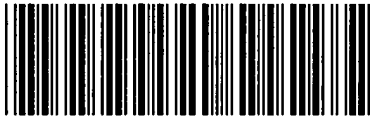




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A20	29/05/2021	#67
COMPANIES HOUSE		

**Nord Anglia Education Limited**

Unaudited Financial statements  
For the year ended 31 August 2020  
Registered number: 02116088

**Nord Anglia Education Limited**  
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**Nord Anglia Education Limited**  
**Company information**

<b>Directors</b>	A Fitzmaurice A v Vilsteren I Dehal M Orrow-Whiting
<b>Registered number</b>	02116088
<b>Registered office</b>	4th Floor, Nova South 160 Victoria Street London SW1E 5LB

**Nord Anglia Education Limited**  
**Strategic report**  
***For the year ended 31 August 2020***

The directors present their Strategic Report for Nord Anglia Education Limited (the "company") for the year ended 31 August 2020.

**Principal activities and review of the business**

The principal activities of the company during the year were those of a holding company and a provider of management and support services for learning technology and consultancy services.

Turnover for the financial year was £95.5m compared to £64.9m for the previous year. The turnover represents management charges and license fees charged to its subsidiaries.

The operating profit was £37.6m compared to a loss of £50.2m last year. This is largely due to the decrease in management expenses.

As shown by the Balance Sheet on page 9, the company's financial position at the year end in terms of net assets has decreased from £1,027.3m to £961.2m, largely due to an increase in creditors due within one year.

The company is a subsidiary undertaking of a consolidated group headed by its parent undertaking, Nord Anglia Education Management Limited (the "Group"). The directors of Nord Anglia Education Limited and Nord Anglia Education Management Limited ("NAEML") manage the Group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators of the company is not necessary or appropriate for an understanding of the development, performance or position of the business.

The development, performance and position of both the Learning Services Division and Premium Schools division of Nord Anglia Education Management Limited which includes Nord Anglia Education Limited, is discussed in the Group's annual report for the year ended 31 August 2020.

**Principal risks and uncertainties**

The directors of Nord Anglia Education Management Limited manage the Group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of Nord Anglia Education Limited's business.

The principal risks and uncertainties for Nord Anglia Education Management Limited, which include those of the company, are discussed in the Group's annual report which does not form part of this report.

This report was approved by the board on 27 May 2021 and signed on its behalf by:



A v Vilsteren  
Director

**Nord Anglia Education Limited**  
**Directors' report**  
*For the year ended 31 August 2020*

The directors present their report and the unaudited financial statements of the company for the year ended 31 August 2020.

**Results and dividends**

The profit for the financial year amounted to £12.6m (2019: loss of £64.9m).

The company did not pay any interim dividend during the year (2019: nil). The directors do not recommend the payment of a final dividend (2019: nil).

**Future developments**

The company has continued its principal activity throughout the year and the directors expect it to do so for the foreseeable future.

**Directors**

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

A Fitzmaurice  
A v Vilsteren  
I Dehal  
M Orrow-Whiting

**Financial risk management**

*Price risk*

The company is not exposed to commodity price risk as a result of its operations. The company has no exposure to equity securities price risk as it holds no listed or equity investments.

*Credit risk*

The company is not exposed to any potential exposure to credit risk with the exception of intercompany balances which are reviewed for recoverability on a regular basis and support is able to be provided by the Group to other Group companies if required. If the nature of the business were to change, it would be ensured that appropriate policies were implemented on credit checks on potential customers and the amount of any exposure to any individual counter party would be subject to a limit.

*Liquidity risk*

The company aims to maintain a flexible borrowing structure and monitors its future funding requirements over the medium term such that it can take actions to supplement its operating cash flows to service future debt obligations where appropriate. The Group is exposed to liquidity risks which are disclosed in the consolidated financial statements of Nord Anglia Education Management Limited for the year ended 31 August 2020.

*Foreign currency risk and control*

Through its subsidiary undertakings the company has significant and expanding international operations trading in non-USD currencies. Movements in global exchange rates can cause currency exposures to the company's USD financial results. Intercompany borrowings are often in US dollars and to manage foreign currency risk they are matched with intercompany receivables where possible to lower sensitivity to foreign exchange movements. Where stable currencies exist, trade is conducted in local currencies and where appropriate, borrowings are matched in that currency to mitigate the risk of exposure to the company's assets and liabilities from exchange rate movements. In countries of operation where currency trading zones are considered to be weaker, some transactions are conducted in US dollars and Euros to try to minimise exchange fluctuation risks.

In consideration of benefits against cost, the company does not hedge its translation exposure but will consider managing transactional exposures by using forward cover instruments where significant transactions are involved.

**Qualifying third party indemnity provisions**

Throughout the year and up to the date of signing of the financial statements, a qualifying third party indemnity provision was in place for the directors of the company. This covers liability for the actions of directors and officers of the company and associated costs including legal costs.

**Nord Anglia Education Limited**  
**Directors' report (continued)**  
**For the year ended 31 August 2020**

**Going concern**

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As the company is reliant on the support of Nord Anglia Education Management Limited, the parent company to the Group, the directors of that entity have performed an assessment of the going concern of the Group, particularly in light of the impact of COVID-19.

COVID-19 began to spread in China in December 2019. Post Q2FY20, the virus continued to spread to all markets around the globe where our schools are located. We continue to deliver curriculum to our students via the Nord Anglia Virtual School and our students continue to take advantage of our Global Campus initiatives remotely. As of 7 May 2021, only 15 of the Group's 73 campuses were closed and operating virtually. All other campuses were either fully open or operating a hybrid of on-campus and virtual learning.

Our ability to continue to provide an education to our students has ensured that the financial impact is minimised. At the same time the Group has access to funds via the revolving credit facility ("RCF") and has headroom within its leverage ratio. As an organisation we are reviewing and assessing any potential impact on both EBITDA and cashflow on a continual basis and taking mitigating actions where required to ensure we are able to continue to provide an outstanding education to our students. The latest forecasts show that there are no circumstances that can be foreseen at this time where Nord Anglia Education Management Limited would not have sufficient liquidity and undrawn resources under its control, to be able to offer support to the company for a period of at least 12 months from the date of approval of these financial statements.

**Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 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.

**Exemption from audit**

Nord Anglia Education Limited is a subsidiary of Nord Anglia Education London Holdings Limited (registered number: 06590752) for the year ended 31 August 2020 and is exempt from the requirement of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A.

This report was approved by the board on 27 May 2021 and signed on its behalf by:



A v Vilsteren  
Director

**Nord Anglia Education Limited**  
**Statement of Comprehensive Income**  
*For the year ended 31 August 2020*

	Note	2020 £000	2019 £000
Turnover	4	95,456	64,915
<b>Gross profit/(loss)</b>		<b>95,456</b>	<b>64,915</b>
Management charges	5	(2,840)	(54,982)
Administrative expenses	5	(55,161)	(49,265)
Other income	5	145	395
Impairment	15	-	(11,222)
<b>Operating (loss)/profit</b>	5	<b>37,600</b>	<b>(50,159)</b>
Income from shares in group undertakings		6,242	11,556
Interest receivable and similar income	9	2,175	1,797
Interest payable and similar expenses	10	(25,175)	(22,674)
<b>(Loss)/profit before taxation</b>		<b>20,842</b>	<b>(59,480)</b>
Tax on (loss)/profit	11	(8,256)	(5,477)
<b>(Loss)/profit for the financial year</b>		<b>12,586</b>	<b>(64,957)</b>
<b>Other comprehensive income/(expense) for the year</b>			
Exchange differences on translation to presentation currency		(84,301)	56,693
Actuarial losses on defined benefit pension scheme		(776)	(848)
<b>Other comprehensive income for the year</b>		<b>(85,077)</b>	<b>55,845</b>
<b>Total comprehensive (expense)/income for the year</b>		<b>(72,491)</b>	<b>(9,112)</b>

The notes on pages 10 to 36 form part of these financial statements.


