent that it becomes permanently entitled to that revenue, and such that it is matched against the relevant costs incurred. Otherwise, the liability is held on the Statement of Financial Position.
- The provision of any loan funding is recognised as a liability in the Statement of Financial Position in line with the repayment terms. Any supporting notes will then further detail the nature, interest cost and major terms of any such loan funding.
- Where a tax credit in relation to Research and Development is claimed, this is treated as Other Operating Income in the Statement of Comprehensive Income to the extent that it becomes permanently entitled to that revenue.

1.24 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, which are described in Note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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 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 the revision and future periods if the revision affects both current and future periods.

There were no critical accounting judgements during the year ended 31 December 2020.

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

Key sources of estimation uncertainty

Goodwill and Intangibles
Annually the Group tests whether intangible assets and goodwill have suffered any impairment, in accordance with the accounting policy stated in Notes 1.9 and 1.10.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require management to make an estimate of the expected future cash flows from cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. During the course of any impairment review the Directors will also carry out sensitivity analysis and disclose their findings on the possible effect of a change in assumed values for the items selected to be assessed as part of this analysis. Covid-19 represented an impairment indicator for the annual impairment assessment, resulting in an impairment charge of £154.2 million. Further detail, including key estimates and assumptions, is provided in Note 9.

Income taxes
The Group is subject to income taxes in numerous jurisdictions. A level of judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In 2020 the Group was subject to a review by the Australian Taxation Office ('ATO') as part of the Top 1000 companies under their tax performance program and subsequent Next Actions Review. The Group has raised a provision that it considers may become payable to the ATO (i.e., the tax liability and associated interest) pursuant to AASB Interpretation 23 in respect of some of these items. However, whilst several of these matters are still in various states of progress with the ATO, the ultimate outcome is unknown and cannot be reliably determined at the date of this report. Therefore, the provision raised against these uncertain items is one of the Group's key estimates, refer to Note 6 for details.

1.25 REVISIONS TO IFRS NOT APPLICABLE IN 2020

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

- IFRS 17 Insurance Contracts
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 and IAS 8 Definition of material
- Conceptual Framework Amendments to References to the Conceptual Framework in IFRS Standards

If the directors were to choose to adopt any or all of the Standards listed above none of them are expected to have a material impact on the financial statements of the Group in either the current or future periods.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2019) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2021, with early application permitted.

Other standards not yet effective
There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. SEGMENTAL ANALYSES

The primary reportable segments of the Group have been identified as UK & Europe Pathways, ANZ Pathways, North America Pathways and Insendi. These are in line with the internal reporting of the Group's performance to the Chief Operating Decision Maker, ('CODM') identified as the CEO, Emma Lancaster. Each segment represents a cash-generating unit ('CGU'). Goodwill has been allocated to the UK & Europe Pathways, ANZ Pathways and Insendi CGUs (refer to Note 9).

	Revenue		**Operating Profit / (Loss)**	
	Year ended 31 December 2020 £m	7 months ended 31 December 2019 £m	**Year ended 31 December 2020 £m**	7 months ended 31 December 2019 £m
On a continuing operations basis:				
University Partnerships by Geographical Segment (ii)				
United Kingdom & Europe	**148.7**	79.4	**41.3**	15.9
Australia & New Zealand	**74.8**	62.0	**25.3**	21.8
North America	**9.9**	7.2	**(0.1)**	(1.2)
Total University Partnerships	**233.4**	148.6	**66.5**	36.5
Insendi	**1.4**	-	**0.2**	-
Other operating income	**-**	-	**6.2**	-
Shared functional & corporate costs	**-**	-	**(23.0)**	(14.0)
Total revenue and adjusted EBITDA(i)	**234.8**	148.6	**49.9**	22.5
Exceptional and other items	**-**	-	**(3.4)**	(10.2)
Total revenue and reported EBITDA	**234.8**	148.6	**46.5**	12.3
Impairment	**-**	-	**(155.2)**	(0.3)
Depreciation and amortisation	**-**	-	**(40.1)**	(23.7)
Total revenue and Operating Profit / (Loss)	**234.8**	148.6	**(148.8)**	(11.7)

(i) Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, impairment and exceptional and other items.
(ii) During the year there was no trading between segments and central and shared costs have been allocated on a reasonable and consistent basis.

The above operating loss has been reconciled to the loss before tax on the face of the consolidated Statement of Group Comprehensive Income on page 23.

3. OPERATING LOSS

The following charges are included within cost of sales, administrative costs and depreciation and amortisation, on a continuing operations basis:

	2020 £m	2019 £m
Depreciation of property, plant and equipment	**5.4**	3.3
Depreciation of right-of-use assets	**14.9**	8.4
Amortisation of intangible assets	**19.8**	12.0
Total depreciation and amortisation	**40.1**	23.7
Impairment of Goodwill	**154.2**	-
Impairment of intangible assets	**0.2**	0.1
Impairment of right of use assets	**0.8**	0.1
Employee benefit expense (note 24)	**103.0**	63.9
Research and Development	**1.1**	-
Loss allowance on trade receivables	**1.2**	1.5

3. OPERATING LOSS (CONT'D)

Services provided by the Group's auditor and network firms

	£m	£m
Fees payable to the Company's auditor for the audit of parent company and consolidated financial statements	**0.2**	0.2
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries	**0.3**	0.3
Total fees payable for audit services	**0.5**	0.5
Fees payable to the Company's auditor and its associates for other services:		
- Services relating to due diligence	**0.1**	-
Total fees payable to the Company's auditor and its associates	**0.6**	0.6

Other Operating Income

	2020	2019
	£m	£m
Government support:		
Australia	**4.7**	-
Canada	**0.2**	-
New Zealand	**0.2**	-
Singapore	**0.7**	-
US	**0.2**	-
Grants in respect of research and development in Insendi	**0.2**	-
	6.2	-

The income in Australia primarily related to amounts received under the JobKeeper scheme where the Government supplemented wages of employees continuing to work for the Group.

In addition, Government support was received in Australia (£0.8 million) under the JobKeeper payment scheme and the UK (£1.7 million) under the Coronavirus Job Retention Scheme which has been netted off within payroll costs where the employees temporarily ceased to provide services to the Group in accordance with IAS 20, as disclosed in Note 1.23 (2019: £Nil).

4. FINANCE INCOME

	2020	2019
	£m	£m
Finance income:		
Bank interest	**0.1**	0.1
Finance lease receivables	**0.3**	0.2
Unrealised foreign exchange gains (Note 8)	**0.9**	-
	1.3	0.3

5. FINANCE COSTS

	2020	2019
	£m	£m
Finance costs:		
Interest – term loan	**16.3**	9.8
Interest – revolving credit facility	**1.2**	0.1
Amortisation of deferred finance setup costs	**1.2**	0.7
Other finance costs	**.5**	0.8
Interest on lease liabilities	**4.7**	3.0
Unwinding of discount on provisions (Note 20)	**1.0**	-
Unrealised foreign exchange losses (Note 8)	**-**	0.7
	24.9	15.1

6. TAXATION

Analysis of tax credit in the year

	2020	2019
Corporation Tax	**£m**	£m
- UK tax - current period	**(0.1)**	(0.1)
- UK tax - prior periods	**0.1**	-
- Overseas tax - current period	**(2.4)**	(1.2)
- Overseas tax - prior periods	**(1.3)**	0.1
Total corporation tax charge to the Statement of Comprehensive Income	**(3.7)**	(1.2)
Analysed by:		
Total corporation tax charge on continuing operations	**(3.7)**	(1.2)
Total corporation tax charge	**(3.7)**	(1.2)
Deferred Tax (Note 15)		
- UK origination and reversal of temporary differences	**0.4**	3.6
- UK adjustments in respect of prior periods	**0.9**	(0.1)
- Overseas origination and temporary differences	**1.3**	1.9
- Overseas adjustments in respect of prior periods	**2.1**	(0.2)
Total deferred tax credit to the Statement of Comprehensive Income	**4.7**	5.2
Analysed by:		
Total tax credit on continuing operations	**1.0**	4.0
Total tax credit	**1.0**	4.0
Total tax credit to the Statement of Comprehensive Income	**1.0**	4.0
Analysed by:		
Total tax credit on continuing operations	**1.0**	4.0
Total tax credit to the Statement of Comprehensive Income	**1.0**	4.0

The Group tax rate is the standard rate of corporation tax in the UK at 19%. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The total tax credit for the year can be reconciled to the loss in the Statement of Comprehensive Income as follows:

	2020	2019
	£m	£m
Loss before taxation from continuing operations	**172.4**	26.5
(Profit)/Loss before tax from discontinued operations	**(0.3)**	2.4
Loss before taxation	**172.1**	28.9
Loss on ordinary activities multiplied by rate of corporate tax in UK of 19%	**32.7**	5.5
Effects of:		
Goodwill impairment	**(29.3)**	-
Items not taxable or deductible	**(1.0)**	(1.5)
Tax losses not recognised/paid	**(0.5)**	(0.6)
Change of UK tax rate from 17% to 19%	**(3.2)**	-
Difference in overseas rates of tax	**0.5**	0.8
Adjustments in respect of prior periods – corporation tax	**(1.2)**	0.1
Adjustments in respect of prior periods – deferred tax	**3.0**	(0.3)
Total taxation credit	**1.0**	4.0

6. TAXATION (CONT'D)

The Group was subject to a review by the Australian Taxation Office ("ATO") as part of the Top 1000 companies under their tax performance program and subsequent Next Actions Review. The program covers large public and multinational companies, focusing on the income tax affairs of taxpayers with turnover above $250 million. The ATO has identified certain potential tax risk areas following the Next Actions Review for which a submission has been sent to the ATO responding to these areas. As discussions with the ATO in respect of these areas are continuing, at this stage, the eventual outcome of the ATO review cannot be determined with any degree of certainty and a provision equivalent to the Directors best estimate of the liability has been made in respect of these uncertain items.

