Consolidated accounts of
parent company for
The Bushcraft Company Limited
company no: 06762201

Cognita Bondco Parent Limited

Annual Report and Financial Statements

Registered number 09669246

31 August 2018

Company Information
for the year ended 31 August 2018

DIRECTORS:	D Villa C Jansen M Uzielli
SECRETARY:	EMW Secretaries Limited
REGISTERED OFFICE:	EMW Secretaries Limited Seebeck House One Seebeck Place Knowlhill Milton Keynes Buckinghamshire MK5 8FR
REGISTERED NUMBER:	09669246
AUDITOR:	KPMG LLP Chartered Accountants Altius House One North Fourth Street Milton Keynes Buckinghamshire MK9 1NE

Contents

Strategic report

The Directors submit the Strategic Report, the Directors' Report and the audited consolidated financial statements of the Cognita Bondco Parent Limited Group (the "Group") for the year ended 31 August 2018.

The Group is a leading global operator of private-pay K-12 schools. The Directors are pleased with the performance during the year to 31 August 2018 which was in line with expectations. At the year end, the Group operated 70 (2017: 67) schools across Europe, Asia and Latin America with an average total capacity of 50,659 (2017: 44,712) places and a total average enrolment of 38,379 (2017: 35,286) FTE students.

The Company is a wholly owned subsidiary of Cognita Midco Limited, a company registered in England and Wales. Cognita Topco Limited, a company registered in Jersey and incorporated under Companies (Jersey) Law 1999, is the immediate parent company of Cognita Midco Limited, and, at the year end, was the ultimate parent company of the Group.

Until 25 October 2018, Cognita Topco Limited was owned by The Bregal Fund III LP and KKR European Fund III LP who each held 50% of the issued share capital. On 25 October 2018, Cognita Topco Limited and the entire Cognita Group was acquired by Lernen Bidco Limited, a company registered in England and Wales. From this date, the ultimate parent undertaking and controlling party is Jacobs Holding AG. See note 32 to these financial statements for further information of this post balance sheet event.

The audited, consolidated financial statements of Cognita Topco Limited are available to the public by application to the registered office of that company, or from Companies House with the financial statements of the immediate parent company.

Principal activity and review of the year

The principal activity of the Company is to act in the capacity of a Group financing company. The principal activity of the Group during the year was the operation of private-pay K-12 schools and related education and wider learning activities.

Our Strategy

We consistently focus on the Group's objective to maintain our position as a leading global operator of private-pay K-12 schools. Our principal strategies are:

- To continue to deliver high quality education to maintain and increase demand for our offering
- Leverage our global platform and reputation
- Maximise operating and financial performance
- Continue to expand and acquire new schools and associated businesses in selected attractive and scalable markets

Results and performance

The results of the Group for the year are set out on pages 18 to 24. Key performance metrics used by the business for the year ended 31 August are set out below.

"Average FTE Students" means the average of full time equivalent ("FTE") students at each month end during the relevant period.

"Average Capacity" is calculated as the average number of FTE students divided by total average capacity, expressed as a percentage.

"Utilisation" is calculated as the average number of FTE students divided by total average capacity, expressed as a percentage.

"EBITDA" means operating profit before impairment, depreciation and amortisation of other intangibles.

"Adjusted EBITDA" means EBITDA before impairment, depreciation and amortisation of other intangibles , non-underlying costs and excluding the joint venture portion of Adjusted EBITDA. Adjusted EBITDA can be split into underlying and non-underlying components.

"Non-underlying" means items of income or expenditure which are disclosed separately in order to provide comparability between periods. The items of income or expenditure which are designated as being non-underlying include operating income/expenditure which is not related to the core business, including acquisition and business exploration costs, restructuring costs, impairment of assets, gain or loss on disposal of fixed assets, school pre-opening losses and non-cash share-based payments.

"Group Adjusted EBITDA" means Adjusted EBITDA including 100% of joint venture Adjusted EBITDA.

"Regional Group Adjusted EBITDA" means Group Adjusted EBITDA excluding Group central costs.

"Constant currency basis" means that the movement in a foreign currency amount has been calculated using a fixed exchange rate for both elements of the calculation. The exchange rates used for constant currency are disclosed on page 6.

Strategic report *(continued)*

	Schools		Average FTE Students		Average Student Capacity		Utilisation	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	No.	No.	**No.**	No.	**No.**	No.		
Europe	**45**	45	**14,459**	14,409	**17,590**	17,448	**82.2%**	82.6%
Asia	**11**	10	**9,457**	8,401	**15,081**	11,048	**62.7%**	76.0%
Latin America	**14**	12	**14,464**	12,476	**17,988**	16,217	**80.4%**	76.9%
Total	**70**	67	**38,379**	35,286	**50,659**	44,712	**75.8%**	78.9%

During the fiscal year ended 31 August 2018, the number of schools grew to 70, with the acquisitions of the American British School and Santo Tomas in Chile, the Woodland Pre-Schools in Hong Kong, along with the opening of the Stamford American School in Hong Kong. The Avondale school in Singapore was also merged with the Australian International School, Singapore during the year.

Student numbers throughout the Group increased by 8.8% and average FTE staff numbers increased by 9.6% in the fiscal year ended 31 August 2018 compared to the prior period. The staff numbers increased at a faster rate than students due to the opening of new facilities.

Student numbers increased (including the impact of acquisitions) by 8.8% in the year, with Europe growing by 0.3%, Asia by 12.6% and Latin America by 15.9%. Europe student numbers grew due to the opening of the Pre-University Centre at BSB, Spain in April 2018, offset by slightly fewer students in the UK. Asia student growth was primarily driven by the opening of Stamford American School in Hong Kong in September 2017, the opening of a new secondary school campus at ISHCMC, Vietnam and the acquisition of Woodland Pre-Schools group of nurseries in Hong Kong in May 2018. The growth in Latin America is predominantly attributable to the acquisition of American British School in March 2018 in Chile, along with growth across the Chile school's portfolio where the bilingual programme continues to improve utilisation rates. The acquisition of Santo Tomas in August 2018 did not impact the above disclosed student numbers which are an average across the year.

Capacity increased by 13.3% in the fiscal year ended 31 August 2018 compared to the fiscal year ended 31 August 2017. Of this increase, 8.1% was attributable to group expansion projects, most notably in Singapore, Hong Kong, Vietnam and Brazil, while the remainder of the increase represented the net impact of acquisitions and divestments.

Utilisation decreased by 3.1% to 75.8% for the year ended 31 August 2018 compared to the same period last year due to the additional capacity opened in Singapore, Hong Kong, Vietnam and Brazil.

	Revenue		Group Adjusted EBITDA		Operating (loss)/profit	
	2018	2017	**2018**	2017	**2018**	2017
	£000	£000	**£000**	£000	**£000**	£000
Europe	**194,701**	182,592	**29,844**	26,477	**(51,716)**	(16,588)
Asia	**181,184**	159,322	**47,334**	48,708	**10,472**	21,904
Latin America	**54,589**	47,761	**13,650**	9,693	**202**	6,075
Group	**-**	-	**(10,535)**	(10,985)	**26,577**	11,831
Total	**430,474**	389,675	**80,293**	73,893	**(14,465)**	23,222
Excluding impact of joint venture	**-**	(4,515)	**-**	(1,009)	**-**	33
Statutory result	**430,474**	385,160	**80,293**	72,884	**(14,465)**	23,255

Strategic report *(continued)*

On 25 August 2017, the Group acquired the remaining 50% interest in its joint venture, St Nicholas Preparatory School Limited in London, UK. Consequently, Group Adjusted EBITDA (including 100% of joint venture Adjusted EBITDA) is considered the most relevant metric for information purposes.

Group revenue (including 100% of the St Nicholas joint venture in the prior year) increased from £389.7m in 2017 to £430.5m in 2018, an increase of 10.5% or 12.2% on a constant currency basis. Revenue attributable to new acquisitions during the year ended 31 August 2018 represented 8.7% of the increase (2017: 8.6%), with the remainder due to the organic increase in student numbers and annual fee inflation.

Regional Group Adjusted EBITDA grew by 10.2% (11.0% on a constant currency basis) and represents a margin of 18.7% of revenue (2017: 18.9%). Much of this increase relates to Latin America where the acquisition of the American British School has combined with organic growth across our Chile schools. The Latin America Regional Adjusted EBITDA grew 40.8% (44.8% on a constant currency basis) on revenues that grew by 14.3% (19.8% on a constant currency basis) in the same period. Europe also had strong growth in Regional Adjusted EBITDA of 12.7% (12.2% on a constant currency basis) predominantly related to growth in Spain, including the opening of the Pre-University Centre at BSB.

Asia Regional Adjusted EBITDA which accounts for 51.0% (2017: 57.4%) of the Regional Group Adjusted EBITDA fell 2.8% (grew 0.1% on a constant currency basis) during the year. This lack of growth is predominantly related to the opening of the new capacity in Hong Kong and Vietnam, which increased the underlying costs and saw a reduction in the region's utilisation rate. As the new capacity is filled the Asia region will see operational leverage and EBITDA will grow.

Group central costs reduced by 4.5% to £10.5m (2017: £11.0m) in the year ended 31 August 2018. This decrease was primarily due to better cost control along with specific operating costs moved to the regions.

The exchange rates used for constant currency are EUR: 0.88137, SGD: 0.55224, HKD: 0.09549, THB: 0.02234, VND: 0.00003, CLP: 0.00118 and BRL: 0.22868.

Loss for the year before taxation

The Group's loss before tax was £56.5m (2017: £17.8m) for the year ended 31 August 2018, which was satisfactory and reflective of the ongoing investment in growing the business. The £38.7m increase (2017: £15.1m decrease) in loss before taxation was largely attributable to one off transaction costs, non-cash share based payments, impairment, depreciation and amortisation charges.

