Cambridge
Education Group

Annual report and financial statements CEG Administrative Services Limited

For the year ended 31 August 2020

Company no. 06355644

Contents

Strategic report

The directors present their strategic report on the company for the year ended 31 August 2020.

Principal activities
The principal activity of the company during the year was the provision of administrative services to other group companies within Cambridge Education Group (CEG).

CEG, established in 1952, is a UK-based global group that specialises in provision of high quality academic, English language and online programmes to international students out of its 11 ONCAMPUS centres across the UK, North America and continental Europe and 6 Digital university partnerships.

CEG operates its business through two divisions:

- **ONCAMPUS** – *offering pathway programmes on university campuses in the UK, USA and* Europe for undergraduate and postgraduate degree study.
- **CEG Digital** – providing online and blended learning courses in partnership with UK universities.

CEG recruits international students who wish to pursue an English language based university education. The group provides a broad range of programmes to enable students to progress to the university of their choice.

The underlying principles across all divisions are:

- world-class provision of classroom-based teaching in the English language;
- helping students to achieve entry to the best universities according to their aspirations and abilities; and,
- exceptional pastoral care that ensures students' educational experience is also safe, healthy and enjoyable.

Business review
The loss after tax for the financial year was £2,639,000 (2019: £127,733,000 profit). In the opinion of the directors the state of the company's affairs at 31 August 2020 was satisfactory.

Revenues and administrative expenses for the company decreased during the year reflecting the reduction in services provided to group companies following the sale of CATS Colleges in the prior year.

As a support company, the company is dependent on the results of CEG. During the year CEG's revenues from continuing operations grew by 16% (£8.3m), gross profit as a percentage of revenue improved to 57.1% (2019: 54.4%) and underlying EBITDA improved.

Financial key performance indicators
The board and management use key performance indicators (KPIs) to monitor the success of the business. The KPIs used for CEG are not relevant to the activities of the company.

Future developments
In future the company will continue to perform its present function within the group headed by the ultimate parent, Camelot Topco Limited ("the group").

Directors' duties under section 172 of the Companies Act 2006

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

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

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

2019 was a year of change for Cambridge Education Group with: key executive and senior management appointments; operational changes to ensure continued delivery of high-quality student outcomes despite the challenges presented by the Covid-19 pandemic; and a significant reduction in our underlying cost base following the disposal of CATS Colleges, while delivering a significant top line revenue increase in both ONCAMPUS and Digital trading divisions. These changes were driven by strategic decisions made to ensure we manage our business with a focus on creating long term sustainable value for our shareholders.

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

Stakeholders	Significance to the business	Examples of engagement	Examples of decisions impacted by the engagement
Shareholders	The board is accountable to its shareholders and must act in a way that is likely to promote the success of the group for the benefit of its members as a whole. The group seeks to maintain effective dialogue with its shareholders, to ensure that their views and any concerns they may have are understood and considered.	Regular monthly board meetings, complemented by separate consideration of relevant issues at meetings of the remuneration committee and audit committee.	Executive team restructure, appointment of new group auditor.
Customers (e.g. university partners)	Delivering a service that meets the needs of our customers in all of the markets in which we operate is fundamental to our success.	University 'partner insights' feedback survey, regular university board / steering group meetings.	Stakeholder mapping and re-engagement strategy with existing partners, resulting in long-term contract extension and renewal agreements across the ONCAMPUS business.

Stakeholders	Significance to the business	Examples of engagement	Examples of decisions impacted by the engagement
Students	Students are at the heart of what the group is trying to achieve, and as such we rely heavily on their feedback and evaluation of their learning experiences. Both ONCAMPUS and Digital actively engage students, individually and collectively, in the quality of their educational experience.	Induction surveys, end of programme surveys, representation at centre audits and on relevant committees (e.g. staff-student consultative committees).	Implementation of staggered start dates for and flexible modes of delivery (e.g. face-to-face, online-only, blended) in response to existing and prospective student requirements during coronavirus disruption.
Suppliers (e.g. our agent network)	Strong working relationships with our suppliers is crucial to the effectiveness of our entire operation, enhancing our efficiency and creating value.	Agent surveys, 'familiarisation trips' to allow agents to experience our product first-hand.	Creation of global recruitment hub, based in Hong Kong, to embed student recruitment and admissions functions in or close to our key source markets.
Employees	Our people, including both permanent and temporary staff, and both employees and contractors, are what makes our business what it is. We rely on them to uphold our vision, values and culture, to deliver on our strategic priorities and to create long term sustainable value for our shareholders and stakeholders.	'#CEGConnected' engagement strategy includes daily updates for staff, new HR Connect line managers portal, and forums for 2-way employee dialogue. Employees are given individual objectives that form part of a group 'cascade', aiding alignment with the group's strategic priorities at all levels.	Relocation of global head office and several ONCAMPUS centre facilities to improved, modern spaces to improve employee experience.
Debt providers and banking partners	By providing funds for the group's working capital and general corporate purposes, our debt providers play an important role in our business.	Provision of annual budgets and monthly actual financial information to banking providers, annual senior management team presentation to lenders.	In-year refinancing (whereby existing facility was replaced by a new £15m term loan and RCF) to ensure sufficient liquidity during pandemic, and to support future growth. Extension of loan notes and preference shares to 2027.