7. DISCONTINUED OPERATIONS

Since 2018, strategically Study Group has been focused on the core University Partnerships business and as a consequence, discontinued the non-core parts of the business. These non-core business segments outlined below which, whilst material lines of business at the point of classifying as discontinued, are now relatively small and therefore have been classified as one discontinued business line ('Discontinued businesses') for the year ended 31 December 2020 and the period ended 31 December 2019.

Discontinued businesses comprise:

- **Embassy English ('Embassy')** - the global Embassy business was sold in 2018. In the period from the sale to 31 December 2020 amounts recognised as revenue and operating expenses were predominantly property related. Final amounts due in relation to the sale are expected to be recovered in 2021. Revenue of £0.6 million (2019: £0.4 million) and operating expenses of £0.3 million (2019: £1.7 million) were recognised in the year.
- **HE Proprietary Brands ('HE Proprietary')** - includes Martin HE and Endeavour. Martin HE was formally discontinued in 2017 and all students were taught out by the end of 2019. The full exit of the business is on track for early 2021. The sale of Endeavour completed in 2018 and cash of £2.1 million was received in September 2019 in relation to monies held in Escrow from the date of sale, following the satisfaction of certain criteria. Costs of £nil (2019: £0.3 million) were recognised in the year.
- **Vocational Education and Training business ('VET') -** VET was formally discontinued in 2017 and all students were taught out by the end of 2019. Whilst the exit of the VET operations is now complete, refund claims continue to be received with £0.3 million of refunds paid in the year to 31 December 2020 (2019: £0.7 million). Costs of £nil (2019: £0.2 million) were recognised in the year.

Accordingly, the above discontinued operating segment has been classified as a discontinued operation and is not presented within the Segmental analysis in note 2. The results of the discontinued operation for the year are presented below:

	2020	2019
	£m	£m
Revenue	**0.6**	0.4
Operating expenses	**(0.3)**	(2.8)
Profit/(Loss) for the year from discontinued operation	**0.3**	**(2.4)**
Presented as:		
Before Exceptional and Other Items	**0.3**	(1.8)
Exceptional and Other Items (Costs relating to discontinued operations, Note 8)	**-**	(0.6)
	0.3	**(2.4)**

The net cash flows incurred by the discontinued operation are as follows:

	2020	2019
	£m	£m
Net cash used in operating activities	**(1.1)**	(1.4)
Net cash generated from financing activities	**-**	2.1
Net cash (outflow)/inflow	**(1.1)**	**0.7**

8. EXCEPTIONAL AND OTHER ITEMS

	Group Exceptional Items 2020	**Group Other items 2020**	**Group Total 2020**	Group Exceptional Items 2019	Group Other items 2019	Group Total 2019
					7 months	
	£m	**£m**	**£m**	£m	£m	£m
Exceptional and other items included within operating loss:						
Transaction costs	**0.3**	**-**	**0.3**	6.0	-	6.0
Strategic investments	**-**	**0.6**	**0.6**	-	1.9	1.9
Restructuring costs	**1.7**	**0.2**	**1.9**	0.9	0.9	1.8
Shareholder & management fees	**-**	**-**	**-**	-	0.9	0.9
Property provision	**-**	**-**	**-**	(0.4)	-	(0.4)
Other	**-**	**0.6**	**0.6**	-	-	-
	2.0	**1.4**	**3.4**	6.5	3.7	10.2
Impairment	**155.2**	**-**	**155.2**	0.2	-	0.2
Exceptional and other items included within finance costs:						
Foreign exchange (gains) / losses	**-**	**(0.9)**	**(0.9)**	-	0.7	0.7
Unwinding of discount and effect of changes in discount rate on provisions	**1.0**	**-**	**1.0**	-	-	-
Total costs relating to continuing operations	**158.2**	**0.5**	**158.7**	6.7	4.4	11.1
Exceptional and other items included within discontinued operations:						
Costs relating to discontinued operations (Note 7)	**-**	**-**	**-**	0.6	-	0.6
Total exceptional and other costs	**158.2**	**0.5**	**158.7**	7.3	4.4	11.7

Exceptional items are those which are material in size or are non-recurring in nature. Other items are not necessarily non-recurring in nature, but the Directors believe that it is helpful to show these amounts separately as they are not directly linked to the principal activities of the business.

Exceptional items included within operating loss:

- Transaction costs comprise of £0.3 million (2019: £6.0 million) for legal and professional charges associated with the acquisition of Insendi in February 2020.
- Restructuring costs of £1.7 million incurred in 2020 (2019: £0.9 million) relate to redundancy costs as a result of Covid-19.
- Impairments in the year included £154.2 million relating to the impairment of goodwill in the ANZ CGU, £0.8 million relating to IFRS 16 leases (2019: £nil) and £0.2 million relating to centre contract assets associated with closed centres in Canada (2019: £0.2 million).

Exceptional items included within finance costs:

- Exceptional finance costs in the year consist of the unwinding of the discount and changes to the discount rate on the Insendi contingent consideration provision totalling £1.0 million (2019: £nil).

8. EXCEPTIONAL AND OTHER ITEMS (CONT'D)

Other items:
Other items include strategic investments which comprise upfront investments for the benefit of future years, non-executive Director fees, restructuring costs, Covid-19 incremental costs and unrealised FX (gains)/losses that the Directors believe are beneficial to strip out when analysing the underlying trading result for the year.

- Strategic investments in the year relate to the Group's strategy project of £0.6 million (2019: £1.9 million).
- Restructuring costs in the year consist of final corporate reorganisation fees and restructuring costs in ANZ division totalling £0.2 million (2019: £0.9 million). The restructuring costs arose due to the change in ownership in the prior year and have therefore been classified as 'Other' for the purpose of disclosing these separately from and understanding the underlying trading result.
- Shareholder and management fees include £0.3 million non-executive Director fees (2019: £0.3 million) offset by a credit of £0.3 million (2019: cost of £0.6 million) relating to the senior management long-term incentive plan scheme, generated as a result of the revised trading performance of the Group post Covid-19.
- Other operating exceptional items in the year included £0.5 million relating to Covid-19 incremental costs (2019: £nil) as a result of the outbreak of Coronavirus, £0.1 million relating to redundancy costs and asset disposals following the decision to close the Keele ISC centre, and £0.1 million relating to asset disposals in North America as a result of centre closures.
- Unrealised foreign exchange gains for the year were £0.9 million due to the net favourable exchange rate movements during the year (2019: £0.7 million losses).

9. GOODWILL

	2020	2019
	£m	£m
COST		
At 1 January	**287.7**	-
Current year acquisitions (Note 29)	**13.8**	292.3
Exchange rate adjustments	**8.9**	(4.6)
At 31 December	**310.4**	287.7
Impairment		
At 1 January	-	-
Current Period Impairment	154.2	-
At 31 December	**154.2**	-
Net Book Value at 31 December	**156.2**	287.7

Impairment testing
The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. For the purpose of annual impairment testing, goodwill is allocated to the Cash Generating Units expected to benefit from the synergies of the business combinations in which the goodwill arises as set out below, and is compared to its recoverable value:

Goodwill allocated to operating segments	**2020**	2019
	£m	£m
UK & Europe Pathways	**142.4**	142.4
Australia & New Zealand Pathways	**-**	145.3
North America Pathways	**-**	-
Insendi	**13.8**	-
	156.2	287.7

The recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed five year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a terminal growth rate. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the segment, bench-marked against relevant market rates.

9. GOODWILL (CONT'D)

The estimate of the recoverable amount for each CGUs is particularly sensitive to changes in the forecast NSEs as well as the discount and terminal growth rates as detailed in the sensitivity analysis below.

Key assumptions	Terminal growth rate	Post-tax discount rate
UK & Europe Pathways	2.0%	9.0%
Australia & New Zealand Pathways	2.0%	8.5%
Insendi	2.0%	17.0%

The terminal growth rates reflect the long-term average growth rates for each segment. The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each segment. For reference, the equivalent pre-tax discount rates for the UK & Europe Pathways, Australia & New Zealand Pathways CGUs and Insendi were 11.1%, 12.1% and 22.2% respectively.

