

REGISTERED NUMBER: 06647488 (England and Wales)

SAE Education Limited

Annual Report and

Financial Statements for the Year Ended 30 June 2020



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for the Year Ended 30 June 2020

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SAE Education Limited

Company Information
for the Year Ended 30 June 2020

DIRECTORS:

J A Coffin
S A Davies
K K S Sandhu
D W H Hedges

SECRETARY:

Pennsec Limited

REGISTERED OFFICE:

SAE Oxford
Littlemore Park
Armstrong Road, Littlemore
Oxford
Oxfordshire
OX4 4FY

REGISTERED NUMBER:

06647488 (England and Wales)

AUDITORS:

Deloitte LLP
Statutory Auditor
Abbots House
Abbey Street
Reading
Berkshire
RG1 3BD

SAE Education Limited

Directors' Report for the Year Ended 30 June 2020

The directors present their report with the financial statements of the company for the year ended 30 June 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of provision of educational courses teaching audio engineering, digital film making and creative media design skills.

REVIEW OF BUSINESS

During the year turnover decreased by 4% from £5,552,989 to £5,333,597. The decrease was a net result of a decline in student numbers, however the decision to close and teach out the Oxford campus was reversed, and September 2020 saw a new intake of students. The Directors are confident student numbers will improve despite the education sector requiring to adapt to online and blended socially distanced teaching as a result of the COVID-19 pandemic. There was a loss for the year after tax of £2,141,467 (2019: £521,561).

The Company received the first Office for Students (OfS) Learning and Teaching recurrent grant (£1,397,290) and capital grant (£47,090) in the year. The grants have allowed the Company to invest in increased Campus Support Technicians, Student Experience Officers, Teachers, equipment, and initiatives to enhance the delivery and quality of teaching. This facilitated the Company to rapidly respond to online learning and student needs at the beginning and throughout the COVID-19 pandemic.

In the prior year, the Company received VAT reclaim of £3,432,724 after being involved with a legal dispute with HMRC since 2011 over HMRC's assertion that VAT was chargeable on the provision of Higher Education by the Company. In 2014 the first tier Tribunal allowed the appeal of the Company but HMRC were subsequently granted permission to appeal to the Upper Tribunal and in 2016 were found to be successful in that appeal. The Company was granted permission to appeal to the Court of Appeal but in July 2017 their appeal was dismissed.

The Company was granted appeal to The Supreme Court. By unanimous decision on 20 March 2019, the Supreme Court upheld the first-tier Tribunal that the Company was entitled to VAT exemption on and from May 2009. All VAT in respect of the relevant periods was reclaimed in the prior year following the UK Supreme Court Decision.

The underlying fundamentals have improved in the year when reviewing the results without the one off and non-cash items, even with the impact of COVID-19.

GOING CONCERN

The Directors have acknowledged the latest guidance regarding going concern. Whilst the current volatility in the macroeconomic environment as a result of the coronavirus pandemic creates great uncertainty, the Company continues trading as normal. The Directors have considered the net current liability position of £17,001,467 (2019: £14,985,890) and the loss incurred in the year of £2,141,467 (2019: £521,561).

The immediate controlling party is Navitas SAE (UK) Holdings Pty Ltd ("Parent"). The ultimate parent company is Marron Group Holdings Pty Ltd (formerly named BGH Holdco A Pty Ltd). Marron Group Holdings Pty Ltd and its subsidiaries (referred to as 'Group') is a globally diversified business focused on the provision of educational services to domestic and overseas students.

Marron Group Holdings Pty Ltd has considerable financial resources together with significant revenue streams across different geographic areas and industries and has expressed its willingness to continue to provide support to the Company for the foreseeable future, and in particular for a period of at least twelve months from the date of these financial statements. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence. Thus, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in note 18 in the notes to the financial statements.

SAE Education Limited

Directors' Report for the Year Ended 30 June 2020 continued

DIRECTORS

S A Davies has held office during the whole of the period from 1 July 2019 to the date of this report.