Principal risks and uncertainties

In common with other businesses of a similar nature, the group is exposed to a variety of risks and uncertainties. The directors believe the principal risks are:

- impact of changes in immigration policies and visa application processes;
- global reduction in international movement of students;
- adverse movements in interest and exchange rates; and,
- significant disruption in the trading ability of the group due to one-off global disasters.

The policies and procedures in place to monitor and manage these risks include:

- investing and operating in more than one country to disaggregate the geographical, political and currency risks;
- operating business in a number of different but related market segments; and,
- employing staff, consultants and professional advisers with appropriate competences to mitigate both current and emerging business risks.

Financial risk management objectives and policies

The company's financial risk management policies and objectives are integrated into those of the group. The group uses various financial instruments including bank loans, loan notes, intra group loans and trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is working capital for the group's operations, and finance for capital investment.

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

Interest rate risk

The group finances its operations through a mixture of equity, bank borrowings, loan notes and intra group loans. The group's exposure to interest rate fluctuations on its borrowing is limited and is managed by the use of interest-rate swap arrangements when the exposure is considered significant.

Liquidity risk

The group seeks to manage financial risk by preparing detailed cash flow forecasts and ensuring sufficient liquidity is available to meet foreseeable needs. Short-term flexibility is achieved by a group bank lending facility.

Foreign exchange risk

The company operates in the United Kingdom and prices its services in pounds sterling, however some costs are incurred in foreign currencies and so the company has limited exposure to foreign currency transactional risk on such costs and any balances outstanding.

Price and credit risk

The company itself is not directly exposed to price or credit risk.

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

D Johnston
Director
29th January 2021

Directors' report

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

Results and dividends

The loss for the financial year amounted to £2,639,000 (2019: £127,733,000 profit). No dividends were paid during the year (2019: £nil). The directors do not recommend the payment of a final dividend (2019: £nil).

Future developments and principal risks and uncertainties are discussed in the strategic report on pages 3 to 6. Directors' duties under section 172 of the Companies Act 2006 are also described in the strategic report and are not included in this directors' report.

Directors

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

M Ioakimides	Resigned 11 November 2019
D Johnston	Appointed 11 November 2019
P Symes	Resigned 11 November 2019
B Webb	

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the company's policy whenever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

Through regular meetings and other internal communications, the group keeps employees informed of and consulted on matters affecting them as employees and of the financial and economic factors affecting the performance of the group. Where relevant and appropriate, employees are eligible for performance related remuneration based on the achievement of personal and corporate objectives.

Development expenditure

Development costs that are directly attributable to the design and testing of certain identifiable software products controlled by the group are recognised as intangible assets.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

Statement of directors' responsibilities (continued)

In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Audit exemption

The company has claimed exemption from audit under section 479A of the Companies Act 2006 for the financial year ended 31 August 2020. An intermediate parent company, Camelot Holdco Limited, has given a statement of guarantee under section 479C of the Companies Act 2006, whereby Camelot Holdco Limited will guarantee all outstanding liabilities to which the company is subject as at 31 August 2020.

On behalf of the board

D Johnston
Director
29th January 2021

Income statement

For the year ended 31 August 2020

	Note	2020 £'000	2019 £'000
Revenue	6	**22,234**	31,905
Administrative expenses		**(25,314)**	(29,977)
Profit on disposal of subsidiaries		**-**	126,300
(Loss)/profit before interest and taxation	7	**(3,080)**	128,228
Interest receivable and similar income	10	**44**	201
Interest payable and similar expenses	11	**(48)**	(87)
(Loss)/profit before taxation		**(3,084)**	128,342
Tax on profit/loss	12	**445**	(609)
(Loss)/profit for the financial year		**(2,639)**	127,733

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

Statement of comprehensive income

For the year ended 31 August 2020

	2020 £'000	2019 £'000
(Loss)/profit for the financial year	**(2,639)**	**127,733**
Total comprehensive (expense)/income for the year	**(2,639)**	**127,733**