Cash flow assumptions
The free cash flow projections considered as at 31 December 2020 were based on a Board approved five year forecast model. The key assumptions include reasonable growth rates and profit margins in each CGU, based on market intelligence and past experience. As outlined in the Strategic report on page 8 the Group's assumptions reflect consideration of the impact of Covid-19 and government responses to the pandemic in relevant territories. This has had a particular downward impact on the ANZ CGU and on the projected growth of that business and accordingly the associated cash flows over the forecast period. Recovery over the first 3 years in the ANZ CGU is expected to take longer than in the UK & Europe, where a more rapid return to growth is expected in part aided by the roll out of vaccines, borders being open, and a favourable post-study work rights regime introduced in the UK from 2020. Growth within the last two forecast years are based on publicly available medium term expected market growth rates. No significant or unreasonable efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry.

Based on these assumptions an impairment of £154.2 million has been recognised against the ANZ CGU with significant positive headroom in the UK&EU CGU. The Directors have performed a series of sensitivities to these forecast as set out below.

Sensitivity
The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the CGUs to which goodwill is allocated. The estimate of the recoverable amount for each CGUs is sensitive to changes in the discount, terminal growth rates, and timing and strength of the forecast recovery:

- If the post-tax discount rate used were to change by 1 percentage basis point from 9.0%, 8.5% and 17% to 10.0%, 9.5% and 18% in the UK & EU, ANZ and Insendi CGUs respectively, positive headroom would reduce by £44.4 million but still remain in UK&EU, Insendi's headroom would also remain positive although would reduce by £4.2 million, and the impairment loss in ANZ would increase by £19.7 million which would be allocated against other intangible assets in the CGU.
- If the terminal growth rate were to decrease by 0.5 percentage basis points from 2.0% to 1.5% for all CGUs, positive headroom would reduce by £18.1 million but still remain in UK&EU, a similar situation would occur in Insendi where the headroom would reduce by £1.4 million, and the impairment loss in ANZ would increase by £8.1 million which would be allocated against other intangible assets in the CGU.
- If the recovery is delayed or softer than forecast due to macro-economic factors regarding Covid-19 which impact forecast NSE and cause a reduction of 5% in EBITDA in each forecast year over the five year period in all the CGUs, positive headroom would reduce by £41.0 million but still remain in the UK&EU, likewise Insendi's headroom would reduce by £3.6 million, and the impairment loss in ANZ would increase by £14.0 million which would be allocated against other intangible assets in the CGU.

Management is not currently aware of any other reasonably possible changes in the key assumptions on which the recoverable amount of the UK&EU CGU is based that would cause the carrying amount to exceed the recoverable amount. Given the ANZ CGU has been impaired this year any sensitivity consequently would result in further impairment, however the Directors do not consider that the impairment should be increased above the amount recognised at this time. The Insendi CGU has significant positive headroom due to an improved outlook following acquisition in February 2020, in part due to increased demand for online educational services as a consequence of Covid-19, and therefore no impairment has been recognised.

10. OTHER INTANGIBLE ASSETS

2020	**University Partnerships £m**	**Brands £m**	**Software £m**	**Centre Contract £m**	**Course Development £m**	**Technology**	**Total £m**
COST							
At 1 January 2020	**387.9**	**12.4**	**13.5**	**5.7**	**0.3**	**-**	**419.8**
Additions	-	-	6.0	0.4	0.1	-	6.5
Acquisitions	2.6	-	-	-	-	2.0	4.6
Disposals	-	-	-	(0.4)	-	-	(0.4)
Exchange difference	12.1	-	1.4	0.2	-	-	13.7
At 31 December 2020	**402.6**	**12.4**	**20.9**	**5.9**	**0.4**	**2.0**	**444.2**
ACCUMULATED AMORTISATION & IMPAIRMENT							
At 1 January 2020	**7.7**	**0.2**	**2.8**	**0.5**	**-**	**-**	**11.2**
Charge for the year	13.2	0.4	5.2	0.6	0.2	0.2	19.8
Disposals	-	-	-	(0.4)	-	-	(0.4)
Impairments	-	-	-	0.2	-	-	0.2
Exchange difference	-	-	1.2	-	-	-	1.2
At 31 December 2020	**20.9**	**0.6**	**9.2**	**0.9**	**0.2**	**0.2**	**32.0**
Net book value at 31 December 2020	**381.7**	**11.8**	**11.7**	**5.0**	**0.2**	**1.8**	**412.2**
Net book value at 31 December 2019	380.2	12.2	10.7	5.2	0.3	-	408.6

2019	**University Partnerships £m**	**Brands £m**	**Software £m**	**Centre Contract £m**	**Course Development £m**	**Total £m**
COST						
Current period acquisitions	394.4	12.4	11.4	3.6	0.4	422.2
Additions	-	-	3.3	2.4	-	5.7
Disposals	-	-	(0.1)	-	(0.1)	(0.2)
Transfers	-	-	-	(0.2)	-	(0.2)
Exchange difference	(6.5)	-	(1.1)	(0.1)	-	(7.7)
At 31 December 2019	**387.9**	**12.4**	**13.5**	**5.7**	**0.3**	**419.8**
Charge for the period	7.7	0.2	3.7	0.3	0.1	12.0
Disposals	-	-	-	-	(0.1)	(0.1)
Impairment charge	-	-	-	0.2	-	0.2
Exchange difference	-	-	(0.9)	-	-	(0.9)
At 31 December 2019	**7.7**	**0.2**	**2.8**	**0.5**	**0.0**	**11.2**
Net book value at 31 December 2019	**380.2**	**12.2**	**10.7**	**5.2**	**0.3**	**408.6**

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Intangible assets acquired in a business combination are recorded in the functional currency of the CGU to which they relate. Subsequent to initial recognition at fair value, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses at the balance sheet exchange rate, on the same basis as intangible assets acquired separately.

In the current year two classes of intangible assets have been recognised in relation to the Insendi acquisition: University Partnerships of £2.6 million, and Technology of £2.0 million relating to the Insendi online learning platform.

Other intangible assets include Course Development for offline or online courses as well as Centre Contract assets comprising mainly launch costs recognised in line with IFRS 15. Software includes any software purchased or developed internally from which future economic benefits are expected.

10. OTHER INTANGIBLE ASSETS (CONT'D)

In 2019 £0.2 million was transferred from centre contracts to leasehold improvements (refer to Note 11). There were no equivalent transfers in the current year.

Amortisation for all classes of intangible assets is included within 'depreciation and amortisation' in the Statement of Comprehensive Income.

An annual impairment review is performed each year in December, and additionally any impairment triggers are reviewed throughout the year. A specific impairment in 2019 related to impairments of centre contract assets associated with certain North America centres. Based on the annual impairment tests performed, no additional impairment was recorded in 2019.

11. TANGIBLE FIXED ASSETS

2020	**Freehold land and buildings £m**	**Leasehold improvements £m**	**Equipment £m**	**Total £m**
COST				
At 1 January 2020	7.3	12.5	7.4	**27.2**
Current year acquisitions	-	-	0.1	**0.1**
Additions	-	0.1	0.8	**0.9**
Disposals	-	(0.2)	(0.3)	**(0.5)**
Exchange difference	-	0.8	0.8	**1.6**
At 31 December 2020	**7.3**	**13.2**	**8.8**	**29.3**
ACCUMULATED DEPRECIATION				
At 1 January 2020	0.2	0.9	-	**1.1**
Charge for the year	0.2	2.2	3.0	**5.4**
Exchange difference	-	0.5	0.6	**1.1**
At 31 December 2020	**0.4**	**3.6**	**3.6**	**7.6**
Net book value at 31 December 2020	**6.9**	**9.6**	**5.2**	**21.7**

2019	**Freehold land and buildings £m**	**Leasehold improvements £m**	**Equipment £m**	**Total £m**
COST				
Current period acquisitions	7.3	8.9	6.6	**22.8**
Additions	-	3.8	3.0	**6.8**
Disposals	-	-	(1.8)	**(1.8)**
Transfers	-	0.2	-	**0.2**
Exchange difference	-	(0.4)	(0.4)	**(0.8)**
At 31 December 2019	**7.3**	**12.5**	**7.4**	**27.2**
ACCUMULATED DEPRECIATION				
Charge for the period	0.2	1.1	2.0	**3.3**
Disposals	-	-	(1.8)	**(1.8)**
Exchange difference	-	(0.2)	(0.2)	**(0.4)**
At 31 December 2019	**0.2**	**0.9**	**-**	**1.1**
Net book value at 31 December 2019	**7.1**	**11.6**	**7.4**	**26.1**

12. RIGHT-OF-USE ASSETS

2020	Land and buildings £m	Computer equipment £m	Total £m
COST			
At 1 January 2020	124.9	0.4	**125.3**
Additions	3.5	-	**3.5**
Disposals	(12.6)	-	**(12.6)**
Revaluations	0.6	-	**0.6**
Exchange difference	1.7	-	**1.7**
At 31 December 2020	118.1	0.4	**118.5**
ACCUMULATED DEPRECIATION			
At 1 January 2020	7.8	0.1	**7.9**
Charge for the year	14.8	0.1	**14.9**
Disposals	(5.7)	-	**(5.7)**
Impairments	0.8	-	**0.8**
Foreign currency translation	0.5	-	**0.5**
At 31 December 2020	18.2	0.2	**18.4**
Net book value at 31 December 2020	**99.9**	**0.2**	**100.1**
Net book value at 31 December 2019	**117.1**	**0.3**	**117.4**

2019	Land and buildings £m	Computer equipment £m	Total £m
COST			
Current period acquisitions	126.2	0.3	**126.5**
Additions	0.2	0.1	**0.3**
Disposals	(0.3)	-	**(0.3)**
Impairments	(0.6)	-	**(0.6)**
Revaluations	0.6	-	**0.6**
Exchange difference	(1.2)	-	**(1.2)**
At 31 December 2019	124.9	0.4	**125.3**
ACCUMULATED DEPRECIATION			
Charge for the period	8.3	0.1	**8.4**
Disposals	(0.3)	-	**(0.3)**
Foreign currency translation	(0.2)	-	**(0.2)**
At 31 December 2019	**7.8**	**0.1**	**7.9**
Net book value at 31 December 2019	**117.1**	**0.3**	**117.4**

The Group leases a number of assets, with an average lease term remaining at the year-end of 3 years (2019: 5 years).