Other changes in directors holding office are as follows:

J A Coffin - appointed 31 July 2019
E A L Culverhouse - resigned 19 June 2020
P Grant - resigned 31 July 2019
M I Rann - resigned 17 June 2020
A Sadiq - appointed 15 July 2019 - resigned 3 March 2020
K K S Sandhu - appointed 31 July 2019
D W H Hedges - appointed 22 November 2019

Directors' indemnities

The Company has no qualifying third-party indemnity provisions for the benefit of its directors, which were made during the year or remain in force at the date of this report.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

United Kingdom exit from the EU risk

The United Kingdom's pending exit from the European Union continues to be of principal interest to the Company. The Company continues to take an active interest in the development of political policy in this area, assessing and planning for a range of options that may present themselves in differing scenarios in the future.

Coronavirus pandemic

The COVID-19 outbreak has impacted the education sector significantly. The priority has been to ensure that students and staff have as much support as possible. As the global spread of COVID-19 continues, the Company's response continues to be guided by the advice of relevant governments and health authorities. The health and safety of staff and students is the priority and the Company is taking proactive measures to protect their safety and wellbeing.

As a result of a change in teaching delivery and the restricted movement of people, there is a risk that students are less likely to start new courses. However, the Company has a strong domestic student presence and based on recent market data, the Company is optimistic that student numbers will continue to improve whilst navigating through changes in the coronavirus pandemic restrictions.

Dividends

The Directors do not recommend a dividend for the year ended 30 June 2020 (2019: £nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The directors do not consider there to be any further future developments of relevance.

ON BEHALF OF THE BOARD:



.....
Director

Date:22nd December 2020.....

SAE Education Limited

Governance Statement for the Year Ended 30 June 2020

SAE Education Limited (SAE UK) is committed to the highest standards of governance and probity.

SAE UK's Board of Directors (the Board) is unambiguously responsible for the affairs of SAE and corporate governance reporting. It works with the General Manager and the Executive Leadership Team (ELT) of SAE UK to identify and set priorities, manage risk and maintain financial sustainability. The Board's decision is final, however the Board works with Marron Group Holdings Pty Ltd (the ultimate parent company of SAE UK) to determine the final budget and strategic plan. A protocol for approving the budget and strategic plan is in place.

The Board has adopted the Higher Education Code of Governance (2020) and adheres to public interest principles. There are aspects that do not apply to SAE UK, and these have been explained, and alternative mechanisms of suitable governance have been put in place after an extensive review against the Code.

The Board has delegated some responsibilities to the ELT which has representation from each campus through the Campus Directors which ensures cohesiveness in the management and oversight of SAE UK. The ELT is also of sufficient size as it currently comprises 10 members. SAE UK will want to ensure that the membership does not become too large as this will reduce the quality of the debate and oversight. Currently, the membership is appropriate.

Academic governance has been long established with the Academic Board at the apex, chaired by an external member. It is supported by two sub-committees, the Learning and Teaching Committee and the Academic Standards and Quality Assurance (ASQA) committee. A new protocol has been established for the UK Board of Directors to engage with the Academic Board to ensure academic experience. This is via an Annual Report from the Academic Board to the UK Board of Directors in the first instance, and through informal engagement between the two bodies, particularly the Chairs.

A single institutional strategic plan and unified codes of practices and policies ensure consistency and equivalency across the campuses. A number of internal controls to ensure that responsibilities are being discharged effectively. This includes clear designation of responsibilities, medium- and long-term planning, risk register protocols, and other processes. External audit is carried out by Deloitte and enhanced internal auditing commenced in 2019. The Audit and Risk Committee was established in 2018 and meets quarterly to assess risk and internal control.

SAE Education Limited

Statement on Internal Controls for the Year Ended 30 June 2020

Scope of Responsibility

SAE UK acknowledges that it has a responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the Regulatory Advice 9: Accounts Direction published by the Office for Students (OfS).

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Office for Students has been in place in SAE UK for the year ended 30 June 2020 (FY20) and up to the date of approval of the financial statements.

Capacity to Handle Risk

SAE UK has an Audit and Risk Committee (ARC) comprising four members and non-members with financial and audit expertise, one of whom is the Chair. The Internal Audit Function is managed by Group and the internal audit schedule is determined centrally.

The organisation has developed a Risk Management Policy and Framework, which sets out its risk appetite and details the roles and responsibilities of staff in relation to this risk.

Risk and Control Framework

SAE UK has implemented a risk management system, which identifies and reports key risks and the management actions being taken to address and mitigate those risks.