**Nord Anglia Education Limited**  
**Balance Sheet**  
*As at 31 August 2020*

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Intangible assets	12	7,115	477
Tangible assets	13	1,282	1,823
Right-of-use assets	14	2,823	-
Investments	15	1,160,835	1,263,861
Deferred lease expense		-	(165)
		<u>1,172,055</u>	<u>1,265,996</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	17	29,346	23,308
Debtors: amounts falling due within one year	17	165,004	129,483
Cash at bank and in hand	18	51,720	48,730
		<u>246,070</u>	<u>201,521</u>
Creditors: amounts falling due within one year	19	(263,746)	(207,429)
Lease liabilities	20	(953)	-
<b>Net current liabilities</b>		<u>(18,629)</u>	<u>(5,908)</u>
<b>Total assets less current liabilities</b>		<u>1,153,426</u>	<u>1,260,088</u>
Creditors: amounts falling due after more than one year	19	(184,700)	(224,933)
Lease liabilities	20	(2,330)	-
Pensions and similar obligations	23	(5,039)	(7,894)
Provisions		(120)	-
<b>Net assets</b>		<u>961,237</u>	<u>1,027,261</u>
<b>Capital and reserves</b>			
Called up share capital	24	159,411	159,411
Share premium account	25	549,951	549,951
Revaluation reserve	25	181,602	181,602
Cumulative translation adjustment		(12,459)	71,842
Profit and loss account	25	82,732	64,455
<b>Total shareholders' funds</b>		<u>961,237</u>	<u>1,027,261</u>

The directors consider that the company is entitled to exemption from audit under section 479A of the Companies Act 2006 and the members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of financial statements.

The financial statements on pages 7 to 36 were approved and authorised for issue by the board and were signed on its behalf on 27 May 2021 by:

  
A van Vilsteren  
Director

The notes on pages 10 to 36 form part of these financial statements.



**Nord Anglia Education Limited**  
**Statement of Changes in Equity**  
*For the year ended 31 August 2020*

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Cumulative translation adjustment £000	Profit and loss account £000	Total equity £000
<b>At 1 September 2018</b>	2,055	549,951	181,602	15,149	127,683	876,440
<b>Comprehensive expense for the year</b>						
Profit for the year	-	-	-	-	(64,957)	(64,957)
Total other comprehensive income	-	-	-	56,693	(848)	55,845
<b>Total comprehensive expense for the year</b>	-	-	-	56,693	(65,805)	(9,112)
<b>Contributions by and distributions to owners</b>						
Equity injection	157,356	-	-	-	-	157,356
Equity-settled share based payment transactions	-	-	-	-	2,577	2,577
<b>Total transactions with owners</b>	157,356	-	-	-	2,577	159,933
<b>At 31 August 2019</b>	<u>159,411</u>	<u>549,951</u>	<u>181,602</u>	<u>71,842</u>	<u>64,455</u>	<u>1,027,261</u>
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	12,586	12,586
Total other comprehensive income	-	-	-	(84,301)	(776)	(85,077)
<b>Total comprehensive income for the year</b>	-	-	-	(84,301)	11,810	(72,491)
<b>Contributions by and distributions to owners</b>						
Equity injection	-	-	-	-	-	-
Equity-settled share based payment transactions	-	-	-	-	6,467	6,467
<b>Total transactions with owners</b>	-	-	-	-	6,467	6,467
<b>At 31 August 2020</b>	<u>159,411</u>	<u>549,951</u>	<u>181,602</u>	<u>(12,459)</u>	<u>82,732</u>	<u>961,237</u>

The notes on pages 10 to 36 form part of these financial statements.

## 1 General information

Nord Anglia Education Limited is a holding company and a provider of management and support services.

The company is a private company limited by shares, and is incorporated and domiciled in the United Kingdom. The address of its registered office is 4th Floor, Nova South 160 Victoria Street, Westminster, London, United Kingdom, SW1E 5LB.

## 2 Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006, as applicable to companies using FRS 101.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The company has taken the consolidation exemption under the terms of section 401 of the Companies Act 2006, on the basis that the company is a wholly-owned subsidiary of Nord Anglia Education London Holdings Limited and is included in Nord Anglia Education London Holdings Limited's consolidated financial statements, which are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

### New standards effective in the year

IFRS 16 Leases (which replaces IAS 17 Leases) is the new accounting standard effective for the year ended 31 August 2020. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 August 2020 which have had a material impact on the company. The adoption of this new standard did not have any impact on the amounts recognised in prior periods, as the Group has adopted the standard using a modified retrospective approach where the cumulative effect of initially applying it is recognised as an adjustment to the opening balance of retained earnings and comparatives are not restated.

### Future accounting developments

Future standards and interpretations that are issued, but not yet effective or early adopted, are:

- Definition of Material – Amendments to IAS 1 and IAS 8; effective 1 January 2020;
- Definition of a Business – Amendments to IFRS 3; effective 1 January 2020;
- Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39; effective 1 January 2020;
- Revised Conceptual Framework for Financial Reporting; effective 1 January 2020;
- Covid-19-related Rent Concessions – Amendments to IFRS 16; effective 1 June 2020;
- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 7, IFRS 4 and IFRS 16; effective 1 January 2021;
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1; effective 1 January 2022 (possibly 1 January 2023);
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16; effective 1 January 2022;
- Reference to the Conceptual Framework – Amendments to IFRS 3; effective 1 January 2022;
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37; effective 1 January 2022;
- Annual Improvements to IFRS Standards 2018-2022; effective 1 January 2022.

The following principal accounting policies have been applied:

### 2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers

This information is included in the consolidated financial statements of Nord Anglia Education London Holdings Limited as at 31 August 2020.

## 2 Accounting policies (continued)

### 2.3 Turnover

Turnover primarily comes from management and royalty charges from other Group entities. It is measured as the fair value of the consideration received or receivable net of discounts, rebates, value added tax and other sales taxes. The company derives revenue from the transfer of services both over time and at a point in time. Revenue from management charges are recognised at a point in time, as and when the charges are incurred, and royalty charges are recognised over time, reflecting other Group entities' right to access the NAE brand throughout the financial year.

The Company does not have any contract assets or contract liabilities, as at 31 August 2020. The Company also has limited exposure to uncertainty related to variable consideration, as it does not offer discounts to its subsidiaries and refunds are rare and would only be given in exceptional circumstances, as subsidiaries are billed based on actual costs.

### 2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	3 to 5 years
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### 2.5 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Depreciation is provided on the following basis:

Computer equipment	3 to 5 years straight line
Motor vehicles	4 to 5 years straight line
Fixtures and fittings	3 to 7 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

### 2.6 Leases

#### Applicable 1 September 2019

The company adopted IFRS 16 "Leases" in the current period, with effect from 1 September 2019, using the modified retrospective approach to transition. Prior to this date, the company applied IAS 17, the previous accounting standard for leases.

Under IFRS 16, the company recognises a lease liability and a right-of-use asset at the lease commencement date. The lease liability is initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, as is the case in the vast majority of the leasing activities of the company, the lessee's incremental borrowing rate is used, which is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset in a similar economic environment with similar terms and conditions. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index/rate or a change in the Company's assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the right-of-use asset.

The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred and any lease payments made at or before the lease commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less at commencement date. Low value assets are assets with a value of less than \$5,000 when new, typically small items of IT equipment, office equipment and office furniture.

The adoption of IFRS 16 has resulted in £3.9m of right-of-use assets and £3.7m lease liabilities being recognised on transition. The weighted average incremental borrowing rate applied to the lease liabilities at 1 September 2019 was 5.2%.

## 2 Accounting policies (continued)

### 2.6 Leases (continued)

As at 31 August 2020, the right-of-use assets were £2.8m and the lease liabilities were £3.3m.

The company's lease portfolio consists of 4 leases, primarily consisting of property leases.

On transition the Company elected not to reassess whether a contract is, or contains, a lease, instead relying on the assessment already made in applying International Accounting Standard ('IAS') 17 'Leases' and IFRIC 4 'Determining whether an Arrangement contains a Lease'. In addition, the Company applied the following available practical expedients permitted by the standard:

- the exclusion of leases relating to low value assets (less than \$5,000 when new);
- the exclusion of short-term leases, being those with a lease term of 12 months or less;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- reliance on its assessment of whether leases are onerous immediately prior to the date of transition;
- the application of a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- the exclusion of initial direct costs from the measurement of the ROU asset at the date of initial application.