The majority of the Group's right-of-use assets relate to land & buildings, predominantly located in the UK (£71.6 million) and Australia (£18.7 million).

Land & buildings additions of £3.5 million in the year largely related to new lease agreements for the London Head Office (£1.5 million) and the University of Huddersfield (£0.9 million) which were renewed during the year.

Net disposals of £6.9 million in the year predominantly related to the Group's properties at Bellerbys Cambridge which were fully exited, and its Trajan House property in Oxford which was sublet, with the right-of-use asset relating to the head lease derecognised and the net investment in the sublease capitalised (as detailed in Note 14).

Right-of-use assets relating to lease contracts for sites which are closed or discontinued are considered standalone CGUs as they generate cash inflows independent from the rest of the Group. At the financial year-end, where indicators of impairment existed, a reassessment of the value-in-use of such assets has been performed, with the net impairment charge of £0.8 million (2019: £0.6 million) reflecting the lower net present value of future cash flows forecast for Bellerbys schools in Cambridge and Oxford (£0.5 million) and Melbourne Bourke Street (£0.3 million).

12. RIGHT-OF-USE ASSETS (CONT'D)

The amount recognised in the Statement of Comprehensive Income for the year to reflect changes in lease payments that arose from Covid-19 rent concessions to which the Group has applied the practical expedient was £nil (2019: £nil).

The maturity analysis of lease liabilities is presented in Note 19.

Amounts recognised in profit and loss	**2020 £m**	2019 £m
Depreciation expense on right-of-use assets	**14.9**	8.4
Interest expense on lease liabilities	**4.7**	3.0
Expense relating to short-term leases	**3.7**	3.0
Expense relating to leases of low value assets	**0.1**	0.1
Income from sub-leasing right-of-use assets	**(0.3)**	(0.2)
	23.1	14.3

At 31 December 2020, the Group is committed to £0.7 million (2019: £2.0 million) in respect of short-term leases.

Approximately one third of the property leases in which the Group is the lessee contain rent review clauses within the lease contract, the majority of which are subject to indexation increases, all based within the UK. In contrast, the majority of leases in Australia have fixed increases built into the lease contract which are therefore included in the right-of-use asset valuation calculated at the commencement of the lease.

Indexation price increases in 2020 were 2.7% (2019: 5.7%) on average and the impact of expected future rent increases is not considered to present a significant liquidity risk to the Group.

The total cash outflow for leases in the year amounted to £19.7 million (2019 7 months: £13.8 million).

13. INVESTMENTS

The movements in the net book value of interests in joint ventures are as follows:

	2020 £m	**2019 £m**
At 1 January	**0.3**	-
Current year acquisitions	**-**	0.3
Share of associate's profit	**-**	-
At 31 December	**0.3**	0.3

Subsidiary Undertakings
Details of the subsidiary undertakings of the Company, which are included in the consolidated financial statements, are set out in the following table.

Name of Entity	**Country of Incorporation**	**Ownership Interest**		**Nature**
Controlled Entities:		**%**	**Method**	
EDU Holdings SPV Pty Ltd	Australia	100	Indirect	Holding
EDU Investments SPV Pty Ltd	Australia	100	Indirect	Holding/ Dormant
Study Group (Finance) Pty Ltd	Australia	100	Indirect	Holding
Study Group Pty Ltd	Australia	100	Indirect	Holding/ Dormant
Australian Institute of Applied Sciences Pty Ltd	Australia	100	Indirect	Dormant
Applied Training Pty Ltd	Australia	100	Indirect	Dormant
Study Group Australia Pty Ltd	Australia	100	Indirect	Trading
Taylors Institute of Advanced Studies Ltd [(i)]	Australia	-	Indirect	Dormant
Study Group do Brazil Agenciamento e Participacoes LTDA	Brazil	100	Indirect	Trading
Study Group Canada Higher Education Inc.	Canada	100	Indirect	Trading

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13. INVESTMENTS (CONT'D)

Name of Entity	Country of Incorporation	Ownership Interest		Nature
XueJi Education Consulting (Beijing) Ltd	China	100	Indirect	Dormant
SGIPL Study Group India Private Limited	India	100	Indirect	Trading
SG Study Group Malaysia Sdn. Bhd	Malaysia	100	Indirect	Trading
Study Group NZ Ltd	New Zealand	100	Indirect	Trading
SGI Consultancy Services Nigeria	Nigeria	100	Indirect	Trading
EDU UK Intermediate Ltd (ii)	United Kingdom	100	Indirect	Holding/ Dormant
EDU UK Management Services Ltd (ii)	United Kingdom	100	Indirect	Holding
EDU UK Topco Ltd (ii)	United Kingdom	100	Indirect	Holding
Insendi Limited	United Kingdom	100	Indirect	Trading
Study Group Holdings UK Ltd (ii)	United Kingdom	100	Indirect	Holding/ Dormant
Study Group UK Ltd	United Kingdom	100	Indirect	Holding
Bellerbys UK Ltd	United Kingdom	100	Indirect	Dormant
Study Group Distance Learning Ltd (ii)	United Kingdom	100	Indirect	Dormant
Study Group Ltd (formerly Bellerbys Educational Services Ltd) (ii)	United Kingdom	100	Indirect	Trading
SG Global Bidco Ltd (ii)	United Kingdom	100	Indirect	Holding
SG Global Midco Ltd (ii)	United Kingdom	100	Indirect	Holding
SG Global Finco Ltd (ii)	United Kingdom	100	Direct	Holding
EDU US Holdco Inc.	USA	100	Indirect	Holding/ Dormant
Study Group USA Higher Education LLC	USA	100	Indirect	Trading
Study Group USA Inc.	USA	100	Indirect	Dormant
Joint Venture:				
University of Sydney Foundation Program Pty Ltd (iii)	Australia	50	Indirect	Trading

The registered address of all Group companies registered in Australia is: Level 1, 63 Oxford Street, Darlinghurst, NSW 2010, Australia.

The registered address of the above Group company registered in Brazil is: Suite 81, 8th Floor, Avenue Bridageiro, Faria Lima, No 1234, Jardim Paulistano, Sao Paulo, 01452-002.

The registered address of the above Group company registered in Canada is: Suite 900-1959 Upper Water Street, Halifax, Nova Scotia, B3J 3N2.

The registered address of the above Group company registered in China is: Units 1707, E Tower, No. C-12, Guanghua Road, Beijing, China.

The registered address of the above Group company registered in India is: 0-503A, 5th Floor, Salcon Rasvilas Saket District Center, New Delhi, DL 110017, India.

The registered address of the above Group company registered in Malaysia is: Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 592000 Kuala Lumpur.

The registered address the above Group company registered in New Zealand is: Taylors House, 75 Karangahape Road, Auckland 1000, New Zealand.

The registered address the above Group company registered in Nigeria is: First Business Alliance Suites, 2nd Floor Plot 5, Chief Yesuf, Abiodun Street, Victoria Island, Lagos, Nigeria.

The registered address of all Group companies registered in the UK (other than Insendi Limited) is: 1 Billinton Way, Brighton, East Sussex, BN1 4LF.

The registered address of Insendi Limited registered in the UK is: 50 Sloane Avenue, London, England, SW3 3DD.

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13. INVESTMENTS (CONT'D)

The registered address of EDU US Holdco Inc. and Study Group USA Inc. registered in the USA is: 1209 Orange Street, Wilmington, Delaware 19801, USA

The registered address of Study Group USA Higher Education LLC registered in the USA is: 620 North LaSalle Street #307, Chicago, Illinois 60654, USA.

(i) This entity is classified as a controlled entity as the Group has the capacity to control both the operating and financial decisions, and the capacity to dominate and control the composition of the Board of Directors.

(ii) EDU UK Management Services Ltd (registered number: 07285370), Study Group Holdings UK Ltd (registered number: 05888001), Study Group Distance Learning Ltd (registered number: 07145464), SG Global Bidco Ltd (registered number: 11827693), SG Global Midco Ltd (registered number: 11827648) and SG Global Finco Ltd (registered number: 11827569), wholly owned subsidiaries of the Company, are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A for non-dormant subsidiaries. All outstanding liabilities as at 31 December 2020 of EDU UK Management Services Ltd, Study Group Holdings UK Ltd, Study Group Ltd, Study Group Distance Learning Ltd, SG Global Bidco Ltd, SG Global Midco Ltd and SG Global Finco Ltd have been guaranteed by the Company and no liability is expected to arise under the guarantee.