There are risk registers in place, which identify the key risks facing the organisation, and these have been identified, evaluated, and graded according to their significance. The risk register is reviewed at each ARC. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control process and control deficiencies are communicated to those responsible for taking corrective action as well as being reported to the Board of Directors through the Audit and Risk Committee.

Review of Effectiveness

SAE has procedures in place to monitor the effectiveness of its risk management and control procedures. This review is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work and the senior management within SAE UK who are responsible for the development and maintenance of the internal control framework. The risk management and control procedures are also reviewed by the Divisional (Careers and Industry) Leadership Team as per the risk management framework.

Internal Control Issues

During the year Management have undertaken an internal audit exercise, starting in April 2020, over the Revenue process at the London Campus and the process within the Student Management System. Results of the review were reported to management in September 2020. No "very high" risk findings were identified. One "high risk" finding was identified over the lack of enforced segregation of duties within the Student Management System. Management agree with the findings and will work with Group IT for development on the Student Management System to ensure forced segregation by April 2021.

Deloitte, the external auditors, have raised two significant control findings, around the adoption of new accounting standards and revenue. The adoption of new accounting standards control finding relates to the transition to IFRS 16 Leases (note 2). The revenue control finding has arisen from an isolated incident where a journal was booked to revenue in error. Mitigating controls have been put in place and management have restructured the finance team and instigated full review of balance sheet accounts post month end to ensure any erroneous entries are identified and balance sheet items are evidenced. Deloitte have raised a number of control deficiencies during the year. In response, management have restructured the finance team and will address these points over the following year.

Statement on Regularity, Propriety, and Compliance for the Year Ended 30 June 2020

SAE Education Ltd can confirm that no instances of irregularity, impropriety, bribery, or funding non-compliance have been discovered to date. If any instances are identified subsequently, these will be notified to the Board, Group, and the Office for Students accordingly.

SAE Education Limited

Report of the Independent Auditors to the Members of SAE Education Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of SAE Education Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of the company's income and expenditure, gains and losses and changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the company's income statement;
- the company's statement of comprehensive income;
- the company's balance sheet;
- the company's statement of changes in equity;
- the company's cash flow statement;
- and the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Opinions on other matters prescribed by the Office for Students (OfS) "Regulatory Advice 9: Accounts Direction"

In our opinion, in all material respects:

- funds from whatever source administered by the company for specific purposes have been applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS and UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's accounts direction have been met.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Under the OfS Regulatory Advice 9: Accounts Direction, we are required to report in respect of the following matters if, in our opinion:

- the provider's grant and fee income, as disclosed in the note 4 to the accounts, has been materially misstated

We have nothing to report in respect of these matters.

SAE Education Limited

Report of the Independent Auditors to the Members of
SAE Education Limited (continued)

Use of our report

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



Andrew Hornby (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Abbots House
Abbey Street
Reading
Berkshire
RG1 3BD

22 December 2020

SAE Education Limited

Income Statement
for the Year Ended 30 June 2020

	Notes	30.6.20 £	30.6.19 £
TURNOVER	3	5,333,597	5,552,989
Cost of sales		<u>(625,690)</u>	<u>(2,101,768)</u>
GROSS PROFIT		4,707,907	3,451,221
Administrative expenses	6, 9	<u>(8,043,635)</u>	<u>(7,644,912)</u>
		(3,335,728)	(4,193,691)
Other operating income	4	<u>1,397,290</u>	<u>3,752,980</u>
OPERATING LOSS		(1,938,438)	(440,711)
Interest receivable and similar income	7	<u>-</u>	<u>18,530</u>
		(1,938,438)	(422,181)
Interest payable and similar expenses	8	<u>(203,029)</u>	<u>(99,380)</u>
LOSS BEFORE TAXATION	9	(2,141,467)	(521,561)
Tax on loss	10	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(2,141,467)</u>	<u>(521,561)</u>

All amounts are derived from continuing operations.