Capital expenditure

During the year, the Group had additions of £58.3m in capital expenditure (2017: £134.0m) and £2.8m (2017: £2.5m) in software. The capital expenditure reported in the year represents amounts spent on the regular renewal of estate, along with amounts invested in the expansion plans of the Group's existing portfolio of schools.

Additions related to development capital expenditure represented £33.4m (2017: £116.8m) in total compared to operating capital expenditure of £24.9m (2017: £17.2m). Operating capital expenditure includes investment in ensuring schools maintain their standards and compliance with all regulations, whilst development capital expenditure represents investment made to expand capacity at the Group's schools and for construction and development of other facilities which do not directly result in capacity expansion.

Strategic report *(continued)*

Developments during the year

Europe

Sale and leaseback

On 27 February 2018, the Group completed a ground rent sale and leaseback of freehold properties at five UK schools, the freehold interests were sold for a total consideration of £9.9m. The purchaser simultaneously granted Cognita 150 year leases over the properties. At expiry of the leases Cognita will have the option to buy back the freehold interests for £1 per property.

The proceeds of the transaction were used to partially repay the Group's Revolving Credit Facility, enhancing Cognita's liquidity.

Expansion of St Nicholas Preparatory School, United Kingdom

In March 2018, a lease was signed on a Central London property to enable the relocation of St Nicholas Preparatory School. Capital investment of c. £11m will be required to convert the building into a school which will be recovered over time from lower rent payments. The new premises are expected to be open by September 2020, subject to planning permission being granted.

Expansion of Southbank International School, United Kingdom

In March 2018, a lease agreement was signed on a central London property which adds a fifth site to Southbank International School and creates an extra c. 240 seats of capacity. The site required approximately £6m of capital investment and was opened in September 2018.

Pre-University Centre, BSB, Spain

A state-of-the-art building with capacity for c. 400 students opened in April 2018, housing the new Pre-University Centre. The centre provides an international pre-university education for students aged 16-19. It features specially designed seminar and tutorial rooms, a large library with research/self-study area, cafeteria and sports court. The total cost of the centre was c. €4m.

Asia

Successful opening of Stamford American School, Hong Kong

The Group's first school in Hong Kong (Stamford American School) opened in September 2017, with over 350 students. The Group completed the purchase of the school property in Kowloon, Hong Kong on 15 April 2016. The building now has capacity for c. 800 students. The total capital expenditure additions were HKD 992m (c. £90m) including HKD 673m (c. £61m) for the initial purchase excluding fees and expenses of the brownfield property.

Strategic report *(continued)*

Construction of new campus, Vietnam

In January 2018, a new 900 seat campus opened at the International School Ho Chi Minh City (ISHCMC). The new campus is a purpose-built secondary school and doubles the capacity of ISHCMC. The Group has additions of c. £12m in the facility which has been constructed and financed by a local developer and leased on a 32 year term. The Group also prepaid rent and a lease deposit of c. £5m. It will allow ISHCMC to continue to grow enrolments which are currently c. 1,100.

Acquisition of Woodland Pre-Schools, Hong Kong

On 2 May 2018, the Group acquired Woodland Pre-Schools, a group of nine nurseries in Hong Kong. Woodland, which was founded in 1978, offers playgroup and preschool classes to c. 2,000 predominantly expatriate children who progress to the leading international schools in Hong Kong. The acquisition was funded from the additional issue of Senior Secured Loan Notes earlier in the year along with local bank debt. Woodland Pre-Schools is treated as one school for the purposes of stating the number of schools operated by the Group.

Latam

Expansion of GayLussac school, Brazil

The expansion of the GayLussac school in Brazil was successfully completed and the new facilities opened ready for the new academic year in February 2018. The project provides enhanced facilities and nine new classrooms, creating incremental capacity for c. 220 students. It will bring the total school capacity for students and the bilingual programme to c. 1,670. The expansion cost a total of BRL 12.4m (c. £2.8m).

Acquisition of the American British School, Chile

On 1 March 2018, the Group acquired Sociedad Educacional American British School Limitada, a school based in Santiago, Chile. The acquisition was funded from the additional issue of Senior Secured Loan Notes and local bank debt. The school had c. 2,600 students, with a capacity of c. 3,000 at the date of acquisition.

Acquisition of Santo Tomas, Chile

On 31 August 2018, the Group acquired Colegio Santo Tomas de Nunoa Limitada, school based in Santiago, Chile. The acquisition was funded from two sources, 90% from the issue of Senior Secured Loan Notes earlier in the year, the remaining 10% through a vendor loan, which will all be settled by 28 February 2020. On acquisition, Santo Tomas had c. 1,300 students, with capacity for c. 1,500.

Group

Funding secured to support Group growth

On 22 February 2018, an additional £60m of Senior Secured Loan Notes were issued via a private placement at a premium of £1.95m to par value. The proceeds of the offering together with local bank debt, were used to acquire the American British School, Chile, and Woodland Pre-Schools, Hong Kong and used to repay the Revolving Credit Facility and enhance Group liquidity.

Strategic report *(continued)*

British referendum on Europe

As a UK based organisation with global operations, management recognises our business may be impacted by the implications of the UK's separation from the EU. Whilst the timing and nature of the UK's separation from the EU remains unclear, there are currently no significant adverse implications to business operations and results to report. However, management have identified some areas that could have an impact on the business, which will be monitored as the UK goes through the Brexit process:

Currency exposure: Fluctuations in exchange rates will impact Group results which are reported in pounds sterling. Approximately 65% of Group revenue, 86% of Group EBITDA are denominated in foreign currency. The Group settled the foreign exchange hedge liabilities as part of the acquisition of the Group by Jacobs Holding AG. The exposure to foreign exchange risks are now being assessed by management and hedging options are being considered to mitigate the current exposures under new ownership.

Student and staffing recruitment and retention: London's status as a financial centre could be compromised, which in turn may affect demand for international schools. However, the weakening of the pound sterling against other major currencies may make Cognita's UK independent schools more competitive internationally as tuition fees become more affordable for foreign families looking to educate their children in the UK. A further consideration is that attracting and retaining students and teachers from the EU may become more difficult if visa entry requirements become more stringent or if our UK Visa and Immigrations Tier 2 and/or Tier 4 licences are revoked or cease to be renewed.

Regulatory changes: Cognita will be working closely with the National Association of British Schools in Spain, the Council of British International Schools and the British Council to review the impact of Brexit, if any, on the use of British qualifications for Spanish university entry and on Spanish students applying to British universities.

Downturn in the UK or European Economy: With operations in UK and Spain a downturn in the economies of mainland Europe or the UK following Brexit could result in reduced demand for school places and lower student numbers.

Management's view is that the Group's diverse global portfolio and the robust nature of the education sector will provide *resilience against the uncertainties faced during the Brexit transition period.*

Post balance sheet events

Acquisition of Cognita Group

On 25 October 2018, the Cognita Group was sold by its previous owners, KKR European Fund III LP and Bregal Fund III LP, to Jacobs Holding AG. Jacobs are a family controlled professional investment firm, the sole economic beneficiary of which is the Jacobs Foundation. The Jacobs Foundation is a non-profit, charity organisation with the exclusive aim to improve the lives of young people around the world.

The acquisition of the Group has prompted a refinancing of the majority of the Group's debt with new bank facilities being drawn on 25 October 2018 totalling £652 million. This enabled the group to settle liabilities that were outstanding at 31 August 2018, including the Senior Secured Loan Notes, Revolving Credit Facilities and Forward Currency Contracts, along with local debt in Hong Kong. Further funding is also in the process of being negotiated.

Acquisition of Colegio Europeo de Madrid, Spain

On 6 November 2018, the Group completed the acquisition of 90% of the Colegio Europeo de Madrid, a bilingual school located in Madrid, Spain catering for students aged 0-18. On acquisition, the school had c. 650 students with a capacity of c. 1,000. The acquisition was funded by a further £1.5m of bank debt drawn from the Group's new facilities.

Future developments

The Group will continue to invest in its existing schools, with some strategic development projects planned for the year ended 31 August 2019 and beyond. The Group will continue to develop opportunities in all regions.

Strategic report *(continued)*

Statement of Going Concern

The Group and Company's business activities, together with the factors likely to affect their future development, performance and position are set out in this report. The financial position of the Group and Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. The Group and Company's objectives, policies and processes for managing its capital are described in note 1 to the financial statements. Further information on the Group's capital management can be found in note 25 to the financial statements.

Details of the Group and Company's financial risk management objectives, its financial instruments and hedging activities; and exposures to credit risk, market risk and liquidity risk are set out below and in further detail in note 25 to the financial statements.

During the year ended 31 August 2016, the Group refinanced substantially all of its debt, with the exception of debt held by Group companies in Brazil and Chile. Senior Secured Loan Notes were issued and the proceeds were used to repay all outstanding indebtedness and related costs. The Notes were due to mature on 15 August 2021. As part of this refinancing arrangement, deep discounted bonds previously issued by Cognita Topco Limited were collapsed via a capitalisation.

At 31 August 2018, the Group had a total of £435m of Senior Secured Loan Notes in issue, £60m of which had been placed during the year. The post year end acquisition of the Cognita Topco Limited Group by Jacobs Holding AG prompted a refinancing of the majority of the Group's debt, with new bank facilities drawn on 25 October 2018 totalling £652 million. This enabled the group to settle liabilities that were outstanding at 31 August 2018, including the £435m of Senior Secured Loan Notes, the Revolving Credit Facilities and Forward Currency Contracts, along with local debt in Hong Kong.

The Directors have performed a review of the Group's finances and have a reasonable expectation that the business has adequate resources to continue into the foreseeable future and will be able to support the repayment of its debt facilities and related interest payments. The Directors, therefore, continue to adopt the going concern basis of accounting in preparing the financial statements.