The impact of the adoption of IFRS 16 on the opening balance sheet as at 1 September 2019 is shown in the table below:

	As at 31 August 2019	Impact of IFRS 16	Restated 1 September 2019
	£000	£000	£000
Right-of-use assets	-	3,948	3,948
Prepayments	1,195	(837)	358
Deferred lease expense	(165)	165	-
Lease liabilities	-	(3,680)	(3,680)
Equity	64,455	-	64,455

The lease liabilities as at the transition date of 1 September 2019 are reconciled to the operating lease commitments reported at 31 August 2019 as follows:

	£000
Operating lease commitments disclosed as at 31 August 2019	10,178
Contracts with reassessed terms under IFRS 16	(3,259)
Adjustments from different treatment of extension and termination options	(2,770)
Short term and low value leases recognised on a straight-line basis as an expense	(7)
<b>Subtotal</b>	<b>4,142</b>
Effect of discounting using the lessee's incremental borrowing rate at 1 September 2019	(462)
<b>Lease liability recognised as at 1 September 2019</b>	<b>3,680</b>
Ageing of lease liabilities recognised:	
Current lease liabilities	710
Non-current lease liabilities	2,970
<b>Lease liability recognised as at 1 September 2019</b>	<b>3,680</b>

Under IFRS 16, the operating lease expense previously recorded in operating costs has been replaced by a depreciation charge, which is lower than the operating lease expense recognised under IAS 17, and a separate interest expense, recorded in Finance Expense. The comparative information presented for the year ended 31 August 2019 has not been restated and therefore continues to be shown under IAS 17.

### Comparative period

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

## 2 Accounting policies (continued)

### 2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

### 2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

For amounts owed by group undertakings, the company first determines the 12 month expected credit loss, with the lifetime expected credit loss being recognised in the event of a significant increase in default risk. If external or internal rating information is available, the expected credit loss is determined on the basis of this data. If no rating information is available, the company determines default ratios on the basis of historical default rates, taking into account forward-looking information on economic developments. The estimates and assumptions used to determine the level of expected credit losses are reviewed periodically to determine if there is a significant increase in default risk.

### 2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 2.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

## 2 Accounting policies (continued)

### 2.12 Foreign currency translation

#### *Functional and presentation currency*

The company's functional currency is USD. The presentational currency is GBP sterling and the accounts are presented in round thousands (£000).

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'interest receivable and similar income' 'interest payable and similar expenses'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

### 2.13 Finance costs

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

### 2.14 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

### 2.15 Pensions

#### *Defined contribution pension plan*

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

#### *Defined benefit pension plan*

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the Balance Sheet date less the fair value of plan assets at the Balance Sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

## 2 Accounting policies (continued)

### 2.15 Pensions (continued)

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- the increase in net pension benefit liability arising from employee service during the period; and
- the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

### 2.16 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

### 2.17 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

### 2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

### 2.19 Going concern

The balance sheet as at 31 August 2020 shows that assets exceed liabilities by £961.2m (2019: £1,027.3m). Current liabilities exceed current assets by £18.6m, mainly due to the increase in the creditors falling due within one year. The directors have reviewed the latest guidance relating to going concern and having made all relevant enquiries, have formed a judgement at the date of approval of the financial statements that the company is able to continue its operation for the foreseeable future. This judgement is based on the holding company, Nord Anglia Education Management Limited's undertaking to provide continuous financial support to the company, as necessary to enable the company to meet any creditors as they fall due.

## 3 Judgments in applying accounting policies and key sources of estimation uncertainty

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

The directors consider that there are the following significant judgments or key sources of estimation uncertainty in the preparation of these financial statements.

#### *Deferred taxation*

Calculations are made to determine the amount of tax provisions to be recognised. The calculation of the amount to be recognised is based on the estimated future taxable results and an estimate of the ultimate tax effect of certain transactions.

#### *Defined benefit pension schemes*

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value if the obligation depend on a number of factors, including: life expectancy; salary increases; asset valuations; and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Balance Sheet. The assumptions reflect historical experience and current trends.

#### *Investment carrying value*

Investments in subsidiary undertakings are stated at cost, less any provision for diminution in value. Investments are tested for impairment annually by comparing the value of the investments to the net assets of the subsidiary that the investment is held in. If these net assets are not sufficient then a comparison to the forecast discounted future cash flows of the entity is performed to assess whether this is sufficient to support the level of the asset. In cases where the full amount of the asset is not supported by this forecasted amount then a provision is recorded for the value of the asset that is not supportable.

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
For the year ended 31 August 2020

**4 Turnover**

The turnover is attributable to one class of business, being the principal activity disclosed in the Strategic Report.

Analysis of turnover by country of destination:

	2020	2019
	£000	£000
Europe	18,141	10,537
Rest of the world	77,315	54,378
	<u>95,456</u>	<u>64,915</u>

**5 Operating (loss)/profit**

2020  
£000

2019  
£000

The operating (loss)/profit is stated after charging/(crediting):

Administrative expenses including:

Depreciation of tangible fixed assets	1,324	479
Amortisation of intangible assets	344	24
Exceptional Charges	15,367	12,192
Provision for impairment of intercompany receivables	(7,964)	19,950
Exchange differences	298	2,649
Expense relating to short term leases and low value assets	6	-
Operating lease rentals	-	1,804
Property costs	717	-
Expense relating to management, administrative and support staff	14,456	7,266
Impairment of investment in subsidiaries	-	11,222
Management charges	2,840	54,982
Other income	<u>(145)</u>	<u>(395)</u>

**6 Auditors' remuneration**

2020  
£000

2019  
£000

Fees payable to the company's auditors and their associates for the audit of the company's annual financial statements

-	40
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**7 Employees**

2020  
£000

2019  
£000

Staff costs, including directors' remuneration, were as follows:

Wages and salaries	12,012	6,270
Social security costs	1,546	604
Other pension costs	743	398
Share based payments*	6,467	2,577
	<u>20,767</u>	<u>9,849</u>

\*£6.3m of the share based payment charge were incurred in respect of key management personnel.

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Management and administration	<u>141</u>	<u>62</u>



**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
*For the year ended 31 August 2020*

<b>8 Directors' remuneration</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Directors' remuneration	2,249	1,023
Social security costs	312	140
Other pension costs	60	99
	<u>2,622</u>	<u>1,262</u>
The highest paid director's emoluments were as follows:		
Remuneration	1,266	932
Social security costs	180	128
Other pension costs	27	99
	<u>1,473</u>	<u>1,159</u>
<b>9 Interest receivable and similar income</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Interest receivable from group companies	2,023	1,557
Bank interest	152	240
	<u>2,175</u>	<u>1,797</u>
<b>10 Interest payable and similar expenses</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Bank interest payable	1	4
Loans from group undertakings	24,918	22,502
Net interest on net defined benefit liability	86	168
Lease liability interest	170	-
	<u>25,175</u>	<u>22,674</u>
<b>11 Tax on profit/(loss)</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<i>Current tax</i>		
UK corporation tax on profit for the year at 19%		
- Current year	5,468	-
- adjustment in respect of prior years	-	2,170
UK current tax	<u>5,468</u>	<u>2,170</u>
Overseas current tax		
- Current year	2,398	4,349
	<u>2,398</u>	<u>4,349</u>
Total current taxation	<u>7,866</u>	<u>6,519</u>
<i>Deferred tax</i>		
- origination and reversal of temporary differences	451	781
- adjustments in respect of prior years	-	(1,867)
- changes in tax rate	(177)	114
- effects of foreign exchange	116	(70)
	<u>390</u>	<u>(1,042)</u>
<b>Total income tax expense</b>	<u><u>8,256</u></u>	<u><u>5,477</u></u>

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
*For the year ended 31 August 2020*

**11 Tax on (loss)/profit on ordinary activities (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is based on the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%).

	2020	2019
	£000	£000
Profit/(loss) before taxation	20,842	(59,480)
Notional taxation at standard UK corporation tax rate of 19.00% (2019: 19.00%)	3,960	(11,301)
<i>Effects of:</i>		
Expenses not allowable for tax purposes	3,495	6,392
Overseas tax charge	2,398	4,349
Exempt income	(1,186)	(2,196)
Amounts on which no deferred tax asset was recognised	-	4,642
Transfer-pricing adjustments	1,792	(413)
Effects of group relief	(2,142)	3,657
Effects of foreign exchange	116	(70)
Effects of change in rates in country	(177)	114
Adjustments in respect of prior years	-	303
	<u>8,256</u>	<u>5,477</u>

**Tax rate changes**

In the Spring Budget 2021, the Government announced that from 1 April 2023, the main rate of corporation tax will rise to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, the effects are not included in these financial statements.