Other Comprehensive Income
for the Year Ended 30 June 2020

	Notes	30.6.20 £	30.6.19 £
LOSS FOR THE YEAR		(2,141,467)	(521,561)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(2,141,467)</u>	<u>(521,561)</u>

SAE Education Limited (Registered number: 06647488)

Balance Sheet
At 30 June 2020

	Notes	30.6.20 £	30.6.19 £
FIXED ASSETS			
Tangible assets	11	2,441,438	1,124,877
CURRENT ASSETS			
Debtors	12	1,233,925	3,206,043
Cash at bank		<u>1,540,185</u>	<u>96,697</u>
		2,774,110	3,302,740
CREDITORS			
Amounts falling due within one year	13	<u>(19,775,577)</u>	<u>(18,288,630)</u>
NET CURRENT LIABILITIES		<u>(17,001,467)</u>	<u>(14,985,890)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(14,560,029)	(13,861,013)
CREDITORS			
Amounts falling due after more than one year	14	(913,944)	(9,590)
PROVISIONS FOR LIABILITIES	17	<u>(1,875,960)</u>	<u>(1,337,863)</u>
NET LIABILITIES		<u>(17,349,933)</u>	<u>(15,208,466)</u>
RESERVES			
Retained earnings		<u>(17,349,933)</u>	<u>(15,208,466)</u>
		<u>(17,349,933)</u>	<u>(15,208,466)</u>

The financial statements were approved by the Board of Directors and authorised for issue on22nd December 2020..... and were signed on its behalf by:



.....
Director

SAE Education Limited

Statement of Changes in Equity
for the Year Ended 30 June 2020

	Retained earnings £	Total equity £
Balance at 1 July 2018	(14,686,905)	(14,686,905)
Changes in equity		
Total comprehensive loss	<u>(521,561)</u>	<u>(521,561)</u>
Balance at 30 June 2019	<u>(15,208,466)</u>	<u>(15,208,466)</u>
Changes in equity		
Total comprehensive loss	<u>(2,141,467)</u>	<u>(2,141,467)</u>
Balance at 30 June 2020	<u><u>(17,349,933)</u></u>	<u><u>(17,349,933)</u></u>

SAE Education Limited

Cash Flow Statement
for the Year Ended 30 June 2020

	Notes	30.6.20 £	30.6.19 £
Cash flows from operating activities			
Cash generated from operations	1	2,965,650	384,464
Interest paid (note 8)		<u>(109,261)</u>	<u>(99,380)</u>
Net cash from operating activities		<u>2,856,389</u>	<u>285,084</u>
Cash flows from investing activities			
Purchase of tangible fixed assets (note 11)		<u>(272,325)</u>	<u>(251,322)</u>
Net cash used in investing activities		<u>(272,325)</u>	<u>(251,322)</u>
Cash flows from financing activities			
Repayment of lease liability (note 15)		<u>(1,140,576)</u>	<u>-</u>
Net cash used in financing activities		<u>(1,140,576)</u>	<u>-</u>
Increase in cash and cash equivalents		1,443,488	33,762
Cash and cash equivalents at beginning of year	2	96,697	62,935
		<u> </u>	<u> </u>
Cash and cash equivalents at end of year	2	<u>1,540,185</u>	<u>96,697</u>

Notes to the Cash Flow Statement
for the Year Ended 30 June 2020

1. **RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	30.6.20	30.6.19
	£	£
Loss before taxation	(2,141,467)	(521,561)
Depreciation charges (note 11)	1,429,193	729,560
Eliminated on disposal	23,344	-
Finance costs (note 8)	203,029	99,380
	<u>(485,901)</u>	<u>307,379</u>
Decrease/(increase) in trade and other debtors	1,680,851	(325,060)
Increase in trade and other creditors	<u>1,770,700</u>	<u>402,145</u>
Cash generated from operations	<u><u>2,965,650</u></u>	<u><u>384,464</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 June 2020

	30.6.20	30.6.19
	£	£
Cash and cash equivalents	<u><u>1,540,185</u></u>	<u><u>96,697</u></u>

Year ended 30 June 2019

	30.6.19	30.6.18
	£	£
Cash and cash equivalents	<u><u>96,697</u></u>	<u><u>62,935</u></u>

1. **STATUTORY INFORMATION**

SAE Education Limited is a private company, limited by guarantee, incorporated in the United Kingdom under the Companies Act 2006 as is registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page. The Company's principal activities are set out on page 2.

2. **ACCOUNTING POLICIES**

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective, certain disclosure in respect of revenue from contracts with customers, impairment of assets and certain related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of BGH Holdco A Pty Ltd, refer to note 19.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services when originally obtained.