Statement of financial position

As at 31 August 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	13	**625**	1,521
Tangible assets	14	**713**	869
		1,338	2,390
Current assets			
Debtors	16	**217,636**	216,279
Cash at bank and in hand		**21,641**	52,985
		239,277	269,264
Creditors: amounts falling due within one year	17	**(12,555)**	(41,087)
Net current assets		**226,722**	228,177
Total assets less current liabilities		**228,060**	230,567
Provision for other liabilities	19	**(274)**	(142)
Net assets		**227,786**	230,425
Capital and reserves			
Called-up share capital	20	**-**	-
Retained earnings	20	**227,786**	230,425
Total equity		**227,786**	230,425

The members have not required the company to obtain an audit for the financial year ended 31 August 2020 in accordance with section 476 of the Companies Act 2006.

The company was entitled to exemption from audit under section 479A 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.

These financial statements on pages 9 to 24 were approved by the directors and authorised for issue on 29 January 2021 and are signed on their behalf by:

D Johnston
Director
Company registration number: 06355644

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 31 August 2020

	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
At 1 September 2018	**-**	**(7,208)**	**(7,208)**
Profit for the financial year	-	127,733	127,733
Total comprehensive income for the financial year	-	127,733	127,733
Gain on disposal of subsidiaries to another group company	-	109,900	109,900
Total transactions with owners recognised directly in equity	-	109,900	109,900
At 31 August 2019	**-**	**230,425**	**230,425**
Loss for the financial year	-	(2,639)	(2,639)
Total comprehensive expense for the financial year	-	(2,639)	(2,639)
At 31 August 2020	**-**	**227,786**	**227,786**

Notes to the financial statements

1 General information

CEG Administrative Services Limited ("the company") is a private company limited by shares, and is incorporated in England, United Kingdom under the Companies Act 2006. The address of the registered office, which is also the principal place of business, is 51-53 Hills Road, Cambridge, CB2 1NT. The principal activity of the company is the provision of administration services to other group companies.

2 Statement of compliance

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

3 Summary of significant accounting policies

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

a) Basis of preparation

These financial statements have been prepared on a going concern basis under the historic cost convention.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

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

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

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

b) Going concern

The group of which the company is a part meets its day-to-day working capital requirements through its bank facilities and cash held. The directors have prepared both detailed budgets and long term forecasts for the group, taking account of reasonably possible changes in trading performance. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, within the level of existing facilities and to meet long term liabilities as they fall due. The company therefore continues to adopt the going concern basis in preparing its financial statements.

c) Consolidated financial statements

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

d) Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transaction. 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 are recognised in the income statement.

Monetary assets and liabilities in foreign currencies are translated into the functional currency of pounds sterling at the rates of exchange ruling at the balance sheet date. Gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'Interest payable and similar expenses'. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

e) Revenue

Revenue is stated net of VAT (if applicable).

Revenue shown in the income statement represents amounts receivable in respect of administrative services provided to group companies and is recognised as the performance of those services occurs.

f) Interest

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

g) Operating leases

Operating leases are arrangements where substantially all of the benefits and risks of ownership remain with the lessor and rentals under such arrangements are charged against profits on a straight line basis over the period of the lease.

Incentives received to enter into an operating lease are credited to the income statement to reduce the lease expense, on a straight-line basis over the whole life of the lease.

h) Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The company operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into an arrangement separate from the company. Once the contributions have been paid, the company has no further payment obligations. The contributions are recognised as an expense when they are due. Differences between contributions payable and actually paid are shown as either accruals or prepayments in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

The company operates a number of annual bonus plans for employees. An expense is recognised in the income statement when the company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

i) Current tax

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

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

j) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

k) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are non-monetary assets without physical substance which are separable or arise from contractual or other legal rights.

Development costs that are directly attributable to the design and testing of identifiable software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probably future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during the development can be reliably measured.

Costs associated with maintaining computer software are recognised as an expense as incurred.

l) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probably that economic benefits associated with the item will flow to the group and the cost can be measured reliably. Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and included in 'Other operating gains/(losses)'.

m) Amortisation of intangible assets

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of intangible assets to their residual values over their estimated useful economic lives, as follows:

Software	3 to 5 year straight line

Amortisation is charged to administrative expenses in the income statement.