However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the deferred tax asset by £0.4m

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
*For the year ended 31 August 2020*

**12 Intangible assets**

<i>Cost</i>	<b>Software £000</b>
At 1 September 2018	303
Additions	489
Translation difference	20
At 31 August 2019	<u>812</u>
At 1 September 2019	812
Additions	7,006
Translation difference	(65)
At 31 August 2020	<u>7,751</u>
<i>Accumulated amortisation</i>	
At 1 September 2018	(292)
Charge for the year	(24)
Translation difference	(19)
At 31 August 2019	<u>(335)</u>
At 1 September 2019	(335)
Charge for the year	(344)
Translation difference	42
At 31 August 2020	<u>(636)</u>
<i>Net book value</i>	
At 31 August 2019	<u>477</u>
At 31 August 2020	<u>7,115</u>

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
*For the year ended 31 August 2020*

**13 Tangible assets**

	<b>Fixtures and Fittings £000</b>	<b>Computer Equipment £000</b>	<b>Motor Vehicles £000</b>	<b>Asset under construction £000</b>	<b>Total £000</b>
<b>Cost</b>					
At 1 September 2018	154	85	3	308	550
Additions	1,242	584	-	14	1,840
Transfers	-	308	-	(308)	-
Translation difference	9	6	-	0	15
At 31 August 2019	<u>1,405</u>	<u>983</u>	<u>3</u>	<u>14</u>	<u>2,405</u>
At 1 September 2019	1,405	983	3	14	2,405
Additions	25	19	-	4	48
Transfers	14	-	-	(14)	-
Translation difference	(129)	(32)	-	-	(161)
At 31 August 2020	<u>1,315</u>	<u>970</u>	<u>3</u>	<u>4</u>	<u>2,292</u>
<b>Accumulated depreciation</b>					
At 1 September 2018	(19)	(72)	(2)	-	(92)
Charge for the year	(114)	(364)	(1)	-	(479)
Translation difference	(1)	(9)	-	-	(11)
At 31 August 2019	<u>(134)</u>	<u>(445)</u>	<u>(3)</u>	<u>-</u>	<u>(582)</u>
At 1 September 2019	(134)	(445)	(3)	-	(582)
Charge for the year	(314)	(161)	-	-	(475)
Translation difference	31	16	-	-	47
At 31 August 2020	<u>(417)</u>	<u>(590)</u>	<u>(3)</u>	<u>-</u>	<u>(1,010)</u>
<b>Net book value</b>					
At 31 August 2019	<u>1,271</u>	<u>538</u>	<u>-</u>	<u>14</u>	<u>1,823</u>
At 31 August 2020	<u>898</u>	<u>380</u>	<u>-</u>	<u>4</u>	<u>1,282</u>

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
*For the year ended 31 August 2020*

**14 Right-of-Use Assets**

	<b>Land and buildings £000</b>	<b>Computer equipment £000</b>	<b>Total £000</b>
<b>Cost</b>			
Balance on transition to IFRS 16 at 1 September 2019	3,929	20	3,949
Additions	-	-	-
Effects of movements in foreign exchange	(311)	(2)	(313)
<b>Balance at 31 August 2020</b>	<b>3,618</b>	<b>18</b>	<b>3,636</b>
<b>Accumulated depreciation</b>			
Balance on transition to IFRS 16 at 1 September 2019	-	-	-
Depreciation charge in the year	837	12	849
Effects of movements in foreign exchange	(36)	(1)	(36)
<b>Balance at 31 August 2020</b>	<b>801</b>	<b>11</b>	<b>813</b>
<b>Net book value</b>			
<b>At 31 August 2020</b>	<b>2,816</b>	<b>7</b>	<b>2,823</b>
<b>At 31 August 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
*For the year ended 31 August 2020*

**15 Investments**

	<b>2020</b>	<b>2019</b>
<b>Investments in subsidiary companies</b>	<b>£000</b>	<b>£000</b>
<i>Cost</i>		
At 1 September	1,369,513	1,133,204
Additions	-	159,187
Adjustments	(33)	-
Translation difference	(111,603)	77,122
At 31 August	<u>1,257,878</u>	<u>1,369,513</u>
<i>Impairment</i>		
At 1 September	(105,652)	(88,494)
Impairment	-	(11,222)
Translation difference	8,610	(5,936)
At 31 August	<u>(97,043)</u>	<u>(105,652)</u>
<i>Net book value at 31 August</i>	<u><u>1,160,835</u></u>	<u><u>1,263,861</u></u>

On 18 February 2019, the company acquired 100% of the share capital of the People Combine Group, which operated a chain of 5 premium K-12 international schools under the brand "Oakridge" across India. Total consideration paid was £131.4m.

In August 2019, the company acquired 100% of the share capital of Colegio Menor CMSFQ S.A which includes two schools in Ecuador. Total consideration paid was £27.8m including a contingent consideration of £5.7m as disclosed in Note 19.

No impairment charges were required to be made to investments in the year ended 31 August 2020, as the directors believe that the carrying value of the investments is supported by the recoverable amount of underlying assets or future cash flows.

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
For the year ended 31 August 2020

16	Subsidiary undertakings	Country of incorporation	Class of shares	Holding	Registered office
The following were subsidiary undertakings of the company:					
<b>Holding companies</b>					
	NAE Hong Kong Limited*	Hong Kong	Ordinary	100%	18th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong
	Nord Anglia Education Development Services Limited*	UK	Ordinary	100%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
	Nord Anglia Middle East Holding S.P.C.*	Bahrain	N/A	100%	Office 1276, Building 574, Road 31, Block 611, Al Hamriya, Bahrain
	Nord International Schools Limited*	UK	Ordinary	100%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
	NA Educational Services Limited	UK	Ordinary	100%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
	NA Schools Limited	UK	Ordinary	100%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
	WCL HoldCo Limited	UK	Ordinary	100%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
	WCL Group Limited*	UK	Ordinary	100%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
	WCL Intermediate Holdings Limited*	UK	Ordinary	100%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
	WCL Services Limited*	UK	Ordinary	100%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
	WCL School Management Services Limited*	UK	Ordinary	100%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
	British Schools of America, L.L.C.*	USA	N/A	100%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
	BST Holding, L.L.C.*	USA	N/A	100%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
	British Schools of Texas, L.L.C.*	USA	N/A	100%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
	British International School Foundation*	Hungary	N/A	100%	H-1037 Budapest, Kiscelli köz 17
	British International School Bratislava, s.r.o.**	Slovakia	N/A	100%	J.Valaš'ana Dolinského 1, 841 02 Bratislava, Slovak Republic
	BSG Limited*	Hong Kong	Ordinary	100%	18th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong
	Guangzhou Yingkai Investment & Consulting Co., Ltd.*	China	N/A	100%	Room 3002, No. 761 Dong Feng East Road, Yuexiu District, Guangzhou, China
	Nord Anglia (Beijing) Consulting Limited	China	N/A	100%	Room C211, South Court, No. 9 An Wah Street, Shunyi District, Beijing, China
	KG Investments Limited***	Jersey	N/A	100%	47 Esplanade, St Helier, Jersey JE1 0BD
	KG (Beijing) Investment Consultant Co., Ltd.	China	N/A	100%	No. 5 Xiliujie, Sanlitun Road, Chaoyang District, Beijing, China
	Neptune Education Holdings Limited*	Hong Kong	Ordinary	100%	18th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong
	Nord Anglia School (Hong Kong) Limited*	Hong Kong	N/A	100%	26th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong
	Nord Anglia (Shanghai) Business Consulting Company*	China	N/A	100%	Unit C117, Block 22, No 1-30, Lane 88 Mingbei Road, Minhang District, Shanghai 201107

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
For the year ended 31 August 2020

16	Subsidiary undertakings	Country of incorporation	Class of shares	Holding	Registered office
	<b>Holding companies (continued)</b>				
	Viking Holdco, Inc.*	USA	N/A	100%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
	Viking Holding Company, LLC*	USA	N/A	100%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
	Viking C Corporation*	USA	N/A	100%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
	Nord Anglia Vocational Education and Training Services Limited*	UK	Ordinary	100%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
	Nord Anglia Educational Consultancies Saudi Arabia Limited*	Saudi Arabia	N/A	100%	PO Box 30034, Riyadh, 11372
	Nord Anglia Education Sdn. Bhd.*	Malaysia	N/A	100%	Level 19-1, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan
	Brighton Education Learning Services Sdn. Bhd.*	Malaysia	N/A	100%	Level 19-1, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan
	Meritas MX, LLC*	USA	N/A	100%	1200 South Pine Island Road, Plantation, Florida 33324
	Meritas MX II, LLC*	USA	N/A	100%	1200 South Pine Island Road, Plantation, Florida 33324
	Meritas Luxembourg Holding S.à.r.l	Luxembourg	N/A	100%	9A, Boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg
	Meritas (Gibraltar) Holdings Limited*	Gibraltar	N/A	100%	28 Irish Town, Gibraltar
	Meritas CH Sari*	Switzerland	N/A	100%	Route de Sauvigny 74, 1290 Versoix
	Meritas Malta Holdings Limited*	Malta	N/A	100%	171, Old Bakery Street, Valletta, Malta
	Meritas Mexico, S. de R.L. de C.V.*	Mexico	N/A	100%	José Justo Corro No. 2800 Col. Centro Monterrey, N.L. 64460
	BSA Resource Solutions, LLC*	USA	N/A	50%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
	Fieldwork Education Limited	UK	Ordinary	100%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
	Overseas Schools SA*	Belgium	Ordinary	100%	Avenue Louise numero 109 a Bruxelles (1050 Bruxelles)
	Prague British International School, s.r.o.	Czech Republic	N/A	100%	Praha 4, Kamyk, K Lesu 2/558, 14200 Czech Republic
	NAE Swiss Holding AG	Switzerland	N/A	100%	c/o Battig Trehuand AG, Obergrundstrasse 17, 6002 Luzern, Switzerland
	BCB Education Limited*	BVI	Ordinary	100%	Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands
	BIS Myanmar Limited*	Myanmar	Ordinary	100%	No. 2(A), Building (2), Yangon-Insein Road, Ward 9, Hlaing Township, Yangon
	BISY Pte. Ltd*	Singapore	Ordinary	100%	100 Beach Road, #25-06 Shaw Towers, Singapore 189702
	British Schools International Limited	UK	Ordinary	100%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
	BSG Management Limited*	BVI	Ordinary	100%	Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands
	BSKL Education Limited*	Hong Kong	Ordinary	100%	18th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong
	BSKL Limited*	BVI	Ordinary	100%	Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands



**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
For the year ended 31 August 2020

16	Subsidiary undertakings	Country of incorporation	Class of shares	Holding	Registered office
	<b>Holding companies (continued)</b>				
	Forest Rich Investment Limited*	Hong Kong	Ordinary	100%	18th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong
	Global British Schools Limited*	UK	Ordinary	100%	4th Floor, Nova South, 160 Victoria Street, London, SW1E 5LB, England
	International Education Holdings Limited*	BVI	Ordinary	100%	Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands
	"JN Investment" Limited Liability Company*	Uzbekistan	N/A	100%	30A, Sayram Street, Mirzo Ulughbek District, Tashkent City, The Republic of Uzbekistan, 100077
	BSF Service Limited Liability Company*	Russia	N/A	100%	129128 Moscow Kadamtseva dr., 15 area 3 office 16a
	Rialton Avenue Inc.*	Philippines	Common	100%	Lot 3C, 3D & 3E Bradco Avenue, Aseana Business Park, Parañaque City
	True Promise Trading Inc.*	BVI	Ordinary	100%	Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands
	Unibritish Comércio de Alimentos e Produtos Importados e Nacionais EIRELI*	Brazil	N/A	100%	Avenida Washington Luis No. 1190, Santo Amaro, City of Sao Paulo, Sate of São Paulo, Zip Code 04.662-002, Brazil
	Stichting Exploitatatie International School of Rotterdam*	Netherlands	N/A	N/A	Verhulstlaan 21, 3055WJ Rotterdam
	2711500 Ontario Inc.*	Canada	Ordinary	100%	45 O'Connor Street Suite 1500 Ottawa Ontario Canada K1P 1A4
	<b>Premium schools</b>				
	English International School Prague, s.r.o.*	Czech Republic	N/A	100%	Brunełova 960/12, 142 00 Praha 4 - Libuř, Czech Republic
	British International School Kindergarten, Primary and Secondary School*	Hungary	N/A	100%	H-1037 Budapest, Kiscelli köz 17
	The British School Sp. z o.o.	Poland	N/A	100%	15 Limanowskiego Street, 02-943 Warsaw, Poland
	The British International School, Shanghai	China	N/A	100%	600 Cambridge Forest New Town, 2729 Hunan Road, Shanghai, China
	British School of Beijing*	China	N/A	100%	No. 5 Xiliujie, Sanlitun Road, Chaoyang District, Beijing, China
	Collège Champittet SA*	Switzerland	N/A	100%	Chemin du Joran 11a 1260 Nyon Switzerland
	Collège Alpin Beau-Soleil SA	Switzerland	N/A	100%	Route du Village 1, 1884 Villars-sur-Ollon, Switzerland
	La Côte International School SA*	Switzerland	N/A	100%	Chemin de Clamogne 8, 1170 Aubonne
	British School of Washington, L.L.C.*	USA	N/A	100%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
	British School of Boston, L.L.C.*	USA	N/A	100%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
	Collegiate Prep Realty LLC*	USA	N/A	100%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
	Village Real Estate LLC*	USA	N/A	100%	1999 Bryan Street, Suite 900 Dallas, TX 75201
	North Broward Preparatory Schools, LLC*	USA	N/A	100%	1200 South Pine Island Road, Plantation, Florida 33324
	Collège du Léman Sàrl*	Switzerland	N/A	100%	Route de Sauvigny 74, 1290 Versoix

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
For the year ended 31 August 2020

16 Subsidiary undertakings (continued)	Country of incorporation	Class of shares	Holding	Registered office
<b>Premium schools (continued)</b>				
Instituto de Desarrollo Educacion y Aprendizaje, S.C.*	Mexico	N/A	100%	Real de San Agustín No. 4 Col. Residencial San Agustín San Pedro Garza García, N.L. 66260
Camplife, Ltd.*	USA	N/A	50.5%	1200 South Pine Island Road, Plantation, Florida 33324
British School of Chicago, L.L.C.*	USA	N/A	100%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
British School of Houston, L.P.*	USA	N/A	100%	4211 Watonga Boulevard, Houston, Texas 77092
International College Spain, S.A.U.	Spain	N/A	100%	Calle Vereda Norte 3, La Moraleja, 28109 Alcobendas, Madrid, Spain
Súkromná spojená škola British International School Bratislava*	Slovakia	N/A	100%	J.Valašská Dolinského 1, 841 02 Bratislava, Slovak Republic
Northbridge International School (Cambodia) Limited*	Cambodia	N/A	100%	Street 2004, Phum Trapaing Chhouk, Sangkat Toek Thla, Khan Sen Sok, Phnom Penh, Cambodia
British American School of Charlotte, L.L.C.*	USA	N/A	100%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
WCL Academy of New York LLC*	USA	N/A	100%	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA
British School of Guangzhou*	China	N/A	100%	No. 983-3 Tonghe Road, Baiyun District, Guangzhou, China
Nord Anglia International School, Hong Kong Limited*	Hong Kong	N/A	100%	26th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong
British International School LLC*	Abu Dhabi UAE	N/A	49%	PO Box 60968, Abu Dhabi, United Arab Emirates
Nord Anglia International School L.L.C.*	Dubai UAE	N/A	49%	Office No. 001, Level 100, Areco Tower, Media City, Dubai
Česko Britská Základní škola, s.r.o.*	Czech Republic	N/A	100%	Praha 4, Kamyk, K Lesu 2/558, 14200 Czech Republic
Nord Anglia Education (Ireland) Limited	Ireland	Ordinary	100%	6th Floor, 2 Grand Canal Square, Dublin 2, Ireland
The Metropolitan School of Panama, S.A.	Panama	Ordinary	100%	Aquilino De La Guardia Street No.8 Igra Building P.O. Box 0823-02435 Panama, Republic of Panama
BISY Management Company Limited	Myanmar	N/A	N/A	No. 2(A), Building (2), Yangon-Insein Road, Ward 9, Hlaing Township, Yangon
British Colégio do Brasil – BCB – EIRELI	Brazil	N/A	100%	Avenida Engenheiro Oscar Americano, No. 630, Morumbi, City of Sao Paulo, State of São Paulo, Zip Code 05673-
International School Limited Liability Company*	Russia	N/A	100%	23, Rosinka, Angelovo rural, Krasnogorskiy district, Moscow region, Russia 143442
Non-Profit General Education Private Institution "International School"*	Russia	N/A	100%	Building 6, 12 Krylatskaya Street, Moscow, Russia 121552
Non-Profit General Education Private Institution of British Educational System "International School	Russia	N/A	100%	12 Krylatskaya Street, Moscow, Russia, 121552
The British School of Kuala Lumpur Sdn. Bhd.*	Malaysia	Ordinary	100%	No.2, Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur, Malaysia
"The British School of Tashkent" Non-governmental Educational Institution*	Uzbekistan	N/A	100%	30A, Sayram Street, Mirzo Ulughbek District, Tashkent City, The Republic of Uzbekistan, 100077
The King's School, Manila Inc.	Philippines	N/A	100%	Bradco Avenue, Ascana Business Park, Parañaque City, Philippines

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
For the year ended 31 August 2020