Adoption of new and revised Accounting Standards

The Company has adopted all of the new and revised Standards and Interpretations, including amendments to the existing standards issued by the International Financial Reporting Standards (the IFRS) that are relevant to its operations and effective for the current reporting period.

The adoption of these new and revised Standards and Interpretations has not resulted in any significant changes to the Company's accounting policies nor any significant effect on the measurement or disclosure of the amounts reported for the current or prior periods apart from IFRS 16 Leases.

New and revised Standards adopted by the Company

IFRS 16 Leases

Prior to the adoption of IFRS 16, the Company classified each of its leases (as lessee) at inception as either finance leases or operating leases under IAS 17 Leases. Operating lease payments were recognised as an expense in the income statement on a straight-line basis over the lease term. Fixed rate increases to lease payments, excluding contingent or index based rental increases, were recognised on a straight-line basis over the lease term. Contingent rental payments that arose as a result of movements in relevant indices were recognised in the income statement as they were incurred.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company, as lessee under IFRS 16, has recognised a right-of-use asset representing its right to use the underlying leased assets and a lease liability representing its obligations to make lease payments. The Company has separately recognised the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company has remeasured the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The Company recognises the amount of any remeasurement of the lease liability as an adjustment to the right-of-use asset.

Impact on adoption of IFRS 16

The Company has applied IFRS 16 from 1 July 2019, using the simplified transition method whereby the right-of-use asset has been recognised on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

Using this method there is no requirement to restate comparatives.

2. **ACCOUNTING POLICIES - continued**

The effect of adopting IFRS 16 as at 1 July 2019 is as follows:

	£
Right-of-use assets	2,447,788
Prepayments	(291,268)
Onerous lease provisions	740,193
Lease liabilities	(2,896,713)

The following is a reconciliation of the Company's operating lease commitments under IAS 17 at 30 June 2019 to the lease liability recognised at 1 July 2019 on transition to IFRS 16.

	£
Operating lease commitments at 30 June 2019	3,521,768
Less: impact of discounting (a)	(625,055)
Lease liabilities recognised at 1 July 2019	<u>2,896,713</u>

(a) The weighted average incremental borrowing rate at the date of initial application was 3.86%.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report on page 2. The Company is expected to continue in existence for the next 12 months.

The Directors, having assessed the responses of the Company's ultimate parent company, Marron Group Holdings Pty Ltd (named BGH Holdco A Pty Ltd as at the year end), to their enquiries have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern for the next 12 months.

Based on their assessment and enquires made of the ultimate parent company, Marron Group Holdings Pty Ltd, the Company's directors have a reasonable expectation that the company will be able to continue in operational existence in the foreseeable future being 12 months post signing of these accounts. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The directors do not consider there to be any critical judgements surrounding the application of the Company's accounting policies.

Key sources of estimation uncertainty

The Directors do not consider there to be any key sources of estimation uncertainty.

2. ACCOUNTING POLICIES - continued

Turnover

The Company recognises revenue from the following major sources:

- Tuition fees earned;
- Ancillary income from students

Turnover representing tuition fees earned and ancillary income from students, is recognised over the period the classes are delivered and is stated net of VAT. When payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of Creditors: Amounts falling due within one year. All turnover arises within the United Kingdom from the single principal activity.

Office for Students Learning and Teaching recurrent grant

The Office for students revenue grant is recognised in full on a performance level as the Company complies and meets the criteria of the conditions of the grant. The Office for Students capital grant is recognised as deferred income and unwound against the life of the assets.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life. Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Furniture and equipment - 20% to 25% per annum straight line

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Leasehold improvements are depreciated over 10 years, in accordance with the length of the lease.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Financial instruments

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

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets held by the Company are classified as 'loans and trade receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

2. ACCOUNTING POLICIES - continued

Recognition and measurement

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'interest receivable and similar income' line item.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade debtors and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade debtors and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2. ACCOUNTING POLICIES - continued

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. ACCOUNTING POLICIES - continued

(iii) Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade debtors, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the balance sheet.

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2. ACCOUNTING POLICIES - continued

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

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

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company separates the lease and non-lease components of the contract and accounts for these separately. The consideration in the contract is then allocated to each component on the basis of their relative stand-alone prices.

The Company leases premises for tuition and related services. The lease terms vary significantly and can include escalation clauses, renewal options and termination rights. Escalation clauses vary between fixed rate, inflation-linked, market rent and combination reviews.