Controlling parties and ultimate parent undertaking

The Company's immediate parent undertaking is Cognita Midco Limited, a company incorporated in England and Wales. At 31 August 2018, the ultimate parent undertaking was Cognita Topco Limited, a company incorporated in Jersey which was jointly controlled by The Bregal Fund III LP and Crimson Cayman Holding Limited, which itself is controlled by KKR European Fund III LP (see note 30). On 25 October 2018, Cognita Topco Limited was acquired by Lernen Bidco Limited from which time the ultimate parent undertaking and controlling party of the Group became Jacobs Holding AG.

Principal Risks and Uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. Risks are reviewed by the Board of Directors and appropriate processes put in place to monitor and mitigate them. The key business risks for the Group are described in more detail below:

Child protection and safeguarding

The Group may be liable for certain acts that affect the health and safety of students and staff at schools, or which breach the duty of care towards students, which may harm the Group's reputation and adversely affect the business and financial results. To mitigate this risk, the Group has policies and procedures in place which are aligned to regulatory standards and are globally consistent. It also has an independent review framework to monitor the performance of schools and to ensure policies and procedures are being followed.

Strategic report *(continued)*

Authorisation to operate as an education provider

The Group requires authorisation to operate as an education provider from the relevant government department for education in each country in which it operates. The Group also needs to comply with the policies, laws and regulations for school operations in each country and obtain the necessary licences, permits, visas, accreditations, certifications and other authorisations for operating our schools and employing our teachers. The Group monitors compliance with such policies, laws and regulations in each of the jurisdictions in which we operate.

Health and safety

The prevention of injury to employees, students, parents and other customers in the Group is of utmost importance. The Group has clear policies and procedures which are in place and aligned to regulatory standards.

Market forces

Market forces have implications on pricing, demand for the Group's services and ultimately the Group's return on investment. The Group invests in market research across all regions to ensure that it has a detailed and current knowledge and understanding of the sector in which it operates and the related risks arising from market forces.

To minimise the possible impact of market forces, the Group focuses on delivering the highest standard of education, to ensure that Cognita schools are competitive in their respective markets, even when market forces cause unfavourable economic conditions.

Political environment

The Group is subject to the political conditions of each country in which it operates. Political events and unrest can lead to issues such as sudden changes in laws, regulations, taxes and price volatility. Political unrest can also impact the environments in which the school operates and destabilise a country, impacting on the performance of schools. The Group monitors political risk to ensure compliance with local requirements and minimises exposure to changes through maintaining and modifying appropriate business procedures as necessary.

During the year the Group has maintained and reviewed its anti-bribery and corruption policy which encompasses existing controls as well as additional procedures. Anti-bribery and corruption procedures are reviewed and updated on an ongoing basis to ensure continued compliance.

ICT systems and infrastructure

The Directors understand the importance of ICT within the business. The Group has controls and disaster recovery plans in place in case of a significant system failure. The Group is also committed to enhancing the current provision of ICT systems through ongoing investment into the business, including investment in a new ERP solution, HR system and CRM during the year.

Cyber risk and data protection

The Group collects and retains personal data and unauthorised disclosure of this data due to a systems failure or otherwise could have a damaging effect on the business. The Group has policies and procedures in place which are aligned to regulatory standards and has implemented additional controls and processes and undertaken suitable staff training, with the introduction of the EU General Data Protection Regulation.

Human resources

Retention of high quality staff both educational and non-educational is critical to the success of the business. The Group's employment policies, remuneration and benefits packages are regularly reviewed to ensure we can attract and retain the best staff.

Cognita is committed to preserving and promoting equality of opportunity in all aspects of the conduct of its business and at all stages of the working relationship. No member of staff or any applicant for employment with Cognita will be discriminated against, harassed or victimised because of their personal characteristics.

Strategic report *(continued)*

Principal Risks and Uncertainties *(continued)*

Supporting growth

The continued growth and financial performance of the Group depends on having the right resources in place. Consequently, the Group continually assesses the needs of each region to ensure that the Group's infrastructure continues to expand in line with growth to ensure the necessary resources for current and future development.

A key focus of the Group is to ensure that newly acquired schools are integrated efficiently and effectively. This enables minimal disruption, continuity in educational provision and access to key improvements and benefits which membership of the Group can offer.

Financial capital risk

The Group uses various financial instruments. These include loans, cash, equity investments and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to facilitate the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

In order to manage the Group's exposure to those risks, in particular the Group's exposure to exchange rate risk, the Group has entered into a number of derivative transactions including foreign currency forward contracts. All derivative contracts outstanding at 31 August 2018 were settled on 25 October 2018 and management are reviewing future options for hedging exchange rate risk.

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from the Group's financial instruments are liquidity risk, foreign exchange risk, interest rate risk and credit risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Macroeconomic environment

Our operations are affected by the general economic conditions in each of the countries in which we operate. These macroeconomic conditions are monitored on an ongoing basis along with the impact on our current and future financial performance. Risks identified during the year included the potential impact of the British referendum on the EU, slower than historical growth in the Asia region, driven by global macroeconomic environment changes, and ongoing political risks in Catalonia, Spain.

To date, we have seen limited impact of these factors on our financial performance due to the importance of education spend for parents and the general stability of the markets in which we operate, as well as our focus on controlling our costs. Whilst for these reasons management believes our revenue and profitability are relatively resilient to fluctuations as a result of macroeconomic conditions, we will continue to monitor developments and the potential related risks.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably.

The Group is supported by its ultimate parent to ensure continuity of funding. In 2015, the Group secured funding by issuing £280m of Senior Secured Loan Notes. In the current and preceding year, a further £155m was raised through additional issuances, through private placements of Senior Secured Loan Notes. Additionally, the Super Senior Revolving Credit Facility increased to £100m during the year ended 31 August 2017. Further local financing is sourced where possible for acquisitions and developments.

On 25 October 2018, as part of a Group refinancing exercise in conjunction with the acquisition of the Group by Jacobs Holding AG, the Senior Secured Loan Notes were redeemed, and the Super Senior Revolving Credit Facility was repaid in full using the proceeds of new bank facilities totalling £652m. Local debt facilities in Hong Kong were also settled as part of the refinancing.

The maturity of borrowings at the Balance Sheet date is set out in note 19 to the financial statements. In total, as at 31 August 2018, the Cognita Bondco Parent Limited Group had drawn borrowings of £630.9m (2017: £515.5m), of which £561.8m (2017: £475.6m) was repayable after 31 August 2019. This included £430.4m of Senior Secured Loan Notes due in August 2021. Following the refinancing of debt in October 2018, the Group had drawn borrowings totalling £703.6m at the date of signing this report and committed unutilised facilities totalling £123m. Of the total facilities available at the date of this report, £720.8m would be repayable after 31 August 2019. This includes bank loans and facilities totalling £675m with repayment dates in 2025 or beyond.

Strategic report *(continued)*

Principal Risks and Uncertainties *(continued)*

Foreign exchange risk

The Group's results are reported in pounds sterling. Where possible, the Group seeks to manage the effect of any exposure that may arise from the translation of the foreign currency assets by borrowing funds denominated in the local currency of the entity it acquires, or will use hedging instruments to mitigate the exchange risk.

The Group reassessed its hedging arrangements following the Group refinancing in 2015 to cover its sterling exposure on the Senior Secured Loan Notes by entering into forward currency contracts. Further details are disclosed in note 21 of the financial statements. The Group's forward currency contracts were settled in full on 25 October 2018, with the change of control to Jacobs Holding AG. Following the settlement of the hedging instruments, management are reviewing the exposure to foreign exchange fluctuations and hedging options are being considered to mitigate the risk.

Although the Group carries out operations through a number of foreign subsidiaries, Group exposure to currency risk at a transactional level is minimal. The day to day transactions of overseas subsidiaries are usually carried out in local currency.

Interest rate risk

The Group finances its operations through fixed rate Senior Secured Loan Notes, bank borrowings and Revolving Credit Facilities. The Group's exposure to interest rate fluctuations on its bank borrowings is managed by the use of hedging or fixed interest rate instruments. It is the Group's policy to use fixed interest rate instruments or to use fixed rate hedging instruments to fix interest rates on at least 50% of its bank borrowings. At the date of signing this report the group was financed through a Term loan with interest calculated at a fixed margin (currently 4.5% - 5.0%) over LIBOR/EURIBOR, a bridging loan facility with interest currently calculated at a 6.0% margin over EURIBOR, and local debt facilities totalling £55.0m with interest rates ranging from 1.5% - 12.25%.

Credit risk

The Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit rating agencies. The principal credit risk therefore arises from its trade receivables.

In order to manage credit risk, management sets limits for customers in accordance with prudent general practice in the independent education sector. Credit limits are reviewed by credit controllers on a regular basis in conjunction with debt ageing and collection history.

By Order of the Board

M Uzielli
Director
21 November 2018

Registered Office Address: Seebeck House, One Seebeck Place, Knowlhill, Milton Keynes, Buckinghamshire, MK5 8FR

Directors' Report

The Directors submit their report together with the audited financial statements of Cognita Bondco Parent Limited for the year ended 31 August 2018.

Results and dividends

The Group loss for the financial year amounted to £63,308,000 (2017: £24,195,000).

The Company loss for the financial year amounted to £8,726,300 (2017: £1,809,000).

The Directors do not recommend the payment of a final dividend (2017: £nil).

Directors

The Directors who served throughout the year and to the date of this report were as follows:

D Villa
C Jansen
M Uzielli

Directors' third party indemnity insurance

Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Directors' biographies

Chris Jansen was appointed as Group Chief Executive Officer in October 2015. Mr Jansen has over 20 years' experience in competitive consumer products and service businesses having served as CEO of the AA as well as working in senior executive roles at Centrica and British Airways.