16	Subsidiary undertakings (continued)	Country of incorporation	Class of shares	Holding	Registered office
	Stichting Funtazia International Child Care <sup>^</sup>	Netherlands	N/A	N/A	Verhulstlaan 21, 3055WJ Rotterdam
	Stichting The American International School of Rotterdam <sup>^</sup>	Netherlands	N/A	N/A	Verhulstlaan 21, 3055WJ Rotterdam
	People Combine Avenues Limited	India	Ordinary	99.99%	D.No.8-1-97/1/8, Level 4, Block- B, Ninitaas High's, Pedawaltair, Visakhapatnam, Andhra Pradesh 530017.
	People Combine Educational Initiatives Limited	India	Ordinary	99.99%	
	People Combine Bengaluru Knowledge	India	Ordinary	99.99%	
	People Combine Solutions Private Limited	India	Ordinary	99.99%	
	People Combine Knowledge Solutions Limited	India	Ordinary	99.99%	
	People Combine Business Initiatives Private Limited	India	Ordinary	99.99%	Oakridge International School, Singannabanda Village, Bheemunipatnam Mandal, Visakhapatnam, 531163, Andhra Pradesh.
	Oakridge Educational Society <sup>^</sup>	India	N/A	N/A	
	Vikas Education Society <sup>^</sup>	India	N/A	N/A	
	Orange Education Society Bengaluru <sup>^</sup>	India	N/A	N/A	Survey No. 39/8 Tigachowdenahally Village, Varthur Road, Sarjapur Hobli, Anekal Taluka, Bengaluru, Karnataka - 562125
	Orange Educational Society Mohali <sup>^</sup>	India	N/A	N/A	Killa nos 15/23 & 15/25, Swara (Village), Near Landran, Sirhind Road, Kharar (Tehsil), S.A.S. Nagar (Mohali) District, Greater Mohali, Punjab-140307
	Colegio Menor CMSFQ, S.A.*	Ecuador	Ordinary	100%	Juan Montalvo N2-168 y Manuela Sáenz, Quito, Ecuador

\* held by a 100% owned subsidiary or subsidiaries

\*\* 88.7% is held directly, 11.3% is held by a 100% owned subsidiary

\*\*\* 30% is held directly, 70% is held by a 100% owned subsidiary

<sup>^</sup> The company has no equity or capital structure. Its board of directors has the highest authority.

**Joint venture undertaking incorporated in the UK**

Education (Waltham Forest) Limited, a company which provides education services to the London Borough of Waltham Forest is owned 50% each by Nord Anglia Education Limited and Arney PLC. The company has ceased trading.

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
For the year ended 31 August 2020

**17 Debtors**

	2020	2019
	£000	£000
<i>Amounts falling due within one year</i>		
Amounts owed by group undertakings	160,452	127,196
Other debtors	3,899	1,092
Prepayments and accrued income	653	1,195
	<u>165,004</u>	<u>129,483</u>
<i>Amount falling due after more than one year</i>		
Amounts owed by group undertakings	27,351	19,674
Other debtors	649	2,066
Deferred tax asset	1,346	1,568
	<u>29,346</u>	<u>23,308</u>

**31 August 2020**

Amounts owed by group undertakings are unsecured, interest free and repayable on demand, with the exception of the following loans between:

- Nord Anglia Education Limited and Nord Anglia Education London Holdings Limited, where interest is charged at a rate of approximately 4.12% and due for repayment in 31 August 2024; and
- Nord Anglia Education Limited and Nord Anglia Education (Ireland) Limited, where interest is charged at a rate of approximately 5.49% and due for repayment in 31 August 2023.

**31 August 2019**

Amounts owed by group undertakings are unsecured, interest free and repayable on demand, with the exception of the following loans between:

- Nord Anglia Education Limited and International College Spain, S.A.U., where interest is charged at a rate of approximately 5.82% and due for repayment in 31 August 2021;
- Nord Anglia Education Limited and Nord Anglia Education (Ireland) Limited, where interest is charged at a rate of approximately 5.80% and due for repayment in 31 August 2023; and
- Nord Anglia Education Limited and Stichting The American International School of Rotterdam and Exploitatie International school of Rotterdam, where interest is charged at a rate of approximately 5.82%; and due for repayment in 31 August 2021.

**18 Cash and cash equivalents**

	2020	2019
	£000	£000
Cash at bank and in hand	51,720	48,730
Less: Bank overdrafts	(1,430)	(43)
	<u>50,290</u>	<u>48,687</u>

**19 Creditors**

	2020	2019
	£000	£000
<i>Amounts falling due within one year</i>		
Bank overdrafts	1,430	43
Trade creditors	203	544
Amounts owed to group undertakings	233,588	194,182
Other creditors	1,191	155
Corporation tax	4,029	2,281
Accruals and deferred income	23,305	10,224
	<u>263,746</u>	<u>207,429</u>
<i>Amounts falling due after more than one year</i>		
Amounts owed to group undertakings	184,700	215,998
Deferred and contingent considerations	-	8,935
	<u>184,700</u>	<u>224,933</u>

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
For the year ended 31 August 2020

**19 Creditors (continued)**

**31 August 2020**

Amounts owed to group undertakings are unsecured, interest free and repayable on demand, with the exception of the following loans between:

- Promissory notes between Nord Anglia Education Limited and Meritas (Gibraltar) Holdings Limited, where interest is charged at 2.77% per quarter, and repayable on demand;
- Promissory notes between Nord Anglia Education Limited and Viking Holdco, Inc, where interest is charged at 2.77% per quarter, and repayable on demand;
- Nord Anglia Education Limited and WCL Services Limited, where interest is charged at a rate of 5.9%, and repayable on demand;
- Nord Anglia Education Limited and Northbridge International School (Cambodia) Limited, where interest is charged at a rate of approximately 0.75% and due for repayment in 31 August 2023.

**31 August 2019**

Amounts owed to group undertakings are unsecured, interest free and repayable on demand, with the exception of the following loans between:

- Promissory notes between Nord Anglia Education Limited and Meritas (Gibraltar) Holdings Limited, where interest is charged at 2.77% per quarter, and repayable on demand;
- Promissory notes between Nord Anglia Education Limited and Viking Holdco, Inc, where interest is charged at 2.77% per quarter, and repayable on demand;
- Nord Anglia Education Limited and WCL Services Limited, where interest is charged at a rate of 5.9%, and repayable on demand;
- Nord Anglia Education Limited and Nord Anglia Education London Holdings Limited, where interest is charged at a rate of approximately 6.00% and due for repayment in 31 August 2022; and
- Nord Anglia Education Limited and Northbridge International School (Cambodia) Limited, where interest is charged at a rate of approximately 0.75% and due for repayment in 31 August 2023.

**20 Lease liabilities**

From 1 September 2019, on adoption of IFRS 16 'Leases', the company has recognised right-of-use assets and lease liabilities for all leases, except for short term leases and leases of low value assets. Prior to 1 September 2019, the company recognised finance leases and operating leases under IAS 17. Finance leases were leases where the assets were leased on such terms that transferred substantially all the risks and rewards of ownership to the company and were capitalised at the inception of the lease at the fair value of the asset or, if lower, the present value of the minimum lease payments. Operating leases were leases where the company did not retain substantially all the risks and rewards of ownership of the assets, and the rental payments were recognised in the income statement on a straight-line basis over the lease term.

The company's leases primarily comprise of property leases, specifically in relation to the Group head office. Leases are also held in respect of IT equipment.

**Movement in lease liabilities**

<b>2020</b>	<b>£000</b>
As at 1 September 2019	-
Lease liabilities on transition to IFRS 16	3,680
New leases	-
Interest charge in the year	170
Payment of lease liabilities	(485)
Adjustment from different treatment of extension and termination options	-
Effects of movement in foreign exchange	(82)
<b>As at 31 August 2020</b>	<b><u>3,283</u></b>
<b>Ageing of lease liabilities</b>	
Current lease liabilities	953
Non-current lease liabilities	2,330
<b>As at 31 August 2020</b>	<b><u>3,283</u></b>

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
For the year ended 31 August 2020

**20 Lease liabilities (continued)**

As at 31 August 2020, the Company had no leases which had been committed to, but which had not yet started.

Total cash outflows in relation to leases in year ended 31 August 2020 are £0.5m. This relates to payments of £0.3m on lease principal, £0.2m on lease interest, £nil on variable lease payments, and £0.006m relating to short-term leases and low value asset leases.

Lease payments that are variable and are not included within the lease liabilities as at 31 August 2020, i.e. they are not linked to an index, are linked to non-market performance measures such as the number of FTEs or revenue.