(iii) The University of Sydney Foundation Program Pty Ltd is a joint venture between The University of Sydney and Study Group Australia Pty Limited. Under this arrangement the joint venture entity is required to pay royalties and fees for the provision of services to its joint venture partners. In total, these commitments are calculated as approximately 87% of gross revenue recognised in the accounting period. The principal place of business for this joint venture is at the University of Sydney, and the registered office address of the joint venture entity is Level 24, 201 Elizabeth Street, Sydney 2000, Australia. Both parties hold equal ownership and voting rights of 50% each.

14. FINANCE LEASE RECEIVABLES

	2020 £m	2019 £m
Amounts receivable under finance leases:		
Year 1	**1.3**	1.1
Year 2	**1.1**	1.1
Year 3	**1.1**	0.9
Year 4	**1.1**	0.6
Year 5	**0.7**	0.4
Onwards	**3.1**	2.6
Undiscounted lease payments	**8.4**	6.7
Less: unearned finance income	**(1.4)**	(1.2)
Present value of lease payments receivable	**7.0**	5.5
Impairment loss allowance	**-**	-
Net investment in the lease	**7.0**	5.5
Undiscounted lease payments analysed as:		
Recoverable after 12 months	**7.1**	5.6
Recoverable within 12 months	**1.3**	1.1
	8.4	6.7

	2020 £m	2019 £m
Net investment in the lease analysed as:		
Recoverable after 12 months	**6.0**	4.7
Recoverable within 12 months	**1.0**	0.8
	7.0	5.5

14. FINANCE LEASE RECEIVABLES (CONT'D)

During the year, the Group was able to sublease its Trajan House property in Oxford, a property that is not in use by the Group, for which the sublease met the definition of a finance sublease and was capitalised. In addition, the terms of the sublease arrangement for its property in Darlinghurst, Sydney changed such that it no longer met the definition of a finance sublease, and it was therefore derecognised during the year. The Group's property in St. Aldates, Oxford, continued to be sublet throughout the year. At the year-end the average lease term remaining in respect of finance lease receivables was 8.4 years (2019: 6.7 years).

The Group's exposure to foreign currency risk as a result of the leasing arrangements is not considered to be significant, as a large proportion of the net investment in the lease is denominated in Sterling £6.8 million (2019: £3.7 million).

15. DEFERRED TAX

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

2020	Opening Balance £m	Created on acquisition £m	(Debit)/Credit to P&L £m	Unrealised Foreign Exchange gain /(loss) and other movements £m	Closing balance £m
Deferred tax assets					
Tax losses carried forward	2.1	-	(0.1)	0.3	**2.3**
Tangible fixed assets	4.2	-	1.0	0.1	**5.3**
Lease liabilities	9.4	-	(2.3)	0.5	**7.6**
Accruals and provisions	4.4	-	2.7	0.3	**7.4**
	20.1	**-**	**1.3**	**1.2**	**22.6**
Deferred tax liabilities					
Intangible assets	(94.3)	(0.9)	(0.4)	(3.7)	**(99.3)**
Right-of-use assets	(8.1)	-	2.5	(0.4)	**(6.0)**
Prepayments	(2.0)	-	1.3	-	**(0.7)**
	(104.4)	**(0.9)**	**3.4**	**(4.1)**	**(106.0)**
Net deferred tax asset / (liability)	**(84.3)**	**(0.9)**	**4.7**	**(2.9)**	**(83.4)**

2019	Acquired via business combination £m	Created on acquisition £m	(Debit)/Credit to P&L £m	Unrealised Foreign Exchange gain /(loss) £m	Closing balance £m
Deferred tax assets					
Tax losses carried forward	1.9	-	0.2	-	**2.1**
Tangible fixed assets	3.6	-	0.6	-	**4.2**
Lease liabilities	11.1	-	(1.7)	-	**9.4**
Accruals and provisions	3.3	-	1.1	-	**4.4**
	19.9	**-**	**0.2**	**-**	**20.1**
Deferred tax liabilities					
Intangible assets	(0.8)	(97.7)	2.3	1.9	**(94.3)**
Right-of-use assets	(10.1)	-	2.0	**-**	**(8.1)**
Prepayments	(2.7)	-	0.7	**-**	**(2.0)**
	(13.6)	**(97.7)**	**5.0**	**1.9**	**(104.4)**
Net deferred tax asset / (liability)	**6.3**	**(97.7)**	**5.2**	**1.9**	**(84.3)**

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

15. DEFERRED TAX (CONT'D)

The below table shows the deferred tax balances by jurisdiction:

2020	New Zealand £m	Australia £m	UK £m	Total £m
Deferred tax assets				
Tax losses carried forward	0.5	-	1.8	**2.3**
Tangible fixed assets	-	1.4	3.9	**5.3**
Lease liabilities	0.4	7.2	-	**7.6**
Accruals and provisions	0.1	4.7	2.6	**7.4**
	1.0	13.3	8.3	**22.6**
Deferred tax liabilities				
Intangible assets	-	(62.5)	(36.8)	**(99.3)**
Right-of-use assets	(0.4)	(5.6)	-	**(6.0)**
Prepayments	-	(0.7)	-	**(0.7)**
	(0.4)	(68.8)	(36.8)	**(106.0)**
Net deferred tax asset	**0.6**	**-**	**-**	**0.6**
Net deferred tax liability	**-**	**(55.5)**	**(28.5)**	**(84.0)**
Net deferred tax asset / (liability)	**0.6**	**(55.5)**	**(28.5)**	**(83.4)**

In the March 2021 Budget, it was announced that the UK tax rate will go up from the current 19% to 25% from 1 April 2023. As substantive enactment is after the balance sheet date, the deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%. If the new tax rate had been used, the impact on the above net deferred tax liability would have been no higher than a £9.0 million increase.

The below table shows the deferred tax balances by jurisdiction for the prior period:

2019	New Zealand £m	Australia £m	UK £m	Total £m
Deferred tax assets				
Tax losses carried forward	0.1	0.1	2.0	**2.1**
Tangible fixed assets	-	1.0	3.2	**4.2**
Lease liabilities	0.5	8.9	-	**9.4**
Accruals and provisions	0.2	3.1	1.2	**4.4**
	0.8	12.9	6.4	**20.1**
Deferred tax liabilities				
Intangible assets		(61.1)	(33.2)	**(94.3)**
Right-of-use assets	(0.5)	(7.6)	-	**(8.1)**
Prepayments	(0.1)	(1.9)	-	**(2.0)**
	(0.6)	(70.6)	(33.2)	**(104.4)**
Net deferred tax asset / (liability)	**0.2**	**(57.7)**	**(26.8)**	**(84.3)**

The Group has unrecognised deferred tax assets in the UK relating to historical tax losses that are unlikely to reverse in foreseeable future, these amount to £3.0 million (2019: £2.5 million).

16. TRADE AND OTHER RECEIVABLES

	2020	2019
	£m	£m
CURRENT:		
Trade receivables	**38.7**	39.1
Loss allowance	**(9.1)**	(8.1)
Trade receivables – net	**29.6**	31.0
Other receivables	**1.9**	1.1
Prepayments	**16.3**	26.0
	47.8	58.1

The following table shows the movement in the loss allowance that has been recognised for trade receivables:

	2020	2019
	£m	£m
At 1 January	**8.1**	-
At acquisition	**-**	6.7
Impairment losses recognised on receivables	**1.2**	1.5
Impairment losses reversed	**-**	(0.1)
Amounts recovered in the year	**(0.2)**	-
Balance as at 31 December	**9.1**	8.1

Trade receivables can be analysed as follows:

Ageing of trade receivables net of loss allowance

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. The Group employs historical experience to maintain provisions at levels that are sufficient to absorb actual bad debt write-off's without being excessive. The nature of other receivables and prepayments have been determined not to be appropriate to be considered for determining an Expected Credit Loss provision

2020	**Not past due £m**	**30 -60 days £m**	**60-90 days £m**	**90-120 days £m**	**>120 days £m**	**Total £m**
Trade receivables before Provision	19.6	4.4	2.8	1.0	10.9	**38.7**
Expected Credit Loss Provision	-	(0.1)	(0.4)	(0.1)	(8.5)	**(9.1)**
Net Receivables	**19.6**	**4.3**	**2.4**	**0.9**	**2.4**	**29.6**
Expected Credit Loss % of Trade Receivables	**0.0%**	**2.3%**	**14.3%**	**10.0%**	**78.0%**	

2019	**Not past due £m**	**30 -60 days £m**	**60-90 days £m**	**90-120 days £m**	**>120 days £m**	**Total £m**
Trade receivables before Provision	21.0	6.4	1.6	0.1	8.8	**37.9**
Expected Credit Loss Provision	-	-	-	(0.1)	(8.1)	**(8.2)**
Net Receivables	**21.0**	**6.4**	**1.6**	**0.0**	**0.7**	**29.7**
Expected Credit Loss % of Trade Receivables	**0.0%**	**0.0%**	**0.0%**	**100.0%**	**92.0%**	

The net charge relating to the increase in loss allowance has been included in 'administrative expenses' in the statement of comprehensive income.