Michael Uzielli joined Cognita as Group Chief Financial Officer in June 2016. Prior to joining Cognita, Mr Uzielli was Chief Financial Officer for Heathrow Airport Holdings, having previously worked in a range of sectors from banking to aviation, including the role of Finance Director for British Gas.

Dean Villa has served as the Group's Chief Operating Officer and Real Estate Officer since 2004. Mr. Villa was appointed as a Director of the Company in July 2015.

Independent auditor and disclosure of information to auditor

Each of the Directors as at the date of approval of this annual report has confirmed that:

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

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

M Uzielli
Director
21 November 2018

Registered Office Address: Seebeck House, One Seebeck Place, Knowlhill, Milton Keynes, Buckinghamshire, MK5 8FR.

Statement of Directors' responsibilities in respect of the annual report and the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Cognita Bondco Parent Limited

Opinion

We have audited the financial statements of Cognita Bondco Parent Limited (the "Company") for the year ended 31 August 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 August 2018 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic Report and Directors' Report

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Independent auditor's report to the members of Cognita Bondco Parent Limited *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 15, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

David Neale

David Neale (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Altius House
One North Fourth Street
Milton Keynes
Buckinghamshire
MK9 1NE

22 November 2018

Consolidated Statement of Comprehensive Income
for the year ended 31 August 2018

	Note	2018 Underlying £000	2018 Non-underlying £000	2018 Total £000	2017 Underlying £000	2017 Non-underlying £000	2017 Total £000
Revenue	*1,3*	**430,474**	**-**	**430,474**	385,160	-	385,160
Employee benefits expense	*5,7,8*	**(223,648)**	**(14,793)**	**(238,441)**	(204,965)	(245)	(205,210)
Other operating (expenses)/income		**(126,533)**	**(8,666)**	**(135,199)**	(107,311)	275	(107,036)
Acquisitions and business exploration	*5*	**-**	**(5,911)**	**(5,911)**	-	(7,759)	(7,759)
Restructuring costs	*5*	**-**	**(915)**	**(915)**	-	(7,105)	(7,105)
Adjusted EBITDA		**80,293**	**(30,285)**	**50,008**	72,884	(14,834)	58,050
Impairment	*5*	**-**	**(15,402)**	**(15,402)**	-	(2,623)	(2,623)
Depreciation and amortisation of other intangibles	*6*	**(49,071)**	**-**	**(49,071)**	(32,172)	-	(32,172)
		31,222	**(45,687)**		40,712	(17,457)	
Operating (loss)/profit				**(14,465)**			23,255
Finance income	*10*			**5,149**			9,430
Finance expense	*10*			**(47,208)**			(50,202)
Share of (loss) of joint venture	*14*			**-**			(303)
Loss before taxation				**(56,524)**			(17,820)
Taxation	*11*			**(6,784)**			(6,375)
Loss for the year				**(63,308)**			(24,195)
Loss attributable to:							
Equity holders of the parent				**(63,243)**			(24,122)
Non-controlling interest				**(65)**			(73)
Loss for the year				**(63,308)**			(24,195)
Other comprehensive expense							
Items that are or may be reclassified to profit or loss:							
Foreign operations:-							
Foreign currency translation differences				**(3,489)**			114
Total comprehensive loss for the year				**(66,797)**			(24,081)
Attributable to:							
Equity holders of the parent				**(66,732)**			(24,008)
Non-controlling interest				**(65)**			(73)
Total comprehensive loss for the year				**(66,797)**			(24,081)

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet
at 31 August 2018

	Note	**2018 £000**	2017 £000
Non-current assets			
Property, plant and equipment	*12*	**647,592**	632,085
Intangible assets	*13*	**144,755**	104,689
Trade and other receivables	*17*	**19,685**	17,107
Deferred tax assets	*15*	**6,706**	7,691
		818,738	761,572
Current assets			
Inventories	*16*	**418**	444
Tax receivable		**650**	371
Trade and other receivables	*17*	**78,709**	60,707
Cash and cash equivalents	*18*	**89,192**	83,265
Assets held for sale	*12*	**608**	608
		169,577	145,395
Total assets		**988,315**	906,967
Current liabilities			
Other interest-bearing loans and borrowings	*19*	**(69,098)**	(39,859)
Trade and other payables	*20*	**(103,888)**	(107,794)
Deferred revenue		**(170,293)**	(142,483)
Tax payable		**(4,884)**	(5,608)
Provisions	*24*	**(808)**	(1,242)
		(348,971)	(296,986)
Non-current liabilities			
Other interest-bearing loans and borrowings	*19*	**(561,809)**	(475,593)
Other payables	*20*	**(7,082)**	(11,409)
Deferred revenue		**(12,409)**	(14,209)
Provisions	*24*	**(2,460)**	(5,326)
Other financial liabilities	*21*	**(55,017)**	(59,178)
Deferred tax liabilities	*15*	**(6,373)**	(5,068)
		(645,150)	(570,783)
Total liabilities		**(994,121)**	(867,769)
Net (liabilities)/assets		**(5,806)**	39,198
Equity attributable to equity holders of the parent			
Share capital	*25*	**-**	-
Share premium	*25*	**8,669**	1,669
Other reserves		**(376,085)**	(387,389)
Retained earnings		**361,911**	425,154
		(5,505)	39,434
Non-controlling interest		**(301)**	(236)
Total (deficit)/equity		**(5,806)**	39,198

The accompanying notes form part of these financial statements.

These financial statements were approved by the board of Directors on 21 November 2018 and were signed on its behalf by:

M Uzielli
Director

Company registered number: 09669246

Company Balance Sheet
at 31 August 2018

	Note	**2018** **£000**	2017 £000
Non-current assets			
Investments in subsidiaries	*34*	**924,790**	864,290
Total assets		**924,790**	864,290
Non-current liabilities			
Other interest bearing loans and borrowings	*19*	**(432,768)**	(370,542)
Total liabilities		**(432,768)**	(370,542)
Net assets		**492,022**	493,748
Equity attributable to equity holders of the parent			
Share capital	*25*	**-**	-
Share premium	*25*	**8,669**	1,669
Retained earnings		**483,353**	492,079
Total equity		**492,022**	493,748

The accompanying notes form part of these financial statements.

These financial statements were approved by the board of directors on 21 November 2018 and were signed on its behalf by:

M Uzielli
Director

Company registered number: 09669246

Consolidated Statement of Changes in Equity

Group

	Share capital £000	Share premium £000	Merger reserve £000	Translation reserve £000	Equity reserve £000	Retained earnings £000	Total parent equity £000	Non-controlling interest £000	Total equity £000
Balance at 1 September 2016	-	1,669	(400,065)	8,363	3,954	450,041	**63,962**	6,728	**70,690**
Total comprehensive expense for the period									
Loss for the year	-	-	-	-	-	(24,122)	**(24,122)**	(73)	**(24,195)**
Other comprehensive income	-	-	-	114	-	-	**114**	-	**114**
Total comprehensive income/(expense) for the year	**-**	**-**	**-**	**114**	**-**	**(24,122)**	**(24,008)**	**(73)**	**(24,081)**
Transactions with owners, recorded directly in equity									
Equity-settled share based payment transactions	-	-	-	-	245	-	**245**	-	**245**
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**245**	**-**	**245**	**-**	**245**
Changes in ownership interest in subsidiaries									
Acquisition of non-controlling interest without a change in control	-	-	-	-	-	(765)	(765)	(6,891)	(7,656)
Balance at 31 August 2017	**-**	**1,669**	**(400,065)**	**8,477**	**4,199**	**425,154**	**39,434**	**(236)**	**39,198**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity *(continued)*

Group

	Share capital £000	Share premium £000	Merger reserve £000	Translation reserve £000	Equity reserve £000	Retained earnings £000	Total parent equity £000	Non-controlling interest £000	Total equity £000
Balance at 1 September 2017	-	1,669	(400,065)	8,477	4,199	425,154	**39,434**	(236)	**39,198**
Total comprehensive expense for the year									
Loss for the year	-	-	-	-	-	(63,243)	**(63,243)**	(65)	**(63,308)**
Other comprehensive expense	-	-	-	(3,489)	-	-	**(3,489)**	-	**(3,489)**
Total comprehensive expense for the year	-	-	-	**(3,489)**	-	**(63,243)**	**(66,732)**	**(65)**	**(66,797)**
Transactions with owners, recorded directly in equity									
Issue of shares	-	7,000	-	-	-	-	**7,000**	-	**7,000**
Equity-settled share based payment transactions	-	-	-	-	14,793	-	**14,793**	-	**14,793**
Total contributions by and distributions to owners	-	**7,000**	-	-	**14,793**	-	**21,793**	-	**21,793**
Balance at 31 August 2018	-	**8,669**	**(400,065)**	**4,988**	**18,992**	**361,911**	**(5,505)**	**(301)**	**(5,806)**

The accompanying notes form part of these financial statements.

Company Statement of Changes in Equity

	Share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
Balance at 1 September 2016	-	1,669	493,888	495,557
Total comprehensive expense for the year				
Loss for the year	-	-	(1,809)	(1,809)
Total comprehensive expense for the year	**-**	**-**	**(1,809)**	**(1,809)**
Balance at 31 August 2017	**-**	**1,669**	**492,079**	**493,748**

	Share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
Balance at 1 September 2017	-	1,669	492,079	493,748
Total comprehensive expense for the year				
Loss for the year	-	-	(8,726)	(8,726)
Total comprehensive expense for the year	**-**	**-**	**(8,726)**	**(8,726)**
Transactions with owners, recorded directly in equity				
Issue of shares	-	7,000	-	7,000
Total contributions by owners	**-**	**7,000**	**-**	**7,000**
Balance at 31 August 2018	**-**	**8,669**	**483,353**	**492,022**

The accompanying notes form part of these financial statements.