Where factors, such as technological advancement or changes in market price, indicates that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

n) Depreciation and residual values

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property	10% straight line
Plant and equipment	15% - 25% straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

o) Impairment of non-financial assets

The company assesses at each reporting date whether an asset may be impaired. If any such indication exists the company estimates recoverable amount of assets. If it is not possible to estimate the recoverable amount of the individual asset, the company estimates, the recoverable amount of cash generating unit to which the asset belongs. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in the income statement unless the asset is carried at revalued amount where impairment loss of a revalued asset is a revaluation decrease.

p) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

q) Current debtors and creditors

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

r) Provisions and contingencies

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required in settlement of the obligation and the amount of the obligation can be measured reliably.

Where there are a number of similar obligations, the probability that an outflow will be required is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the future obligations using a pre-tax discount rate that reflects current market assessments of the time value of money and the obligation specific risks. Any unwinding of a discount due to the elapse of time is treated as a finance cost.

Contingent liabilities arise as a result of past events where it is either not probable that there will be an outflow of resources or the amount cannot be reliably measured or where the existence or otherwise of an obligation can only be determined by the outcome of uncertain future events that are not wholly within the company's control.

Contingent liabilities are not recognised, except those which may be acquired in a business combination but are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised and are only disclosed if the inflow of economic benefits is probable.

s) *Financial Instruments*

The company has chosen to adopt Section 11 and 12 of FRS 102 in full in respect of financial instruments, subject to the disclosure exemptions described in note 5.

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

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

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

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities then trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method

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

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

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

4 Critical accounting estimates and judgements

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

Contingent liabilities

Contingent liabilities are disclosed in the financial statements unless the probability of an outflow is remote. In assessing such a disclosure, the group has to consider the potential outcomes of uncertain future events, some of which may not be wholly within the group's control, the probability of such outcomes and the extent to which any outflow of resources arising from any such outcome can be reliably measured.

Taxation

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

Management estimation is required to determine the amount of deferred tax assets that is recognised, based upon likely timing and level of future taxable profits together with an assessment of the tax rates that will be applicable in future and the effect of future tax planning strategies.

5 Disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders. The company has taken advantage of the following exemptions:

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

6 Revenue

Revenue and profit before taxation are attributable to the principal activity of the company and all revenues arise within the United Kingdom.

7 Loss before interest and taxation

The loss before interest and taxation is stated after charging:

	2020 £'000	2019 £'000
Depreciation of tangible assets	680	572
Amortisation of intangible assets	819	964
Impairment of intangible assets (included in 'Administrative expenses')	159	108
Operating lease costs	1,844	604
Net loss on foreign currency translation	41	59

8 Particulars of employees

	2020 No.	2019 No.
The average number of persons employed was:	180	198

The aggregate payroll costs of employees were:

	2020 £'000	2019 £'000
Wages and salaries	7,606	10,280
Social security costs	502	480
Other pension costs	96	92
	8,204	10,852

9 Directors and key management

Remuneration in respect of directors was as follows:

	2020	2019
	£'000	£'000
Emoluments receivable	1,002	1,077
Pension contributions	2	3
Compensation for loss of office	133	-
	1,137	1,080

Three directors accrued benefits under a defined contribution pension scheme (2019: three).

Emoluments of the highest paid director were £286,000 (2019: £365,000) and pension contributions were £nil (2019: £nil).

Remuneration in respect of key management, comprising the directors and other senior management, who together have authority and responsibility for planning, directing and controlling the activities of the company was as follows:

	2020	2019
	£'000	£'000
Salaries and other short term benefits	1,473	1,770
Pension contributions	6	7
Compensation for loss of office	133	-
	1,612	1,777

10 Interest receivable and similar income

	2020	2019
	£'000	£'000
Bank interest	44	-
On intragroup loans	-	201
	44	201

11 Interest payable and similar expenses

	2020	2019
	£'000	£'000
Other interest expense	48	87

12 Taxation on profit/loss

(a) Tax credit/(charge) included in the income statement

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax credit/(charge) based on the loss/profit for the year at 19% (2019: 19%)	281	(657)
Adjustment in respect of prior periods	(150)	(27)
Total current tax	131	(684)
Deferred tax:		
Origination and reversal of timing differences	126	(42)
Adjustment in respect of prior periods	154	117
Impact of rate change	34	-
Total deferred tax	314	75
Tax credit/(charge)	445	(609)

(b) Factors affecting tax credit/charge

The tax credit assessed on the loss for the year is lower (2019: lower charge) than the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £'000	2019 £'000
Loss/(profit) before taxation	3,084	(128,342)
Loss/(profit) before taxation multiplied by rate of tax	586	(24,385)
Gains not taxable	-	23,997
Expenses not deductible for tax purposes	(146)	(311)
Over provision in respect of prior years	4	90
Impact of rate change	34	-
Other	(33)	-
Tax credit/(charge) for the year	445	(609)