Trade receivables represent amounts due from students and university partners or, in some cases, their agents.

17. TRADE AND OTHER PAYABLES

	2020 £m	2019 £m
CURRENT:		
Trade payables	**23.9**	16.9
Other payables and accruals	**50.9**	57.4
Interest accrued – term loans	**5.6**	5.7
	80.4	80.0

18. UNEARNED REVENUES

	2020 £m	2019 £m
Deferred income (current)	**76.2**	113.0

Deferred income arises from students paying tuition fees in advance and Insendi platform fees invoiced but relating to future periods.

19. LEASE LIABILITIES

	2020 £m	2019 £m
Maturity analysis:		
Year 1	**20.3**	19.5
Year 2	**18.5**	25.0
Year 3	**17.2**	17.9
Year 4	**13.4**	16.8
Year 5	**11.2**	12.8
Onwards	**63.8**	75.9
	144.4	167.9
Less: unearned interest	**(31.1)**	(38.5)
	113.3	129.4
Analysed as:		
Non-current	**98.0**	113.2
Current	**15.3**	16.2
	113.3	129.4

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

20. PROVISIONS

2020 **Movement in provisions:**	**Employee Benefit £m**	**Property £m**	**Contingent consideration £m**	**Other £m**	**Total £m**
At 1 January 2020	**5.0**	**4.3**	**-**	**0.7**	**10.0**
Current period acquisitions	**-**	**-**	**6.8**	**-**	**6.8**
Additional provision recognised	**3.4**	**0.1**	**-**	**-**	**3.5**
Provisions utilised	**(3.6)**	**-**	**(0.2)**	**(0.3)**	**(4.1)**
Unwinding of discount	**-**	**-**	**1.0**	**-**	**1.0**
Adjustment for change in discount rate	**-**	**(0.1)**	**-**	**-**	**(0.1)**
Foreign currency translation	**0.3**	**-**		**-**	**0.3**
At 31 December 2020	**5.1**	**4.3**	**7.6**	**0.4**	**17.4**
Current	**4.1**	**0.2**	**7.6**	**0.4**	**12.3**
Non-Current	**1.0**	**4.1**	**-**	**-**	**5.1**
	5.1	**4.3**	**7.6**	**0.4**	**17.4**

2019 Movement in provisions**:**	Employee Benefit £m	Property £m	Contingent consideration £m	Other £m	Total £m
Current period acquisitions	4.6	4.7	**-**	1.4	10.7
Additional provision recognised	2.6	0.2	**-**	0.2	3.0
Provisions utilised	(2.0)	(0.6)	**-**	(0.9)	(3.5)
Foreign currency translation	(0.2)	-	**-**	-	(0.2)
At 31 December 2019	5.0	4.3	**-**	0.7	10.0
Current	3.8	0.3	**-**	0.7	4.8
Non-Current	1.2	4.0	**-**	-	5.2
	5.0	4.3	**-**	0.7	10.0

Employee benefit provisions relate predominantly to annual leave and Australian long service leave entitlements which will be utilised upon employees taking their long service leave, and also includes a provision relating to the Group’s 2019 long-term incentive plan for senior employees, payable in 2022 if certain targets are met by the end of 2021.

Property provisions predominantly relate to dilapidation provisions on leased properties. Property provisions will unwind over the length of the respective leases, which expire across a variety of dates, ranging from one to twenty five years.

Contingent consideration relates to Insendi which was acquired by Study Group in February 2020 (Note 29), payable based on various targets, of which £0.2 million has been paid in the post-acquisition period to 31 December 2020.

Other predominantly relates to a provision for student refunds and reflects the Group’s expected liability to refund students for fees paid up front and where the course was not completed.

21. BORROWINGS

	Interest rate	Maturity	2020 £m Principal	2020 £m Value	2019 £m Principal	2019 £m Value
CURRENT BORROWINGS						
£30.0 m Revolving credit facility	4.75% + Libor/BBSY	2025	**29.9**	**29.7**	-	-
			29.9	**29.7**	-	-
NON-CURRENT BORROWINGS						
Secured borrowings at amortised cost						
GBP £115.0 m Term loan	6.00% + Libor	2026	**115.0**	**111.9**	115.0	111.1
AUD $88.9 m Term loan	6.00% + BBSY	2026	**50.2**	**48.9**	47.3	45.7
AUD $125.7 m Term loan	6.00% + BBSY	2026	**71.0**	**69.1**	66.8	64.7
			236.2	**229.9**	229.1	221.5

Revolving Credit facilities
The Group has a revolving credit Facility partly denominated in Great British Pounds and partly in Australian Dollars with a maximum facility of £30.0 million. At the year-end the Group had drawn £29.9 million, offset by deferred borrowing costs of £0.2 million. Debt issue and external borrowing costs are amortised to the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

22. FINANCIAL INSTRUMENTS

The Group's policies and strategies in relation to risk and financial instruments are explained in the Directors' Report. Accounting policies used to account for financial instruments are detailed in Note 1. There are no externally imposed capital requirements from any of our lenders.

Net investment hedge
During 2020, the Group continued to benefit from a net investment hedge using the AUD $88.9 million drawn in the UK to hedge the Group's foreign operations. The hedge is deemed 100% effective up to the value of the loan.

Hedging activities and derivatives
In August 2019, the Group entered into two interest cap agreements to cap the floating interest rates on a 6-monthly basis on 50% of the GBP (£57.5 million) and 50% of AUD term loans ($107.3 million) until 30 August 2022, covering 50% of the Group's total loans. These interest rate caps are valued using valuation techniques which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. Study Group obtain the values for these interest rate caps on a quarterly basis from HSBC UK Bank Plc. The fair value at the year end was £nil (2019: £0.1 million).

Fair values of non-derivative financial assets and liabilities
At 31 December 2020 and 31 December 2019 there is no difference between the carrying amount and fair value of each of the following classes of financial assets and liabilities, principally due to their short maturity: trade and other receivables, cash at bank and in hand, trade and other payables and current borrowings. There is no significant difference between the fair value and carrying amount of non-current borrowings as the impact of discounting is not significant.

22. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency sensitivity
The Group is primarily exposed to fluctuations in the Australian Dollar and US Dollar. The following table details how the Group's income and equity would increase on a before tax and exceptional costs basis, given a 10% decrease in the respective year-end currencies against Pound Sterling and in accordance with IFRS 7 all other variables remaining constant. A 10% decrease in the value of Pound Sterling against the respective year-end currencies would have the opposite effect.

	2020 Income Sensitivity £m	**Equity Sensitivity £m**	2019 Income Sensitivity £m	Equity Sensitivity £m
Australian Dollar	**(0.9)**	**(10.0)**	(0.7)	(13.2)
US Dollar	**0.1**	**(0.6)**	0.2	(0.8)
Other	**1.3**	**0.4**	0.8	0.4
Equity decrease	**0.5**	**(10.2)**	0.3	(13.6)

Foreign exchange rates
Year end and average exchange rates per £1.00 are as follows:

	31 December 2020	31 December 2019
Australian Dollar - period average	**1.8626**	1.8365
Australian Dollar - period end	**1.7708**	1.8801
US Dollar - period average	**1.2836**	1.2770
US Dollar - period end	**1.3650**	1.3186

Impairment of financial assets
The Group subjects trade receivables to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS9, the identified Impairment loss was immaterial.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected credit loss rates are based on the payment profiles of sales over a period of 12 months before the 31 December 2020 and the corresponding historical credit loss within this period. Where objective evidence exists that a trade receivable may be impaired, provision is made for the difference between its carrying amount and the present value of the estimated cash that will be recovered. Evidence of the impairment may include such factors as the customer entering bankruptcy proceedings or a change in their credit rating. All significant balances are reviewed individually for evidence of impairment.

Trade receivables are written off when there is no reasonable expectancy of the recovery. Where receivable have been written off the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised within the statement of comprehensive income.

Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to remain as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. Net debt for this purpose is calculated as the principal amount outstanding of external indebtedness, including term loans and RCF, less cash and cash equivalents. The ratio is calculated as net debt divided by total equity.

	2020 £m	2019 £m
Total borrowings (Note 21)	259.6	221.5
Less: Total cash and cash equivalents	(34.5)	(44.0)
Net Debt	225.1	177.5
Total Equity	(143.8)	(306.7)
Net debt to equity ratio	157%	58%

23. SHARE CAPITAL AND RESERVES

	2020 Number of shares	2020 £	2019 Number of shares	2019 £
A Ordinary shares	**846,153**	**846,153**	846,153	846,153
B Ordinary shares	**6,474**	**6,474**	6,415	6,415
C shares	**127,500**	**153,000**	123,000	147,600
Preference shares	**334,847,973**	**334,847,973**	334,824,832	334,824,832
Total share capital and share premium	**335,828,100**	**335,853,600**	335,800,400	335,825,000
Direct issue costs	**-**	**(17,060)**	-	-
Total net of direct issue costs	**335,828,100**	**335,836,540**	335,800,400	335,825,000

Movements in shares:

2020	Number of shares	Par value £	Share premium £	Total £
Details				
Balance at the beginning of the year	335,800,400	334,834,588	990,412	**335,825,000**
Shares issued on 15 April 2020	27,700	23,187	5,413	**28,600**
	335,828,100	334,857,775	995,825	**335,853,600**

On 15 April 2020 23,141 Preference Shares of £1 each were issued at par. Additionally, 59 B Ordinary Shares and 4,500 C Shares of £0.01 each were issued at a premium.