Consolidated Cash Flow Statement
for year ended 31 August 2018

	Note	**2018**		2017 (Restated)*	
		£000	**£000**	£000	£000
Cash flows from operating activities					
Loss for the year		**(63,308)**		(24,195)	
Adjustments for:					
Depreciation, amortisation and impairment		**64,473**		34,795	
Interest expense		**47,208**		50,202	
Financing income		**(5,149)**		(9,430)	
Loss/(Gain) from sale of property, plant and equipment		**366**		(275)	
Other non-cash expenses		**4,145**		3,405	
Effect of exchange rate change		**(1,975)**		7,507	
Share of loss of equity-accounted investee, net of tax		**-**		303	
Equity settled share based payment expense		**14,793**		245	
Tax expense		**6,784**		6,375	
Operating profit before changes in working capital and provisions			**67,337**		68,932
Increase in trade and other receivables		**(17,379)**		(17,600)	
Decrease in inventories		**18**		86	
Increase/(decrease) in trade and other payables		**6,046**		(1,821)	
Decrease in provisions		**(1,414)**		(755)	
Increase in deferred revenue		**23,499**		22,580	
			10,770		2,490
Tax paid			**(7,177)**		(4,932)
Net cash inflow from operating activities			**70,930**		66,490
Cash flows from investing activities					
Interest received		**980**		964	
Dividends received from joint venture		**-**		600	
Acquisition of subsidiary, net of cash acquired		**(70,951)**		(19,009)	
Acquisition of property, plant and equipment		**(78,908)**		(102,529)	
Proceeds from sale of property, plant and equipment		**71**		1,090	
Net cash outflow from investing activities			**(148,808)**		(118,884)
Cash flows from financing activities					
Proceeds from new loan		**205,338**		184,841	
Interest paid		**(38,608)**		(32,228)	
Refinancing transaction costs		**(1,789)**		(2,853)	
Repayment of borrowings		**(95,848)**		(89,603)	
Proceeds from sale and leaseback		**9,900**		12,700	
Proceeds from issue of shares		**7,000**		-	
Net cash inflow from financing activities			**85,993**		72,857
Net increase in cash and cash equivalents			**8,115**		20,463
Cash and cash equivalents at 1 September	*18*		**83,265**		60,973
Effect of exchange rate fluctuations on cash held			**(2,188)**		1,829
Cash and cash equivalents at 31 August 2018	*18*		**89,192**		83,265

The accompanying notes form part of these financial statements.

* The restatement related to a reallocation of trade and other payables related to the acquisition of property, plant and equipment in the 2017 Consolidated Cash Flow Statement. As a result of the reallocation, cash flows relating to the acquisition of property, plant and equipment decreased by £2,496,000 and net cash inflow from operating activities increased by the same amount. In addition, directors disaggregated effect of exchange rate change, comparatives have been restated on a consistent basis. There was no impact on the net increase in cash and cash equivalents.

Notes to the Financial Statements

1 Accounting policies

General information

Cognita Bondco Parent Limited (the "Company") is a company incorporated and domiciled in the United Kingdom. The Company is a wholly owned subsidiary of Cognita Midco Limited. The ultimate parent company at the date of balance sheet was Cognita Topco Limited, a company incorporated in Jersey. On 25 October 2018, Cognita Topco Limited and the entire Cognita Group was acquired by Lernen Bidco Limited, a company registered in England and Wales. From this date, the ultimate parent undertaking and controlling party is Jacobs Holding AG. See note 32 for further information.

The principal activity of the Company and its subsidiaries (together referred to as the "Group") during the period was the operation of private-pay K-12 schools and related education activities. These financial statements are for this Company and the Group.

Basis of preparation

Both the Company and the Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The financial statements are prepared on the historical cost basis with the exception of the following assets and liabilities which are stated at their fair value in accordance with the relevant Adopted IFRSs:

- Derivative financial instruments
- Liabilities for equity-settled share based payments.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these consolidated financial statements.

Judgements made by the Directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 33.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, entities controlled by the Company (its subsidiaries) and the Group's interest in its jointly controlled entity. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Non-controlling interests in subsidiaries are identified separately from the Group's equity. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interests having a deficit balance.

The governance of a jointly controlled entity is established by contractual agreement which requires the venturers' unanimous consent for strategic, financial and operating decisions. Therefore, the Group has joint control of the entities' activities. The equity method is used to account for the jointly controlled entity. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

Going concern

The Group has continued to expand both organically and via acquisitions during the year. The growth has been funded from operating cash flow and short and long term borrowings (see note 19). Future growth will be funded from suitable financing arrangements as well as cash flows generated from operations.

The information disclosed in the Strategic Report explains the Directors' assessment of risk within the Group. The Group is structured to enable sharing of resources where possible, including banking arrangements and liquid assets between Group companies. The Directors believe the Group is well placed to manage these business risks in the current economic climate.

On 25 October 2018, in conjunction with the acquisition of the Group by Jacobs Holding AG, the Group has refinanced the majority of its debt. New bank facilities were drawn totaling £652 million which enabled the Group to settle certain liabilities which were outstanding at 31 August 2018 including the Senior Secured Loan Notes, Revolving Credit Facilities and Forward Currency Contracts along with local debt in Hong Kong. The new bank debt available at the date of this report consisted of a term loan facility totaling £450 million which is repayable in October 2025 and a bridge loan of £225 million which is repayable in October 2026. In addition to this, there is a Revolving Credit Facility of £100 million which has a termination date of April 2025. Management are considering replacing the £225 million bridge facility with new Loan Notes between the date of signing these financial statements and the end of the financial year.

The Directors have performed a review of the Group's cash flows up to 30 November 2019 and have a reasonable expectation that the business has adequate resources to continue into the foreseeable future. The Directors, therefore, continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies are set out below. They have remained unchanged from the previous year.

Foreign currency

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the Group.

i) Foreign currency transactions

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions.

At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign exchange differences arising on translation are recognised in the income statement, which are recognised directly in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

ii) Foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's presentational currency at foreign exchange rates prevailing on the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising are reported as an item of other comprehensive income and accumulated in the translation reserve, attributed to non-controlling interests as appropriate.

Exchange differences arising from monetary items receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments

The Group classifies non-derivative financial assets into the following categories:

- Financial assets at fair value through profit or loss
- Held to maturity financial assets
- Loans and receivables

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

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

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 Group are recognised as proceeds received, net of direct issue costs.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, cash and cash equivalents, trade and other receivables, trade and other payables, and other interest bearing loans and borrowings.

Investments in equity securities

Investments in subsidiaries are carried at cost less impairment in the parent company accounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. In the cash flow statement, cash and cash equivalents includes bank overdrafts that are repayable on demand.

Trade and other receivables

Trade and other receivables are recognised initially at fair value less any impairment losses. Due to their short-term nature, the carrying value of trade and other receivables approximates their fair value. A provision for impairment of receivables is applied where there is empirical evidence that the Group will not be able to recover the contracted cash inflows. When certainty is obtained that a receivable is not recoverable, the specific receivable is written off.

Trade and other payables

Trade and other payables are recognised initially at fair value. Due to their short-term nature, the carrying value of trade and other receivables approximates their fair value.

Interest-bearing borrowings

Senior Secured Loan Notes and bank borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. Where amortised cost using straight line amortisation approximates the outcome under the effective interest method, the straight line method is adopted.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

Derivative financial instruments and hedging

The Group uses forward contracts and interest rate swaps to hedge its exposure to fluctuations in exchange and interest rates of bank borrowings. Derivative financial instruments are recognised at fair value. The fair value of interest rate swaps are based on Mark to Market values provided by the issuing financial institutions. These values are mid-market levels as at close of business on the balance sheet date. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. The Group has not adopted hedge accounting in relation to these instruments.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, using the straight-line method over the useful economic life of that asset. Land is not depreciated. The estimated useful lives of property, plant and equipment are as follows:

Freehold buildings	- 20 to 60 years
Short leasehold land and buildings	- the remaining life of the lease
Fixtures, fittings and equipment	- 1 to 10 years
Computer equipment	- 2 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted if appropriate.

Assets in the course of construction are not depreciated. Upon completion the asset will be transferred into the relevant category of property, plant and equipment and will be depreciated over its estimated useful life.

Business combinations

All business combinations are accounted for by applying the acquisition method at the acquisition date, which is the date on which control is transferred to the Group.

When the Group obtains control of a previously jointly controlled entity, the transaction is recorded as a disposal of the investment in the jointly controlled entity and the acquisition of a subsidiary. The profit or loss on disposal of the jointly controlled entity is the fair value of the original holding less its carrying amount.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

Acquisitions and disposals of non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and, therefore, no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

Assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Goodwill and Intangible assets

Goodwill

Goodwill arises on the acquisition of a business and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the fair value of the net assets acquired. Where the total of consideration transferred and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Intangible assets

Intangible assets acquired as part of a business combination are capitalised separately from goodwill at fair value if those assets are separately identifiable and their fair value can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangibles with an indefinite useful life are not amortised but are tested for impairment at each balance sheet date. Capitalised software and other intangible assets are amortised from the date they are available for use.

The estimated useful lives of other intangibles are as follows:

Computer software	- 3 years
Customer contracts	- average tenure of a student at relevant school
School licences	- over the length of the licence
Brands	- 10 - 20 years
Favourable leases	- over the remaining length of the lease

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. Goodwill is assessed for impairment at the end of the first full financial year after acquisition and subsequently at each reporting date.

Indications of impairment are identified by reviewing events or changes in circumstance which suggest that the carrying amount of an asset is not recoverable. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount is deemed to be the higher of net realisable value (fair value less costs to sell) and value in use.

Value in use is calculated by discounting estimated future post-tax cash flows to their present value using a post-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset.