2. ACCOUNTING POLICIES – continued

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment, assessed in accordance with the Company's impairment policy.

Lease liabilities

Lease liabilities are recognised by the Company at the commencement date of the lease. Lease liabilities are measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and variable lease payments that depend on an index or rate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable. After the commencement date, the lease liability is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term or a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments).

Extension options are included in a number of leases. In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

Lease of low-value assets

The Company does not recognise right-of-use assets and lease liabilities for low-value assets comprising of IT equipment and small items of office furniture and equipment. Lease payments on leases of low-value assets are recognised as expensed on a straight-line basis over the lease term.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2020

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	30.6.20 £	30.6.19 £
Tuition fees	5,269,965	4,917,982
Ancillary income from students	<u>63,632</u>	<u>635,007</u>
	<u>5,333,597</u>	<u>5,552,989</u>

4. OTHER OPERATING INCOME

	30.6.20 £	30.6.19 £
OfS learning and teaching recurrent grant	1,397,290	-
VAT reclaimed	-	3,432,724
Management fee	<u>-</u>	<u>320,256</u>
	<u>1,397,290</u>	<u>3,752,980</u>

5. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £43,800 (2019: £23,900).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclosure such fees on a consolidated basis.

6. EMPLOYEES AND DIRECTORS

	30.6.20 £	30.6.19 £
Wages and salaries	2,906,939	2,879,502
Social security costs	277,186	276,747
Other pension costs	<u>170,135</u>	<u>122,516</u>
	<u>3,354,260</u>	<u>3,278,765</u>

The average number of employees during the year was as follows:

	30.6.20	30.6.19
Administrative	<u>118</u>	<u>111</u>

6. EMPLOYEES AND DIRECTORS - continued

Additional remuneration disclosures:

Senior staff pay

Basic salary per annum	# of staff
£100,000-£104,999	-
£105,000-£109,999	-
£110,000-£114,999	1

Total remuneration for the Head of Provider

Basic salary	76,245
Payment of dividends	-
Performance related pay	4,499
Pension contributions	3,507
Salary sacrifice	2,192
Compensation for loss of office	-
Other taxable benefits	-
Non taxable benefits	-
Other remuneration	-

Justification for the total remuneration package

The Head of Provider of SAE Education Limited is currently remunerated significantly below the company and sector benchmarks for this role. This is due to the fact that the organisation had been suffering from low / negative profits and also magnified by a voluntary reduction in April due to the impact of COVID-19.

The performance of the Head of Provider is based on Board of Director appraisal, Group Company Leadership Incentive Plan Scorecard, National Student Survey results, non-continuation rate and student recruitment KPIs. The Head of Provider's performance has been assessed as being outstanding, particularly with regards to his impact on student experience, student recruitment and financial controls.

Ratios

Basic salary ratio	2.47
Total remuneration ratio	2.68

SAE Education Limited is part of wider Group. It's ultimate parent company is Marron Group Holdings Pty Ltd (previously named BGH Holdco A Pty Ltd). Marron Group Holdings Pty Ltd and its subsidiaries (referred to as 'Group') is a globally diversified business focused on the provision of educational services to domestic and overseas students. SAE Education Limited has benefitted from shared resources within the Group which are billed via a management charge.

Shared resources have not been included as part of this disclosure we are not able to quantify the full time equivalent of the resource to SAE Education Limited as they are not direct employees of SAE Education Limited.

The senior staff banding includes a Director of SAE Education Limited who is not the Head of Provider but works across the Group, including SAE Education Limited, who is located in Oxford.

	30.6.20	30.6.19
	£	£
Directors' remuneration	<u>252,977</u>	<u>-</u>
	30.6.20	30.6.19
	£	£
Highest paid Director	<u>124,696</u>	<u>-</u>

Directors in 2019 were paid from another group entity and therefore there are no director emoluments to be disclosed in this company's financial statements for the previous year.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2020

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	30.6.20	30.6.19
	£	£
Other income	<u>-</u>	<u>18,530</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	30.6.20	30.6.19
	£	£
Payable to group undertakings	109,261	99,380
Lease liability (note 15)	<u>93,768</u>	<u>-</u>
	<u>203,029</u>	<u>99,380</u>

9. LOSS BEFORE TAXATION

The loss before taxation is stated after charging/(crediting):

	30.6.20	30.6.19
	£	£
Other operating income	(1,397,290)	(3,752,980)
Make good provision increase	1,349,960	-
Depreciation – ROU asset	975,823	-
Depreciation - owned assets	453,370	729,560
Loss on disposal of fixed assets	23,344	-
Bad debts	85,990	11,078
Other operating leases	<u>-</u>	<u>961,385</u>

10. TAXATION

Analysis of tax expense

The standard rate of corporation tax applied to reported profit is 19 per cent (2019: 19 per cent).