12 Intangible assets

	Software
	£'000
Cost:	
At 1 September 2019	4,856
Additions	82
At 31 August 2020	**4,938**
Accumulated amortisation:	
At 1 September 2019	3,335
Charge for the year	819
Impairment	159
At 31 August 2020	**4,313**
Net book value:	
At 31 August 2020	**625**
At 31 August 2019	1,521

13 Tangible assets

	Leasehold buildings	Plant & equipment	Total
	£'000	£'000	£'000
Cost:			
At 1 September 2019	345	5,410	5,755
Additions	-	524	524
At 31 August 2020	345	5,934	6,279
Accumulated depreciation:			
At 1 September 2019	214	4,672	4,886
Charge for the year	27	653	680
At 31 August 2020	241	5,325	5,566
Net book value:			
At 31 August 2020	**104**	**609**	**713**
At 31 August 2019	131	738	869

14 Investments

	£'000
Cost:	
At 1 September 2019 and 31 August 2020	1,000
Impairment:	
At 1 September 2019 and 31 August 2020	(1,000)
Net book value:	
At 31 August 2020	-
At 31 August 2019	-

Investments are the subsidiary undertakings listed in note 24.

15 Debtors

	2020 £'000	2019 £'000
Amounts owed by group undertakings	**216,436**	215,230
Deferred taxation	**604**	290
Other debtors	**7**	19
Prepayments and accrued income	**589**	740
	217,636	216,279

All group balances at 31 August 2020 are interest-free, unsecured, have no fixed date of repayment and are repayable on demand.

The deferred tax asset is the tax effect of timing differences between depreciation and tax allowances on tangible assets. During the year £314,000 was credited to the income statement (2019: £75,000 credit) and it is anticipated that no charge will be made in the next financial year.

16 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	**390**	237
Amounts owed to group undertakings	**7,387**	37,801
Other taxation and social security	**1,704**	1,854
Accruals and deferred income	**3,074**	1,195
	12,555	41,087

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

17 Post-employment benefits

The company operates a defined contribution pension arrangement for the benefit of its employees. The amount recognised as an expense for this arrangement is £96,000 (2019: £92,000).

18 Provision for other liabilities

	Litigation £'000
At 1 September 2019	142
Additions dealt with in the income statement	132
At 31 August 2020	**274**

Litigation provisions represent the expected settlement amounts of claims by suppliers against the group under contracts for goods and services which are currently in dispute. Settlement is expected to be made during 2021.

19 Called up share capital and reserves

Allotted, called up and fully paid:

	2020		2019	
	No.	**£**	No.	£
Ordinary shares of £1 each	**100**	**100**	100	100

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

20 Related party transactions

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

21 Contingent liabilities

The company is a co-guarantor of the bank loan of an intermediate parent undertaking, Camelot Bidco Limited. At 31 August 2020 this amounted to £15,000,000 (2019: £nil).

22 Capital and other commitments

At 31 August 2020 the company had the following future minimum lease payments under non-cancellable operating leases as set out below:

	2020	2019
	£'000	£'000
Payments due:		
Not later than one year	-	64
Later than one year and not later than five years	-	192
	-	256

The company had no off-balance sheet arrangements (2019: £nil) and no capital commitments contracted but not provided (2019: £nil).

23 List of subsidiary undertakings

At 31 August 2020 the company had the following directly-held subsidiary undertakings:

Subsidiary undertakings	Registered office	Nature of business	Interest
Cambridge Education Group Hong Kong Limited	i.	Provision of administrative services for group companies	100% ordinary shares
Cambridge Education Group Consulting (Shanghai) Limited	ii.	Provision of administrative services for group companies	100% ordinary shares

Registered office:

i. Suites 3005-6, 30/F Tower 2, The Gateway, Harbour City, Kowloon, Hong Kong

ii. Room 408, Building 2, NO. 215 Yaohua Road, China (Shanghai), China (Shanghai) Pilot Free Trade Zone, Shanghai, People's Republic of China

24 Ultimate controlling party

The immediate parent company is Cambridge Education Group Limited.

Camelot Holdco Limited is the parent company of the smallest group which prepares publicly available consolidated financial statements that incorporate the results of the company. Copies of those consolidated financial statements may be obtained from the address given in note 1.

Camelot Topco Limited is the ultimate parent company and the parent undertaking of the largest group which prepares publicly available consolidated financial statements that incorporate the results of the company. Copies of the consolidated financial statements may be obtained from the address given in note 1.

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