The company's accounting policy for leases is set out in Note 1. Details of income statement charges and income for leases are set out in Note 5. The right-of-use asset categories on which depreciation is incurred are presented in Note 14. Interest expense incurred on lease liabilities is presented in Note 10.

From 1 September 2019, the Company no longer recognises operating leases in line with IAS 17 and instead recognises right-of-use assets and lease liabilities in line with IFRS 16. Therefore, the future aggregate minimum lease payments payable under non-cancellable operating leases as at 31 August 2020 are deemed to be £nil.

Future aggregate minimum lease payments are as follows:

	2020 £000	2019 £000
Less than one year	-	1,475
Between one and five years	-	5,087
More than five years	-	3,616

**21 Deferred taxation**

	2020 £000	2019 £000
At beginning of year	1,568	389
Charged to profit/(loss)	(274)	972
Charged to other comprehensive income	168	137
Effects of foreign exchange	(116)	70
At end of year	1,346	1,568

The deferred tax asset is made up as follows:

Fixed assets	86	226
Provision	303	-
Pension	956	1,342
	1,346	1,568

As at 31 August 2020, the company had an unrecognised deferred tax asset of £2.1m (2019: £2.1m).

**22 Share based payments**

**Senior Management Equity Plan ("SMEP")**

A new SMEP was granted to participants in April 2019. The allocation of the SMEP was designed to incentivise senior management tasked with the responsibility of delivering the long-term objectives of the company. Under the SMEP, Partnership interests are granted by Bach Management L.P (the immediate parent of Nord Anglia Education Management Limited) to senior management of the company. Each Unit entitles the holder to distributions of the company upon the consummation of an exit event.

The partnership interests are divided into A, B, C, D and Preferred Units. The subscription price and economic rights of each class are as follows:

Class	Subscription price per unit	Economic rights
Preferred Units	\$1.0	Preferred unit-holders receive the total cumulative capital contributions together with accrued interest on that amount at 10.0% per annum.
A, C & D	\$1.0 - \$121.0	A, C and D unit-holders receive a percentage of the residual equity value of the company, after all liabilities of the company are paid and the preferred unit-holders receive their distributions. C units also contain an equity ratchet mechanism designed to provide holders of these units with a larger share of proceeds as the sponsor equity investment return increases.
Sweet Equity	n/a	Certain participants in the SMEP are granted with an allocation of "Sweet Equity", as an alternative to being issued with physical Partnership Units. An individual's allocation is not pre-set and will only be determined at the point of exit based on the number of Management Participants in the Sweet Equity pool. The total Sweet Equity pool is based on a maximum of 8.5% of the 10,000 C Units authorised for issue. A single unit of Sweet Equity grants the holder the same economic rights as that of someone holding a single C unit.

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
For the year ended 31 August 2020

**22 Share based payments (continued)**

The Partnership Units were granted with time-based vesting conditions. All units are issued up-front upon the receipt of the subscription price but will be forfeited if the vesting condition is not satisfied.  
In accordance with the requirements of IFRS 2, Management has classified the SMEP as an equity-settled scheme.

The assessed fair value on grant date for a single partnership unit is as follows:

Grant date	Preferred Units	Ordinary A Units	Fair Value Ordinary C Units	Ordinary D Units	Sweet Equity
27 August 2020	\$0.33	\$1.24	-	-	-
5 September 2019	\$0.59	\$9.66	-	-	-
5 April 2019	\$0.55	\$4.91	\$1,011.42	\$298.17	\$1,011.42

The fair value of each class of Partnership Unit on the grant date is independently determined using the Monte Carlo method. The key assumptions utilised in the model are as follows:

	2020	2019
Expected volatility	35.7% to 39.0%	37.5%
Dividend yield	0.0%	0.0%
Risk-free rate <sup>1</sup>	0.19% to 2.3%	2.3%
Exercise price per unit	Equivalent to subscription price paid	Equivalent to subscription price paid
Risk-adjusted discount rate for equity valuation <sup>2</sup>	n/a	14.5%
Expected life to exercise	3.01 to 4.41 years	4.41 years
Early exercise provision	nil	nil
Post-vesting withdrawal rate	0.0%	0.0%
Vesting conditions	Time-based	Time-based

<sup>1</sup> The risk-free rate is derived from the yield of zero-coupon US Government Bonds with a remaining term equal to the expected life of the award.

<sup>2</sup> The equity valuation at 31 August 2020 is based on an enterprise value, after deducting net debt. The enterprise value in turn is based on the application of a long-term EBITDA multiple to the Group's Adjusted EBITDA.

The table below summarises the Partnership Units granted under the plan:

	Preferred Units (thousands)	Class A Units (thousands)	Class C Units (thousands)	Class D Units (thousands)	Sweet Equity (thousands)	Total (thousands)
At 1 September 2019	48,637.3	491.3	5.1	1.0	0.4	49,135.1
Settled	-	-	-	-	-	-
Granted	2,546.6	25.7	-	-	-	2,572.3
Cancelled	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
At 31 August 2020	<u>51,183.9</u>	<u>517.0</u>	<u>5.1</u>	<u>1.0</u>	<u>0.4</u>	<u>51,707.4</u>
At 1 September 2018	-	-	-	-	-	-
Settled	-	-	-	-	-	-
Granted	48,637.3	491.3	5.1	1.0	0.4	49,135.1
Cancelled	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
At 31 August 2019	<u>48,637.3</u>	<u>491.3</u>	<u>5.1</u>	<u>1.0</u>	<u>0.4</u>	<u>49,135.1</u>

The Partnership Units and Sweet Equity have an expiry date equivalent to the estimated exit event date. No units expired during the year.

In respect of the Partnership Units and Sweet Equity allocation, the total vesting charge for the year was \$8.1 million (2019: \$3.3m) (see Note 7).

**2014 Equity Incentive Award Plan**

Under the 2014 Equity Incentive Award Plan, non-qualified share options ("NSOs") and performance stock units ("PSUs") (together, the "awards") were granted to Directors and selected employees. Following modifications during 2019, NSOs and PSUs were reclassified as cash-settled awards.

The assessed fair value at 31 August 2020 for a single NSO was \$2.71 per option (2019: \$7.29 - \$8.38). The Monte Carlo method has been used to independently determine the fair value at 31 August 2020. It is assumed that an NSO will be exercised immediately upon vesting. The key assumptions utilised in the model are as follows:

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
For the year ended 31 August 2020

**22 Share based payments (continued)**

	2020	2019
Class A share price	\$1.00	\$1.00
Volatility	39.0%	37.5%
Dividend yield	0.0%	0.0%
Risk free rate <sup>1</sup>	0.15%	1.4%
Shares per NSO	32.5	32.5
Exercise price	\$18.0 - \$23.8	\$18.0 - \$23.8
Risk-adjusted discount rate for equity valuation <sup>2</sup>	n/a	14.5%
Expected life to exercise	0.0 years	0.2 years
Post-vesting withdrawal rate	0.0%	0.0%
Vesting conditions	Time-based	Time-based

<sup>1</sup> The risk-free rate is derived from the yield of zero-coupon US Government Bonds with a remaining term equal to the expected life of the award.

<sup>2</sup> The equity valuation at 31 August 2020 is based on an enterprise value, after deducting net debt. The enterprise value in turn is based on the application of a long-term EBITDA multiple to the Group's Adjusted EBITDA.

The table below summarises the options granted under the plan:

	Weighted average exercise price per NSO	Options No.
At 1 September 2018	\$ 20.74	5,913
Granted during the year	\$ -	-
Cancelled during the year	\$ 21.76	(250)
Exercised during the year	\$ -	-
Settled during the year	\$ -	-
At 31 August 2019	<u>\$ 20.69</u>	<u>5,663</u>
At 1 September 2019	\$ 20.69	5,663
Granted during the year	\$ -	-
Cancelled during the year	\$ 21.76	(125)
Exercised during the year	\$ -	-
Settled during the year	\$ -	-
At 31 August 2020	<u>\$ 20.70</u>	<u>5,538</u>

At 31 August 2020, all PSUs were vested and exercised. As such, no valuation was required in respect of PSU awards at 31 August 2020 (2019: the assessed fair value of a single PSU was \$23.80). The fair value of a single PSU at 31 August 2019 was independently determined using the Monte Carlo method. It is assumed a PSU will be exercised immediately upon vesting. The key assumptions utilised in the model are as follows:

	2020	2019
Class A share price	n/a	\$1.00
Volatility	n/a	37.50%
Dividend yield	n/a	0.00%
Risk free rate <sup>1</sup>	n/a	1.40%
Shares covered by a single PSU	n/a	
	32.5 Class A and preference shares	
Exercise price per PSU	n/a	n/a
Risk-adjusted discount rate for equity valuation	n/a	14.50%
Expected life to exercise	n/a	n/a
Post-vesting withdrawal rate	n/a	0.00%
Vesting conditions	n/a	Time-based

<sup>1</sup> The risk-free rate is derived from the yield of zero-coupon US Government Bonds with a remaining term equal to the expected life of the award.