The charge for the year can be reconciled to the loss before tax as follows:

	30.6.20	30.6.19
	£	£
Loss before income tax	(2,141,467)	(521,561)
Loss multiplied by the standard rate or corporation tax in the UK of 19% (2019 19%)	(406,879)	(99,097)
Effects of:		
Expenses not deductible	33,636	46,822
Amounts not recognised	373,243	52,275
Tax expense	<u>-</u>	<u>-</u>

We consider it appropriate to recognise the closing deferred tax balance at a rate of 19%, being the rate enacted on the balance sheet date and at which all differences are expected to unwind.

A deferred tax asset of £2,818,215 has not been recognised in the year as we do not consider that there is suitable certainty that the temporary difference will reverse in the foreseeable future such that the asset will be utilised.

11. TANGIBLE FIXED ASSETS

	Right of use asset Buildings £	Leasehold improvement £	Furniture and equipment £	Totals £
COST				
At 1 July 2019	-	2,152,951	3,556,238	5,709,189
Additions	-	3,489	268,836	272,325
Impact of IFRS 16 transition adjustment (note 2)	2,447,788	-	-	2,447,788
Impact of adjustment	48,985	-	-	48,985
Disposals	-	-	(609,857)	(609,857)
At 30 June 2020	<u>2,496,773</u>	<u>2,156,440</u>	<u>3,215,217</u>	<u>7,868,430</u>
DEPRECIATION				
At 1 July 2019	-	1,360,859	3,223,453	4,584,312
Charge for year	975,823	311,997	141,373	1,429,193
Eliminated on disposal	-	-	(586,513)	(586,513)
At 30 June 2020	<u>975,823</u>	<u>1,672,856</u>	<u>2,778,313</u>	<u>5,426,992</u>
NET BOOK VALUE				
At 30 June 2020	<u>1,520,950</u>	<u>483,584</u>	<u>436,904</u>	<u>2,441,438</u>
At 30 June 2019	<u>-</u>	<u>792,092</u>	<u>332,785</u>	<u>1,124,877</u>

Right of use asset created on adoption of IFRS 16 leases, see note 2 and note 15.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.20 £	30.6.19 £
Trade debtors	836,868	1,327,459
Amounts owed by other group undertakings	-	373,050
Prepayment	305,782	605,451
Other debtors	<u>91,275</u>	<u>900,083</u>
	<u>1,233,925</u>	<u>3,206,043</u>

The amounts owed by group undertakings are not secured and have a variable rate of interest. These amounts are payable on demand.

Trade debtors is shown net of expected credit losses recognised amounting to £832,540 (2019: £529,262).

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.20 £	30.6.19 £
Trade creditors	553,609	611,681
Amounts owed to other group undertakings	14,869,256	13,605,976
Social security and other taxes	66,024	68,013
VAT	123,107	-
Other creditors	-	876,544
Deferred income	1,731,519	2,125,603
Accrued expenses	1,447,115	1,000,813
Leases (see note 15)	<u>984,947</u>	<u>-</u>
	<u>19,775,577</u>	<u>18,288,630</u>

The amounts owed to parent and group undertakings are not secured and have a variable rate of interest. These amounts are payable on demand, however the Company has sought letters of support and letters of comfort confirming that the Company will be supported and intercompany debt will not be called upon for at least 12 months from signing date (note 2).

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30.6.20	30.6.19
	£	£
Leases (see note 15)	913,944	-
Amounts owed to group undertakings	-	9,590
	<u>913,944</u>	<u>9,590</u>

15. LEASES

i) Amounts recognised in the Statement of Financial Position

(a) Right-of-use assets

The Company leases a significant number of properties under non-cancellable agreements which expire within one to twelve years. These leases have varying terms, escalation clauses and renewal rights.