Rights, preferences and restrictions

The Ordinary A and Ordinary B shares are considered pari passu as if the Ordinary Shares constituted one class of shares in the case of dividends.

Upon winding up the distribution between A Ordinary, B Ordinary and C shares is determined by a formula set out in the articles of association, which is publicly available from the Companies House website.

The preference shares accrue a fixed cumulative preferential dividend at the annual rate of 10% of a sum equal to the entire nominal and premium amounts paid up on such Preference Share. If the dividend is not paid, the unpaid amount carries interest at 10%.

Each Ordinary A and Ordinary B share carry one vote per share. The C Shares and Preference Shares carry no voting rights.

Reserves

The translation reserve in the Statement of Financial Position comprises all foreign exchange differences attributable to the owners of the parent. These exchange differences arise from the translation of the financial statements of its foreign subsidiaries and from the translation of financial instruments that hedge the Group's net investment in foreign operations.

24. EMPLOYEES

	2020 £m	2019 £m
Staff costs for the Group during the year[(i)]:		
Wages and salaries	**89.9**	56.1
Social security costs	**8.1**	4.8
Superannuation and other pension costs	**5.0**	3.0
	103.0	63.9

Please see footnotes on page 61

24. EMPLOYEES (CONT'D)

Average monthly number of people employed by the Group:[iii]

	2020	2019[ii]
Teaching (Direct and Indirect)	**1,253**	1,134
Sales, marketing and distribution	**318**	389
Administration	**598**	637
	2,169	2,160

(i) 2020 salary cost excludes staff not working for the Group and being remunerated under various local government schemes.
(ii) Calculated from the date of acquisition on the 31 May 2019, thus reflecting the 7 months of trade.
(iii) Includes those Directors who were employed by the Group during the year.

The average number of people employed by the parent company during the year is nil.

Key management compensation:
Key management are defined as the Global Executive Team (GET), which is the team of senior management who support the Chief Executive Officer in the day to day management of the Group's affairs and are involved in strategic decision making.

	2020	2019
	£m	£m
Salaries and short-term benefits including management incentives	**2.7**	3.1
Superannuation and other pension costs	**0.1**	0.1
	2.8	3.2

Aggregate Directors' remuneration:
The total amount for Directors' remuneration was as follows:

	2020	2019
	£m	£m
Salaries and short-term benefits including management incentives	**0.7**	0.9
Superannuation and other pension costs	**-**	-
	0.7	0.9

2 Directors are members of the Company's defined benefit pension plan (2019: 2).

Highest paid Director		
Salaries and short-term benefits	**0.4**	0.6
	0.4	0.6

25. NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents
Included within cash and cash equivalents at the year end of £34.5 million (2019: £44.0 million) is locked cash of £1.7 million held in Escrow in relation to consideration payments for Insendi (2019: £nil), and £0.5 million restricted cash in Australia and New Zealand in respect of student receipts collected on behalf of third parties (2019: £3.7 million).

Changes in liabilities arising from financing activities
The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

25. NOTES TO THE CASH FLOW STATEMENT (CONT'D)

2020	**Note**			**Non-cash changes £m**						
		1 January 2020	**Financing cash flows**	**Foreign exchange movements**	**Interest element in operating activities**	**Interest element in investing activities**	**Non-cash lease liability movements**	**Non-cash finance lease receivable movements**	**Deferred borrowing costs unwind**	**31 December 2020**
Borrowings	**21**	221.5	29.9	7.0					1.2	259.6
Finance lease receivables	**14**	(5.5)	1.2	0.1		0.3		(3.1)		(7.0)
Lease liabilities	**19**	129.4	(15.0)	1.5	(4.7)		2.1			113.3
Total		345.4	16.1	8.6	(4.7)	0.3	2.1	(3.1)	1.2	365.9

2019	Note			Non-cash changes £m					
		Financing cash flows	Acquisition	Foreign exchange movements	Interest element in operating activities	Non-cash lease liability movements	Non-cash finance lease receivable movements	Deferred borrowing costs unwind	31 December 2019
Share capital & share premium	23	335.8							335.8
Borrowings	21	(27.4)	252.5	(2.9)				(0.7)	221.5
Finance lease receivables	14	0.5	(5.9)		0.2		(0.3)		(5.5)
Lease liabilities	19	(10.8)	139.2		(3.0)	4.0			129.4
Total		**298.1**	**385.8**	**(2.9)**	**(2.8)**	**4.0**	**(0.3)**	**(0.7)**	**681.2**

26. FINANCIAL COMMITMENTS

Capital commitments

The Group had no capital commitments at the year-end (2019: none).

Contingent liabilities

The Company and its subsidiary undertakings are, from time to time, parties to legal proceedings and claims, which arise in the ordinary course of business. Provision has been made for the Directors' best estimate of known legal claims, investigations and legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed, or that the Group cannot make a sufficiently reliable estimate of the potential obligation.

During the year the Group became aware of a payment default of a third party in connection with a property lease of one of the Group's disposed businesses, for which the Group provided a partial indemnity. Consequently, a potential liability exists. Multiple parties are involved with whom discussions are at an early stage with a number of information requests outstanding, and as such the outcome is uncertain as is the timeline to resolution. A formal claim against the Group has not been made. A claim for £9.9 million has been raised against the third party, but under any reasonable scenario the potential liability of the Group would only represent a small fraction of this amount. This is due to the number of parties involved who have a direct exposure to the claim before any liability can be passed on to the Group, and furthermore there is a liability cap effective on the indemnity provided. With reference to the prejudicial exemption in IAS 37, the Directors believe that the disclosure of additional

26. FINANCIAL COMMITMENTS (CONT'D)

information about the potential liability could be detrimental to a favourable resolution. The Directors do not consider it is probable that there be a material cash outflow on this or any other items known at 31 December 2020 (2019: £nil).

The Group's activities are monitored by a number of regulatory bodies depending on the jurisdiction of the operation. From time to time, there is a risk that the Group may not comply with all requirements imposed by the relevant regulator giving rise to a risk of refund of fees, penalties or both.

The Group had £6.5 million (2019: £10.5 million) in outstanding bank guarantees at the end of the year against an AUD $15.0 million (2019: AUD $25.0 million) lease line facility held with HSBC UK Bank Plc. The majority of these are guarantees against future rental commitments. Following the terms of the lease line agreement with HSBC, to reduce interest costs and to maintain an appropriate level of facility headroom, Study Group reduced the total value of this lease line facility from AUD $25.0 million to AUD $15.0 million in December 2020.

In addition, the Group provides guarantees in the ordinary course of business, which correspond mainly to lease guarantees in respect of various buildings, for which no financial exposure has been identified at the year end.

No other contingent liabilities noted (2019: none).

27. RELATED PARTY DISCLOSURES

There were no contracts with SG Global Topco Limited (the Company) or any of its subsidiaries existing during or at the end of the financial period in which a Director of the Company was materially interested. The Group has taken advantage of the exemption available under IAS 24 'Related party disclosures' not to disclose transactions and balances between Group entities that have been eliminated on consolidation.

Revenue of £24,740,148 and a marketing contribution of £536,884 was received from the joint venture The University of Sydney Foundation Program Pty Ltd during the year (2019: £18,533,136 and £317,633 respectively for the 7 month statutory period). Related party payables of £3,417,803 (2019: £2,579,688) were owing to the joint venture at the year-end.

The Group paid Kugler Advisory Ltd, a company in which a Director of the Group is a Director and shareholder £63,575 (2019 £37,500) in consultancy fees during the year, with £nil outstanding at 31 December 2020 and 2019.

28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Ardian LBO Fund VI B S.L.P

The ultimate parent undertaking and controlling party is Ardian LBO Fund VI B S.L.P, a Limited Partnership with a separate legal identity registered and resident in France.

29. BUSINESS COMBINATION

Insendi
Study Group acquired 100% of the share capital of and obtained control of Insendi Limited ('Insendi') on 26 February 2020. Insendi is a leading online learning platform innovator based in the UK. The primary reason for this business combination was to bring to Study Group a high-quality online learning platform and associated capabilities. Initial consideration of £10.1 million (net of the cash acquired of £0.9 million) was paid on completion and contingent consideration becomes payable based on various targets including future EBITDA achievements, new partner contracts, and partner renewals, which at the time of acquisition was estimated to be £6.8 million.

Acquisition-related costs (included in exceptional costs Note 8) amounted to £0.3 million.