**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
*For the year ended 31 August 2020*

**22 Share based payments (continued)**

	Weighted average exercise price per PSU	Options No.
At 1 September 2018	n/a	2,262
Granted during the year	n/a	-
Cancelled during the year	n/a	-
Exercised during the year	n/a	(1,076)
Settled during the year	n/a	-
At 31 August 2019	n/a	1,186
At 1 September 2019	n/a	1,186
Granted during the year	n/a	-
Cancelled during the year	n/a	(1,186)
Exercised during the year	n/a	-
Settled during the year	n/a	-
At 31 August 2020	n/a	-

**23 Pension commitments**

Nord Anglia Education Limited operates three defined benefit pension schemes in the UK. In each case the assets of the scheme are held as a segregated fund and administered by Trustees. Trustees are responsible for ensuring that the pension schemes are run properly and that members' benefits are secure.

A defined benefit scheme was established for Lifetime Careers employees (employed by a Group subsidiary) - ("Lifetime"). Contributions are determined by independent professionally qualified actuaries on the basis of triennial valuations. JLT Benefit Solutions Limited part of Mercer, a Marsh & McLennan company) an independent actuary, carried out the latest full triennial actuarial assessment of the scheme as at 31 August 2017, using the projected unit method. The actuarial valuation as at 31 August 2017 has been updated on an approximate basis to 31 August 2020.

Both the Nord Anglia Joint Pension Scheme ("Joint") and The Wyburn School Limited Pension and Life Assurance Scheme (1985) ("Wyburn") are closed schemes and are valued under the projected unit method. The most recent formal actuarial valuation for both of the schemes were performed at 31 August 2020 using the aggregate method which assess the adequacy of the fund to meet the minimum funding requirement and calculates contributions on the level of pensionable payroll to provide the retirement benefits for the members.

Through its defined benefit pension schemes the company is exposed to a number of risks, the most significant of which are detailed below:

*Investment strategy*

Changes in asset value are not matched by changes in the scheme's defined benefit obligation. For example, if equity rates fall with no changes in corporate bond yields, the net pension asset would reduce.

*Investment returns*

Future investment returns are lower than anticipated and so additional contributions are required from the company to pay all the benefits promised.

*Inflation*

Actual inflation is higher and so benefit payments are higher than anticipated.

*Life expectancy*

Scheme members live longer and so benefits are payable for longer than anticipated.

*Regulatory*

In future the scheme may have backdated claims or liabilities arising from future legislation, emerging practice or court judgements.

The company expects to make normal cash contributions of approximately £3.6m to the defined benefit scheme in the financial year ending 31 August 2021.

A funding plan in respect of the Lifetime scheme has been agreed with the trustees for the period from September 2013 to 2020 to reduce the pension obligation in the company. An amount of £3.5m was paid in the year (2019: £3.3m).

In November 2021, the three UK defined benefit pension schemes were merged together into a single pension scheme.

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
For the year ended 31 August 2020

**23 Pension commitments (continued)**

	2020 £000	2019 £000
<b>Reconciliation of present value of plan assets:</b>		
As at 1 September	50,464	39,212
Interest income	951	1,115
Return on plan assets	(1,726)	7,908
Contributions by company	3,457	3,323
Benefits paid	(1,111)	(1,387)
Translation difference	-	293
As at 31 August	52,035	50,464
<b>Reconciliation of present value of plan liabilities:</b>		
As at 1 September	(58,358)	(49,042)
Interest cost	(1,035)	(1,291)
Actuarial (loss)/gain	950	(8,756)
Benefits paid	1,111	1,375
Other	(24)	(5)
Translation difference	282	(639)
As at 31 August	(57,074)	(58,358)
<b>Net pension scheme liability</b>	<b>(5,039)</b>	<b>(7,894)</b>
<b>Composition of plan assets:</b>		
Equities	2,222	1,832
Bonds and growth funds	36,559	31,950
Liability driven investments	11,500	15,124
Cash	574	585
Property and other	1,180	973
Total plan assets	52,035	50,464
The amounts recognised in profit or loss are as follows:		
Net interest on obligation	84	176
Expenses	24	3
	108	179
Actual return on scheme assets	775	8,972
<b>Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):</b>	<b>2020 %</b>	<b>2019 %</b>
Discount rate	1.80%	1.80%
Inflation (RPI)	3.20%	3.30%
Inflation (CPI)	2.70%	2.30%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.20%	3.30%
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.20%	3.30%
Allowance for pension in payment increases of CPI or 3% p.a. if less	2.70%	2.30%
<b>Mortality rates</b>		
- for a male aged 65 now	22.6	22.4
- at 65 for a male aged 45 now	24.5	24.3
- for a female aged 65 now	23.9	23.4
- at 65 for a female member aged 45 now	26.0	25.5

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
For the year ended 31 August 2020

**23 Pension commitments (continued)**

*Sensitivity analysis*

	<u>Change in assumption</u>	<u>Change in liabilities</u>
Discount rate	Decrease of 0.25% p.a	Increase by 5.8%
Rate of inflation	Increase of 0.25% p.a	Increase by 6.2%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 4.3%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation and pension increases. The average duration of the defined benefit obligation as at 31 August 2020 is 23 years (2019: 23 years).

<b>24 Called up share capital</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<i>Allotted, called up and fully paid</i>		
200,000,004 ordinary shares of \$1.00 each, and 41,108,332 ordinary shares of £0.05 each		
(2019: 200,000,004 ordinary shares of \$1.00 each, and 41,108,332 ordinary shares of £0.05 each)	<u>159,411</u>	<u>159,411</u>

**25 Reserves**

*Share premium account*

Share premium represents the amount subscribed for share capital in excess of the nominal value.

*Revaluation reserve*

The revaluation reserve represents the difference between the historical cost of the company's assets and their carrying value based on the revalued amount.

*Profit and loss account*

The profit and loss account represents the accumulated profits, losses and distributions of the company.

*Cumulative translation adjustment*

Cumulative translation adjustment represents the difference between assets and liabilities which are translated at the exchange rate at 31 August 2020, profit and loss which has been translated at the average rate for the year ended 31 August 2020 and items recognised directly in equity which are translated at historical rates. Cumulative translation adjustment is recognised in the Statement of Comprehensive Income.

**26 Related party transactions**

As at 31 August 2020 an amount of £10.413m (2019: £7.865m) is due from Nord Anglia International School LLC, a company owned 49% by Nord Anglia Education Limited. Income from management charges and royalties during the year from Nord Anglia International School LLC was £2.991m (2019: £2.333m).

As at 31 August 2020 an amount of £2.312m (2019: £9.987m) is due from Education Overseas Qatar LLC, a company owned 49% by Nord Anglia Education Limited. Income from management charges and royalties during the year from Education Overseas Qatar LLC was £4.462m (2019: £3.570m).

As at 31 August 2020 an amount of £0.438m is due to (2019: £0.228m due from) British International School LLC, a company owned 49% by Nord Anglia Education Limited. Income from management charges and royalties during the year from British International School LLC was £2.523m (2019: £3.708m).

**27 Ultimate parent undertaking and controlling party**

The immediate parent undertaking is Nord Anglia Education London Holdings Limited, a company incorporated in England and Wales.

Nord Anglia Education London Holdings Limited, a company incorporated in the United Kingdom, is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 August 2020. Copies of these consolidated financial statements are available from Companies House, Crown Way, Cardiff CF14 3UZ.

The ultimate controlling party is Baring Private Equity Asia.

**Nord Anglia Education Limited**  
**Notes to the financial statements (continued)**  
*For the year ended 31 August 2020*

**28 Events after the balance sheet date**

On 1 March 2021 the Group acquired 100% of the share capital of Eton School in Mexico City for \$27.3m and on 31 March 2021 the Group acquired 100% of the share capital of three schools in the UK for \$40.4m: Oxford International College, d'Overbroeck's and Oxford Sixth Form College. The consideration paid was exclusive of acquisition costs of \$1.5m and \$2.4m respectively.

As at the date of signing these accounts, the preliminary fair values of assets and liabilities acquired in these transactions had not yet been quantified.