	30.6.20
	£
Right-of-use-assets	
Property leases (note 11)	<u>1,520,950</u>

The carrying amounts of the right-of-use assets and movements during the year are as follows:

	30.6.20
	£
At 1 July 2019	-
Impact of IFRS 16 transition adjustments (Note 2)	2,447,788
Impact of rent adjustments	48,985
Depreciation expense	(975,823)
Right of use asset (note 11)	<u>1,520,950</u>

(b) Lease liabilities

The carrying amounts of the lease liabilities and movements during the year are as follows:

	30.6.20
	£
Lease liabilities	
Current (note 13)	984,947
Non current (note 14)	913,944
Total lease liabilities	<u>1,898,891</u>

	30.6.20
	£
At 1 July 2019	-
Impact of IFRS 16 transition adjustments (Note 2)	2,896,713
Impact of rent adjustments	48,985
Lease payments	(1,140,576)
Accretion of interest	93,768
Other	1
Lease liability at 30 June 20	<u>1,898,891</u>

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for the Year Ended 30 June 2020

15. LEASES (CONTINUED)

The maturity profile of the Company's lease liabilities based on contractual undiscounted payments is provided in note 16.

(ii) Amounts recognised in the Statement of Comprehensive Income

The following are the lease-related amounts recognised in the statement of comprehensive income during the year ended 30 June 2020:

	30.6.20
	£
Depreciation of right-of-use assets	(975,823)
Interest on lease liabilities	(93,768)
Total amount recognised in the statement of comprehensive income	<u>(1,069,591)</u>

(iii) Amounts recognised in the Statement of Cash Flows

The total cash outflows for leases amount to £1,140,576 (recognised as 'financing activities').

(iv) Lease Payments

All lease payments during the year were fixed.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Liquidity risk

The Company's objective is to maintain a balance between the continuity of funding and flexibility principally through the use of operating cash flows and borrowings from BGH HoldCo A Pty Ltd and related entities.

	<1 year	1 – 5 years	>5 years	Total
	£	£	£	£
Financial liabilities				
Trade and other payables	18,790,630			18,790,630
Lease liabilities	<u>984,947</u>	<u>714,282</u>	<u>199,662</u>	<u>1,898,891</u>

The tables above reflect all contractually fixed settlement, repayments, receivables and interest resulting from recognised financial liabilities and assets as of 30 June 2020. For the obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial liabilities are based on the earliest possible date on which the Company can be required to pay. Cash flows for financial assets are based on the terms and conditions existing at the balance sheet date.

17. PROVISIONS FOR LIABILITIES

	Onerous lease £	Make good £	Total provisions £
Balance at 1 July 2019	811,863	526,000	1,337,863
Additional charge in the year	-	1,349,960	1,349,960
Adoption of IFRS 16 (note 2)	(740,193)	-	(740,193)
Release of surplus provision	(71,670)	-	(71,670)
Balance at 30 June 2020	-	1,875,960	1,875,960

Provisions are measured at the present value of the Company's best estimate of the expenditure required to settle the present obligation at the balance sheet date. No discounting is considered as it is deemed to yield immaterial changes to the provision.

The provision for liabilities includes the increase in make good provisions across all UK campuses to be in line with recent property assessments.

Make good

Under the terms of its lease agreements the Company must restore certain leased premises to their condition as at the commencement of the lease.

18. EVENTS AFTER THE REPORTING PERIOD

On 26 November 2020 the ultimate controlling party changed its name to Marron Group Holdings Pty Ltd.

Subsequent to the balance sheet date, the impact of the COVID-19 pandemic has continued to evolve with a number of developments that have the potential to impact the outlook for the Company. Management continue to monitor development closely.

19. CONTROLLING PARTY

The ultimate parent company at 30 June 2020 is BGH Holdco A Pty Ltd, a company incorporated in Australia. Following the year end, on 26 November 2020, BGH Holdco A Pty Ltd changed its name to Marron Group Holdings Pty Ltd. This is the smallest and largest groups to consolidate the results of the company. The immediate parent entity is Navitas SAE (UK) Holdings Pty Ltd.

20. LIMITED BY GUARANTEE

The Company is incorporated as a company limited by guarantee having no share capital and, in accordance with the memorandum of association, the members of the Company are liable to contribute up to £1 each in the event of the Company being wound up.