29. BUSINESS COMBINATION (CONT'D)

The following table summarises the consideration paid for Insendi and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	Fair Value 26 February 2020 £m
Cash paid	11.0
Contingent consideration arrangement	6.8
Total consideration	**17.8**
Fair value of net assets acquired	
Identifiable intangible assets	4.6
Tangible assets	0.1
Cash acquired	0.9
Financial assets	0.1
Financial liabilities	(0.8)
Deferred tax liabilities	(0.9)
Fair value of net assets acquired	**4.0**
Goodwill (Note 9)	**13.8**

	Group 26 February 2020 £m
Net cash flow arising on acquisition:	
Cash consideration	(11.0)
Cash and cash equivalent balances acquired	0.9
Transaction costs (Note 8)	(0.3)
	(10.4)

Further consideration is payable based on various triggering events, of which £0.2 million has been paid in the post-acquisition period to 31 December 2020, with a £7.6 million provision remaining at 31 December 2020 (included in provisions Note 20). The directors believe that the minimum amount payable in relation to the contingent consideration would be £2.3 million the amount already paid at this juncture. The terms of the agreement mean that there is no stipulated maximum amount payable the in respect of the contingent consideration, the directors currently estimate is a likely maximum payment to be in the region of £10.4 million.

The goodwill relates to both the value of the business school partnerships and technology assets beyond the forecast period of 10 years, together with the value inherent in acquiring the business as a going concern rather than acquiring a group of assets individually.

Total revenue and net profit earned by Insendi during the period since acquisition to 31 December 2020 amounted to £1.6 million and £0.4 million respectively, including £0.2 million in respect of Research & Development grants. The full year revenue and profit would have amounted to £2.0 million and £0.5 million respectively had there been no acquisition.

30. EVENTS AFTER THE BALANCE SHEET DATE

On 22 February 2021, the Group received a cash injection from Ardian totalling £17.0 million in the form of 10-year unsecured investor loan notes. Interest is charged at a fixed rate of 10%.

The Group's investment in the Share capital of EDU Holdings SPV Pty Ltd increased by AU$20 million.

Please see note 26 on the contingent liability stemming from a property lease for which the claim was received in February 2021.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 December 2020

	Note	31 December 2020 £m	31 December 2019 £m
ASSETS			
NON-CURRENT ASSETS			
Amounts due from subsidiary undertakings		**373.4**	349.5
Investments	**3**	**1.0**	1.0
		374.4	350.5
NET ASSETS		**374.4**	350.5
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	**4**	**334.8**	334.8
Share premium reserve		**1.0**	1.0
Retained earnings		**38.6**	14.7
TOTAL EQUITY		**374.4**	350.5

The Company reported a profit for the financial year ended 31 December 2020 of £23.9 million (2019: £14.7 million).

The financial statements and notes on pages 65 to 70 were approved by the Board of Directors on 29th April 2021 and were signed on its behalf by Nick Williams.

N Williams
Director SG Global Topco Limited Registered no. 11827427

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

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

2020	**Ordinary Share Capital £m**	**Share Premium Reserve £m**	**Retained Earnings £m**	**Total Equity £m**
At 1 January 2020	**334.8**	**1.0**	**14.7**	**350.5**
Profit for the year	**-**	**-**	**23.9**	**23.9**
Issue of share capital	-	-	-	-
At 31 December 2020	**334.8**	**1.0**	**38.6**	**374.4**

2019	Ordinary Share Capital £m	Share Premium Reserve £m	Retained Earnings £m	Total Equity £m
As at incorporation	-	-	-	-
Profit for the period	-	-	14.7	14.7
Issue of share capital	334.8	1.0	-	335.8
At 31 December 2019	**334.8**	**1.0**	**14.7**	**350.5**

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

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. GENERAL INFORMATION

Accounting policies for the year ended 31 December 2020

SG Global Topco Limited is a private company incorporated, domiciled and registered in the United Kingdom. The financial statements were authorised for issue by the Board of Directors on 29th April 2021.

During the year and the prior period, the principal activity of the Company was that of a holding company for the Group.

1.2. BASIS OF PREPARATION

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (‘Adopted IFRS’) but makes amendments where necessary in order to comply with the Companies Act 2006.

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

- a cash flow statement and related notes; and
- the requirements of IAS 24 Related Party Transactions and has, therefore, not disclosed transactions between the Company and its wholly owned subsidiaries; and
- the effect of new but not yet effective IFRSs
- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS *7 Financial Instrument Disclosures*

As permitted by Section 408 of the Companies Act 2006, a separate income statement for the Company has not been included in these financial statements. As permitted by the audit fee disclosure regulations, disclosure of non-audit fees information is not included in respect of the Company. No significant judgements and estimates for the Company are noted.

Going Concern

The Directors outlined in the 2019 Financial Statements that a material uncertainty existed because an agreement reached with the Group’s lenders, which included setting aside a financial covenant, remained subject to final legal documentation at the time of approving those financial statements. The Directors are able to report that the legal documentation of that agreement has been finalised such that the original covenant has been set aside and replaced with a new minimum liquidity covenant until September 2022. As part of this agreement a £17 million capital injection was received on 22 February 2021 from Ardian, and a further £15 million is committed if required.

The Directors have prepared a number of trading projections to cover the going concern review period. In light of the improving outlook including the deployment of vaccines, the Directors are confident that trading will begin to return towards pre-pandemic levels during the next twelve months. An illustrative extreme downside scenario for the purposes of stress-testing the Group’s strong financial position has been prepared in which NSE for the second six months of 2021 could be approaching 20% lower than the comparable period in 2020 which was impacted by Covid-19 before cash resources would breach the minimum liquidity covenant. Based on current evidence available to the Directors at the date of this report, including the level of NSE expected for the first six months of 2021 which are largely secured, the likelihood of this level of reduction is considered remote. Therefore, under all reasonable downside scenarios modelled the group has sufficient committed facilities to meet liabilities as they fall due for a period of 12 months from signing these financial statements, and accordingly the Directors continue to adopt the going concern basis in the financial statements.

1.3. INVESTMENTS

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less any impairment.

1.4. FINANCIAL RISK MANAGEMENT

The Companies operations expose it to a variety of financial risks that include the effects of market interest rates, credit risk and its liquidity position. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company which is outlined in the Directors’ Report.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.5. FINANCIAL INSTRUMENTS

Financial assets
All financial assets are normally recognised and de-recognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value. On de-recognition, however, where a specific transaction is entered into with a counterparty that is judged to carry a high credit or liquidity risk, then the Directors may determine that de-recognition of the financial asset shall be based on settlement date rather than trade date, with any realised gain or loss taken to the income statement on date of settlement.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and amounts 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classes of financial asset
Financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified at amortised cost. Trade and other receivables 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 recognition of interest would be immaterial.

1.6. FOREIGN CURRENCY

Functional and presentation currency
Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pound Sterling, which is the Company's functional and presentation currency.

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

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

1.7. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

During the year and prior period there were no critical accounting judgements or key sources of estimation uncertainty for the Company.

2. OPERATING RESULT

The auditor's remuneration for audit and other services is disclosed in Note 3 to the consolidated financial statements and has been borne by the Company's subsidiary undertakings.

3. INVESTMENTS

The movements in the net book value of interests in subsidiary undertakings are as follows:

	£m
Cost at 1 January 2020 and 31 December 2020	**1.0**

COMPANY SUBSIDIARY UNDERTAKINGS

Details of the subsidiary undertaking of the Company, which are included in the financial statements, are set out below.

Name of Entity	Country of Incorporation	Ownership Interest %	Nature
Directly Controlled Entities:			
SG Global Finco Limited	United Kingdom	100	Holding

Details of indirectly controlled entities are detailed in note 13 to the consolidated statements.

4. SHARE CAPITAL

	2020 Number of shares	**2020 £**	2019 Number of shares	2019 £
A Ordinary shares	**846,153**	**846,153**	846,153	846,153
B Ordinary shares	**6,474**	**6,474**	6,415	6,415
C shares	**127,500**	**153,000**	123,000	147,600
Preference shares	**334,847,973**	**334,847,973**	334,824,832	334,824,832
Total share capital and share premium	**335,828,100**	**335,853,600**	335,800,400	335,825,000
Direct issue costs	**-**	**(17,060)**	-	-
Total net of direct issue costs	**335,828,100**	**335,836,540**	335,800,400	335,825,000

Refer to Note 23 to the consolidated statements for details of rights per class of share and movements in share capital during the year.

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

There were no employees in the current year other than the Directors who were remunerated by a subsidiary undertaking. Due to the number of appointments and the subjectivity involved it is impossible to accurately allocate their costs relating to the Company.

6. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Ardian LBO Fund VI B S.L.P

The ultimate parent undertaking and controlling party is Ardian LBO Fund VI B S.L.P, a Limited Partnership with a separate legal identity register and resident in France.

7. RELATED PARTY TRANSACTIONS

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

8. FINANCIAL COMMITMENTS

The parent company SG Global Topco Limited has provided a written letter of support to certain subsidiary undertakings such that it will not seek repayment of the debt owed to it by those companies and, where necessary, will provide financial support in appropriate form to assist or enable those companies to meet any obligations that fall due for a period of twelve months from the date of signing the Financial Statements ended 31 December 2020.

9. EVENTS AFTER THE BALANCE SHEET DATE

On 22 February 2021, the Group received a cash injection from Ardian totalling £17.0 million in the form of 10-year unsecured investor loan notes. Interest is charged at a fixed rate of 10%.