The discount rate applied is based on the post-tax weighted average cost of capital of the Group's operations in the country the asset sits. Estimated future cash flows are based on Board approved budgets and mid-term plans which represent our best estimate of future performance, supported by historical trends, known operating margins and achievable growth or cost saving targets. An inflationary growth rate of 2.25% was used to extrapolate beyond five years for all regions with the exclusion of Brazil where 4.95% was used, representing the inflation rate for the business based on latest economic information.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units ("CGU"). Impairment testing is performed at the lowest level at which goodwill is monitored for internal reporting purposes. Therefore a CGU represents an individual school or group of schools purchased as one business acquisition transaction. No individual CGUs are considered significant in comparison to the total carrying value of goodwill.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, an impairment loss is recognised in the income statement. Impairment losses in respect of a CGU are initially allocated against the carrying amount of goodwill allocated to the units and then subsequently against the carrying amounts of other assets within the CGU.

Impairment losses recognised in respect of goodwill are irreversible. Impairment losses recognised against other assets can be subsequently reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment losses recognised in prior periods are therefore assessed at each reporting date for indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

Revenue

Revenue represents the fair value of consideration received or receivable for services or goods provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is recognised based on the following criteria:

- it is probable that the economic benefits of the transaction will flow to the Group
- the revenue can be measured reliably
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

Revenue is generated from the provision of educational services and the sale of related services and goods. The recognition of material revenue streams is detailed below:

- **Tuition fees**

These are recognised on a straight line basis over the period of the service provision. The fee will be recognised over the full 12 months of that academic year. Annual fee rates are used as the basis for calculating the monthly fee recognised.

- **Application/enrolment fees**

These fees relate to the processing of new applications and where successful, a formal offer of a place within one of the Group's schools is made. These fees are recognised at the point at which an application is processed.

- **Development/facility fees/capital levies**

This is a fee for the provision of the facilities made available to a student during their tenure at a Group school. These fees are dependent upon the provision of tuition services and are therefore directly linked. The revenue is recognised over the expected tenure of a student within the school. The expected tenure is considered on a school by school basis and this estimate is reconsidered on an annual basis.

- **Holiday camp revenue**

Fees payable for holiday camp services are recognised on a straight line basis over the period of the service provision.

- **Other revenue**

This represents a number of income streams including fees for information technology, transportation, clubs, trips and income from the sale of books, uniforms and canteen sales. Revenue is recognised upon the provision of services or upon sale of goods.

All revenue is presented net of discounts, the recognition of which is consistent with the related revenue stream.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Multi-employer plans

The Group participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), in respect of certain teaching staff. This is a multi-employer defined benefit pension plan and it is not possible for the Group to use defined benefit accounting as sufficient information is not available. Accordingly, no provision can be made for any under or over provision of funding within the plan as required under IAS 19 and the scheme is therefore accounted for in the same way as if it were a defined contribution plan. For further detail on the TPS see note 23.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

***Employee benefits** (continued)*

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share based payment transactions

Share based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share based payment transactions, regardless of how the equity instruments are obtained by the Group.

Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share based transactions are set out in note 9.

The fair-value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the income statement such that the cumulative expense reflects the revised estimate, with the corresponding adjustment to equity reserves.

Provisions

A provision is recognised in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle 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.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

Taxation

Tax on the loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Non-underlying items

Non-underlying items are disclosed separately in order to provide comparability between periods. They comprise income and expenditure which is not related to the Group's core operating activities, including acquisition and business exploration costs, restructuring costs, impairment of assets, profit and loss on disposal of fixed assets, school pre-opening losses, non-cash share based payment expense, and costs associated with the acquisition of the Group by Jacobs Holding AG.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

Standards issued but not yet effective

The material new standards and interpretations that are endorsed by the EU but not yet effective up to the date of balance sheet are disclosed below and will be adopted where applicable when they become effective, except where otherwise stated.

IFRS 9, 'Financial Instruments' addresses the classification, measurement and recognition of financial assets and liabilities and replaces the guidance provided by IAS 39 'Financial Instruments: Recognition and Measurement' with effect for the year ending 31 August 2019. Early application is permitted. The key change for the Group arising from IFRS 9 is in the requirement to use an expected loss model for recognition of bad debt provisions across the whole Group, however, the impact on the Group is not expected to be material.

IFRS 15, 'Revenue from Contracts with Customers' deals with revenue recognition and focuses on the nature, amount, timing and uncertainty of revenue and its related cash flows. IFRS 15 replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts' and is effective for the year ending 31 August 2019. Early application is permitted. The adoption of IFRS 15 will change the timing of revenue recognition with tuition and associated fees being recognised on a term time basis instead of the current policy of being recognised evenly over the year. Management's latest estimate of the impact of adopting IFRS 15 in the year ending 31 August 2019 is that it will decrease revenue by c. £1m. The increase in opening deferred revenue as at 1 September 2018 and the corresponding debit to equity reserve has not yet been finalised but is estimated to be in the region of £1-5m.

IFRS 16, 'Leases' considers the definition of a lease, recognition and measurement of leases and also deals with the disclosure of useful information relating to leasing activities. The standard replaces IAS 17 'Leases' and a key change is that most operating leases, held by lessees, will be accounted for on the balance sheet. IFRS 16 is effective for the year ending 31 August 2020, with early adoption permitted, as long as the standard is not adopted prior to IFRS 15. The full financial consequences of adopting IFRS 16 are being calculated by management but are expected to be material. On transition to the new standard, the Group will derecognise certain balances associated with IAS 17, including prepaid and accrued rent, onerous lease provisions and recognise a new right of use asset offset by a lease liability. The adoption of the standard will increase Adjusted EBITDA by replacing rental charges in the income statement with interest and depreciation charges.

Notes to the Financial Statements *(continued)*

2 Acquisitions of subsidiaries

Acquisitions in the current period

During the year, the Group completed three acquisitions: American British School in Santiago, Chile, Woodland Pre-Schools in Hong Kong and Santo Tomas in Santiago, Chile.

The group incurred costs related to these acquisitions of £2,081,000 relating to legal and financial due diligence and transaction costs during the year ended 31 August 2018 (2017: £434,000). These costs have been included in non-underlying costs in the Group's Consolidated Statement of Comprehensive Income.

Goodwill recognised on acquisition is mainly attributable to the value of synergies of integrating the operations of the business with those of the Group as well as the skills and knowledge of the employees of the schools acquired. None of the goodwill recognised is expected to be deductible for tax purposes.

Cash outflows from operations are reflected in the Consolidated Cash flow Statements on page 24. Cash outflows relating to acquisitions are shown net of cash acquired and include deferred consideration paid in respect of prior year investments.

If all of the acquisitions had occurred on 1 September 2017, the Group revenue would have been £445,920,000 and the Group net loss would have been £45,056,000. In determining these amounts, management has assumed that the fair value adjustment that arose on the dates of the acquisitions would have been the same if the acquisitions had occurred on 1 September 2017.

More detail is provided on each acquisition below:

American British School, Chile

On 1 March 2018, the Group acquired a 100% shareholding in Sociedad Educacional American British School Limitada for a total consideration of CLP 21,821m.

The school is an independent Chilean curriculum school located in South East Santiago, Chile. It provides education to students aged 3-18 with an emphasis on English language. The school had c. 2,600 students at the date of acquisition, with a total capacity of c. 3,000. The acquisition expands the Group's educational offering in Santiago and provides an excellent opportunity for further growth in student numbers in Chile.

In the period from acquisition to 31 August 2018, the American British School contributed £3,660,000 of revenue and £170,000 profit to the consolidated net loss for the year.

Notes to the Financial Statements *(continued)*

2 Acquisitions of subsidiaries *(continued)*

Effect of acquisitions

The acquisition of Sociedad Educacional American British School Limitada had the following effect on the group's assets and liabilities:

	Book values recognised on acquisition £000	Fair value adjustments £000	Recognised values on acquisition £000
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	24,926	(3,681)	**21,245**
Fair value of intangible assets:			
Customer contracts	-	2,527	**2,527**
Trade and other receivables	721	-	**721**
Cash and cash equivalents	7	-	**7**
Deferred tax assets	-	994	**994**
Trade and other payables	(1,523)	-	**(1,523)**
Deferred tax liabilities	-	(682)	**(682)**
Net identifiable assets acquired	**24,131**	**(842)**	**23,289**
Cash consideration relating to business combination and acquisition payment			**26,668**
Total consideration			**26,668**
Value of consideration in excess of net assets acquired attributed to Goodwill			**3,379**

Woodland Pre-Schools, Hong Kong

On 2 May 2018, the Group acquired the trade and assets of Woodland Pre-Schools along with 100% of the issued shares in the seven companies which hold the property leases of the schools, for a total consideration of HKD 446m. Shortly before the acquisition, three new companies were set up in order to acquire the trade and assets and equity interests of the business.

Woodland Pre-Schools is a group of nine nurseries with c. 2,000 students which each comprise a pre-school and a playgroup. It is the largest international pre-school chain in Hong Kong, providing education to students aged 2 to 6 years. The acquisition is expected to increase Cognita's market share in Hong Kong and provide a feeder into the Stamford American School, Hong Kong.

In the period from acquisition to 31 August 2018, the Woodland Pre-Schools contributed £4,917,000 of revenue and £87,000 profit to the consolidated net loss for the year.

Woodland Pre-Schools is treated as one school for the purposes of stating the number of schools operated by the Group.

Notes to the Financial Statements *(continued)*

2 Acquisitions of subsidiaries *(continued)*

Effect of acquisitions

The acquisition of Woodland Pre-Schools had the following effect on the Group's assets and liabilities.

	Book values recognised on acquisition £000	Fair value adjustments £000	Recognised values on acquisition £000
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	2,480	-	**2,480**
Fair value of intangible assets			
Brand name	-	7,727	**7,727**
Customer contracts		1,036	**1,036**
Trade and other receivables	926	-	**926**
Trade and other payables	(4,583)	-	**(4,583)**
Deferred tax liabilities	-	(1,446)	**(1,446)**
Net identifiable assets acquired	**(1,177)**	**7,317**	**6,140**
Cash consideration relating to business combination and acquisition payment			**38,827**
Total consideration			**38,827**
Value of consideration in excess of net assets acquired attributed to Goodwill			**32,687**

Santo Tomas, Chile

On 31 August 2018, the Group acquired a 100% shareholding in Colegio Santo Tomas de Nunoa Limitada for a total consideration of CLP 3,226m.

Santo Tomas is an independent K-12 school in the Nunoa district, central-eastern Santiago which converted in 2017 from private-subsidised to a fully private school. On acquisition the school had c. 1,300 students and a capacity of c. 1,500. The acquisition of the school will further increase the Group's offering in Santiago, particularly in combination with the acquisition of the American British School noted above.

As Santo Tomas was acquired on the last day of the accounting period, it did not contribute to the consolidated results for the year.

Notes to the Financial Statements *(continued)*

2 Acquisitions of subsidiaries *(continued)*

Effect of acquisitions

The acquisition of Colegio Santo Tomas de Nunoa Limitada had the following effect on the Group's assets and liabilities.

	Estimated Book values recognised on acquisition £000	Fair value adjustments £000	Provisional values on acquisition £000
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	746	-	**746**
Fair value of intangible assets			
Software	2	-	**2**
Trade and other receivables	2,173	-	**2,173**
Cash and cash equivalents	96	-	**96**
Deferred tax assets	130	-	**130**
Trade and other payables	(2,182)	-	**(2,182)**
Deferred tax liabilities	(130)		**(130)**
Net identifiable assets acquired	**835**	-	**835**
Cash consideration relating to business combination and acquisition payment			**3,285**
Deferred consideration at fair value			**365**
Total consideration			**3,650**
Value of consideration in excess of net assets acquired attributed to Goodwill			**2,815**

The net assets and goodwill recognised on the acquisition of Santo Tomas as disclosed above should be considered our best estimates based on available information and could therefore be subject to change. As the acquisition of Santo Tomas took place on the last day of the financial year, it was not practically possible to determine the fair values of the net assets acquired in time for inclusion within these financial statements. In accordance with IFRS 3, the Group has 12 months to finalise the acquisition accounting.

3 Revenue

	2018 £000	2017 £000
School fees and related services	**430,103**	384,093
Sale of goods	**371**	1,067
Total revenue	**430,474**	385,160

Notes to the Financial Statements *(continued)*

4 Operating Segments

The Group's principal activity during the year was the operation of private schools and related education activities.

At the year end the Group operated 70 (2017: 67) schools across Europe, Asia and Latin America. The Directors consider these three segments as the Group's reportable segments under IFRS 8.

This segmental analysis shows the results of these divisions. Revenue is income earned by the Group from third parties and is stated net of intersegmental revenue, in line with the reports reviewed by the chief decision makers. Intersegmental revenue mainly includes management charges.

The Group analyses its results at Adjusted EBITDA level on an underlying basis with separate disclosure of non-underlying costs in arriving at its results before tax. Adjusted EBITDA is the performance measure observed by the chief decision makers and is defined as underlying operating profit before depreciation, amortisation and impairment charges. Profit/loss before tax is not reviewed on an operating segment basis by the chief decision makers, therefore, a reconciliation of Adjusted EBITDA to Profit/loss before tax is shown below for completeness. Refer to note 5 for an analysis of non-underlying items.

Segment revenues and results

Operating Segment	***Revenue***		***Underlying* Adjusted EBITDA**		***Operating (loss)/profit***	
	31 August 2018 £000	31 August 2017 £000	**31 August 2018 £000**	31 August 2017 £000	**31 August 2018 £000**	31 August 2017 £000
Europe	**194,701**	178,077	**19,309**	14,483	**(25,139)**	(4,724)
Asia	**181,184**	159,322	**47,334**	48,708	**10,472**	21,904
Latin America	**54,589**	47,761	**13,650**	9,693	**202**	6,075
Total	**430,474**	385,160	**80,293**	72,884	**(14,465)**	23,255
Finance income					**5,149**	9,430
Finance expense					**(47,208)**	(50,202)
Share of loss of joint venture					-	(303)
Loss before Taxation					**(56,524)**	(17,820)

Segment Assets

	Total assets	
Operating segment	**2018 £000**	2017 £000
Europe	**506,104**	481,711
Asia	**383,219**	341,292
Latin America	**98,992**	83,964
Segment assets	**988,315**	906,967

Notes to the Financial Statements *(continued)*

5 Non-underlying items

	2018 £000	2017 £000
Impairment	**17,795**	2,623
Impairment reversal	**(2,393)**	-
Acquisition and business exploration costs *	**5,911**	7,759
Restructuring costs **	**915**	7,105
Share based payments charge	**14,793**	245
Loss/(Gain) on disposal of fixed assets	**366**	(275)
Other operating expenses***	**8,300**	-
	45,687	17,457

* Includes negative goodwill on acquisition of joint venture £nil (2017: £970,000) and pre-opening costs of £1,036,000 (2017: £5,876,000).
** Includes loss on disposal of interest in joint venture £nil (2017: £1,428,000) (note 14).
*** Other operating expenses comprise the costs associated with the acquisition of the Group by Jacobs Holding AG.

Non-underlying costs relate to Europe £29,045,000 (2017: £6,718,000), Asia £6,345,000 (2017: £9,496,000) and Latin America £10,297,000 (2017: £1,243,000).

Non-underlying items are items of income or expenditure which for the Board and financial statement reporting purposes are disclosed separately because in management's judgement, due to their nature, size or incidence, they distort an understanding of the Group's financial performance and comparability between periods. The items of expenditure which management designate as being non-underlying include acquisition and business exploration costs, restructuring costs, impairments of assets, gains and losses on disposal of fixed assets and share based payment schemes.

Impairment costs relate to the write down of assets identified as being impaired. Each year all CGUs and their associated assets are reviewed for indicators of impairment. If identified as being impaired, an impairment charge will be made to the income statement. The impairment charge for an individual CGU, which does not result in a cash cost to the business, is generally one-off in nature and, therefore, is not considered to be a recurring item. In the event that an impairment loss is subsequently reversed, the reversal is treated consistently with the initial write down and would be recognised within non-underlying items.

Acquisition and business exploration costs are expenses incurred to seek out and acquire new schools or expansion opportunities including future business development into new countries and regions. These include any legal and due diligence fees relating to potential or actual acquisitions as well as losses incurred prior to the opening of new schools. Although costs relating to projects can span multiple financial years, key components of expenditure for specific projects are non-recurring, for example financial due diligence, legal due diligence, and market surveys. These costs have no relation to the operational results of existing schools and are split out to enable the reader of the financial statements to gain greater clarity of the underlying business performance.

Restructuring costs mainly relate to employment cessation and associated legal costs. These costs are incurred annually but relate to different projects and by their nature will only occur once.

Share based payment costs represent the income statement charge relating to the management incentive plan (MIP). This charge relates to the MIP put in place in June 2013, described in note 9. This charge does not result in a cash cost to the business and has therefore been shown as non-underlying.

All accounting policies are applied consistently between periods unless disclosures are made in the financial statements to the effect that there has been an accounting policy change, in which case, the impact of such change on the comparative numbers will be disclosed.

The tax effect of the non-underlying costs in 2018 was a credit of £203,000 (2017: £449,000).

Notes to the Financial Statements *(continued)*

6 Expenses and auditor's remuneration

Expenses:	**2018 £000**	2017 £000
Cost of inventories recognised as expense	**78**	191
Impairment loss recognised on trade receivables	**720**	968
Depreciation of owned property, plant and equipment	**43,412**	24,944
Depreciation of property, plant and equipment on finance leases	**2,572**	5,524
Amortisation of other intangibles	**3,087**	1,704
Impairment of property, plant and equipment	**8,303**	2,516
Impairment reversal of property, plant and equipment	**(2,393)**	-
Impairment of goodwill	**9,492**	107
Operating lease costs	**16,798**	12,503

Auditor's remuneration:

Amounts paid to the Company's auditor and its associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

The remuneration to the Group's auditors reflected in these financial statements is shown below:

	2018 £000	2017 £000
Audit of these financial statements	**76**	76
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**324**	428
Audit-related assurance services	**100**	56
Taxation compliance services	**141**	80
Other tax advisory services	**26**	39
All other services	**143**	326
	810	1,005

Notes to the Financial Statements *(continued)*

7 Staff numbers and costs

The average number of staff employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Number of teachers	**5,036**	4,609
Number of administrative staff	**2,062**	1,866
	7,098	6,475

The aggregate payroll costs of these staff were as follows:

	2018 **£000**	2017 £000
Wages and salaries	**198,701**	182,761
Share based payments (See note 9)	**14,793**	245
Social security costs	**16,495**	14,343
Contributions to defined contribution plans	**8,452**	7,861
	238,441	205,210

8 Directors' remuneration

The remuneration paid or payable to the Directors of the Group, as part of their service contract with Cognita Holdings Limited was:

	2018 **£000**	2017 £000
Aggregate emoluments and fees (including benefits in kind)	**1,601**	1,555
Performance bonuses (inc. social security) and other emoluments	**1,133**	1,115
	2,734	2,670
Share based payments	**1,822**	131
	4,556	2,801

No Directors have benefits accruing under defined benefit or defined contribution pension schemes. Under arrangements for selected individuals to subscribe for equity settled shares, a charge has been made to the income statement of £14,793,000 (2017: £245,000) in respect of Directors and managers within non-underlying operating costs. Of this charge, £nil (2017: £nil) relates to arrangements which have vested during the periods ended 31 August 2017 and 31 August 2018.

Notes to the Financial Statements *(continued)*

8 Directors' remuneration *(continued)*

The above emoluments include amounts paid to the highest paid Director as follows:

	2018 £000	2017 £000
Aggregate emoluments and fees (including benefits in kind)	731	703
Performance bonuses (inc. social security) and other emoluments	626	626
	1,357	1,329
Share based payments	1,026	-
	2,383	1,329

During the year, three (2017: three) Directors had awards receivable in the form of shares under a long-term incentive plan.

On 31 March 2016, the Group provided an interest free, unsecured loan of £400,089 to M Uzielli, a Director of the Company, to enable him to participate in the Cognita Group Management Incentive Plan. This was repaid in full on 25 October 2018.

On 29 June 2018, the Group provided further interest free loans of £693,000 each to C Jansen and M Uzielli, both Directors of the Company, to enable them to participate further in the Cognita Group Management Incentive Plan. £606,000 of each of these loans was repaid and the remaining £87,000 was waived on 25 October 2018.

9 Share based payments

In June 2013, a management incentive plan ("MIP") was introduced whereby certain Directors and senior managers were awarded C shares in the Company. The C shares have limited rights and there is no entitlement to dividends.

The rewards associated with the MIP are achieved by meeting specific IRR hurdles on the future sale, partial sale, winding up, distribution or listing of shares in Cognita Topco Limited. These rewards are incremental and will increase based on the IRR that is achieved by the main shareholders of Cognita Topco Limited. Should the specific hurdles be achieved, the rewards will be payable to the participants of the MIP.

A number of new participants were granted shares in the incentive plan in the year ended 31 August 2018. The nature and rewards attached to the C shares granted remain consistent with those previously issued. New participants to the MIP scheme, were also eligible to acquire B shares in Cognita Topco Limited, these shares rank pari passu with one another and entitle the B shareholders to participate in the profits of the Company. The terms associated with these shares under the MIP are consistent with those relating to the C shares. During the year ending 31 August 2018, 850 C2 and C3 shares and 61,500 B3 and B4 shares were issued (2017: no shares issued). The weighted average fair value of the C and B shares was £9,864 and £3,304 respectively. The total charge for the shares issued in the year was £22,386,000 which is being spread over the expected vesting period. In May 2018, the vesting period was revised to assume a vesting date of 1 December 2018. This led to an acceleration of the charge to the income statement.

Valuations were performed by an independent third party at each of the grant dates. Due to the complex features of the awards, the fair value of these shares at the grant date were derived using a binomial model.

The following assumptions were applied in determining the fair value of the awards granted during the year:

- An assumed equity value was estimated at each grant date
- A realisation event was assumed to occur at 31 August 2020
- A risk free rate of return ranging from 0.53% to 0.79%
- A future volatility rate ranging from 33.28 to 34.26% was estimated based on the historical volatility of comparable public companies adjusted for unique or significant events not expected to affect future volatility
- An annual employee exit rate of 0% has been factored into the assumptions, as shares are transferred to other participants

Notes to the Financial Statements *(continued)*

10 Finance income and expense

Recognised in income statement

	2018 £000	2017 £000
Finance income:		
Bank interest	**356**	1,152
Other interest receivable	**627**	396
Derivatives gain	**4,166**	-
Dividend receivable	-	600
Exchange gains	-	7,282
Total finance income	**5,149**	9,430

	Group 2018 £000	Company 2018 £000	Group 2017 £000	Company 2017 £000
Finance expense:				
Interest payable on bank borrowings	**4,121**	-	2,617	-
Other similar charges payable	**1,112**	**3**	3,280	2
Interest payable to Group companies	-	**33,201**	-	27,893
Finance charges in respect of finance leases	**261**	-	283	-
Exchange losses	**7,441**	-	-	-
Interest payable on Senior Secured Loan Notes	**32,531**	-	27,314	-
Interest payable on Revolving Credit Facility	**1,742**	-	1,459	-
Loss on fair value of forward contracts	-	-	15,249	-
Total finance expense	**47,208**	**33,204**	50,202	27,895

Interest payable on bank borrowing represents interest payable on bank loans held around the Group. Interest accrues at different rates, on a fixed or floating basis, according to the currency and drawdown date of the debt. Further information can be found in note 19.

Notes to the Financial Statements *(continued)*

11 Taxation

Recognised in the income statement

	2018 £000	2017 £000
Current tax expense		
Current year	**7,342**	5,757
Adjustments for prior years	**(1,395)**	(380)
Current tax expense	**5,947**	5,377
Origination and reversal of temporary differences	**1,574**	1,116
Recognition of previously unrecognised tax losses	**(737)**	(118)
Deferred tax expense	**837**	998
Total tax expense	**6,784**	6,375

	2018 £000	2017 £000
Loss excluding taxation	**(56,524)**	(17,820)
Tax using the UK corporation tax rate of 19.00 % (2017: 19.58%)	**(10,740)**	(3,489)
Effect of tax rates in foreign jurisdictions	**94**	(1,177)
Reduction in tax rate on deferred tax balances	**166**	372
Non-deductible expenses	**11,434**	6,019
Recognition of previously unrecognised tax losses	**(737)**	(118)
Current year losses for which no deferred tax asset was recognised	**6,385**	4,753
Over provided in prior years	**(633)**	(483)
Unrelieved withholding tax	**815**	467
Group relief outside consolidation	**-**	52
Consortium relief	**-**	(21)
Total tax expense	**6,784**	6,375

In March 2016, the UK Government announced its intention to further reduce the main rate of UK corporation tax to 17% with effect from 1 April 2020.

Existing temporary differences on which deferred tax has been provided may therefore unwind in future periods at this reduced rate. Deferred tax assets and liabilities have been calculated based on the rate of 17% substantively enacted at the balance sheet date.

Notes to the Financial Statements *(continued)*

12 Property, plant and equipment - Group

	Freehold land and buildings £000	Short leasehold land and buildings £000	Fixtures, fittings and equipment £000	Computer equipment £000	Assets under construction £000	Total £000
Cost						
Balance at 1 September 2016	174,942	369,499	71,588	32,852	49,954	698,835
Acquisitions through business combinations	1,420	186	678	155	-	2,439
Additions	609	16,029	10,219	6,838	103,198	136,893
Disposals	(28,652)	(4,816)	(12,841)	(13,667)	(2,640)	(62,616)
Asset reclassification	(6,046)	98,191	4,497	(13)	(96,629)	-
Effect of movements in foreign exchange	6,430	6,289	1,821	610	176	15,326
Balance at 31 August 2017	148,703	485,378	75,962	26,775	54,059	790,877
Balance at 1 September 2017	**148,703**	**485,378**	**75,962**	**26,775**	**54,059**	**790,877**
Acquisitions through business combinations	**20,336**	**2,391**	**1,440**	**304**	-	**24,471**
Additions	**5,587**	**4,557**	**12,402**	**9,135**	**26,604**	**58,285**
Disposals	**(33)**	**(848)**	**(3,889)**	**(3,039)**	**(266)**	**(8,075)**
Asset reclassification	**1,383**	**51,768**	**4,378**	**(560)**	**(56,969)**	-
Effect of movements in foreign exchange	**(7,754)**	**(5,053)**	**(1,771)**	**(511)**	**(2,013)**	**(17,102)**
Balance at 31 August 2018	**168,222**	**538,193**	**88,522**	**32,104**	**21,415**	**848,456**
Depreciation and impairment						
Balance at 1 September 2016	38,464	73,554	33,237	23,797	-	169,052
Depreciation charge for year	3,444	14,572	7,191	5,261	-	30,468
Impairment losses	-	2,441	75	-	-	2,516
Disposals	(18,365)	(1,910)	(12,351)	(13,403)	-	(46,029)
Effect of movements in foreign exchange	542	1,002	854	387	-	2,785
Balance at 31 August 2017	24,085	89,659	29,006	16,042	-	158,792
Balance at 1 September 2017	**24,085**	**89,659**	**29,006**	**16,042**	-	**158,792**
Depreciation charge for year	**2,345**	**26,717**	**11,812**	**5,110**	-	**45,984**
Impairment losses	**5,910**	-	-	-	-	**5,910**
Disposals	**(1)**	**(839)**	**(3,763)**	**(3,034)**	-	**(7,637)**
Asset reclassification	**(5,020)**	**5,020**	-	-	-	-
Effect of movements in foreign exchange	**(604)**	**(503)**	**(784)**	**(294)**	-	**(2,185)**
Balance at 31 August 2018	**26,715**	**120,054**	**36,271**	**17,824**	-	**200,864**
Net book value						
At 1 September 2016	136,478	295,945	38,351	9,055	49,954	529,783
At 31 August 2017	124,618	395,719	46,956	10,733	54,059	632,085
At 31 August 2018	**141,507**	**418,139**	**52,251**	**14,280**	**21,415**	**647,592**

Notes to the Financial Statements *(continued)*

12 Property, plant and equipment - Group *(continued)*

During the year, the Group wrote down £8,303,000 (year ended 31 August 2017: £2,516,000) of property, plant and equipment following a review for impairment. This includes the £4,937,000 of impairment booked in relation to the sale and leaseback transaction earlier in the year in respect of three UK schools. The Group also reversed impairments of £2,393,000 (2017: nil) relating to property, plant and equipment during the year. The impairment calculation was performed in line with the Group's impairment accounting policy. Further details of the key assumptions and sensitivities within this calculation are given in note 13. The impairment loss for the year ended 31 August 2018 is allocated against Freehold land and buildings (2017: Freehold land and buildings) and is included in operating loss within the Statement of Comprehensive Income.

Disclosure of capital commitments can be found in note 28 of the financial statements.

During the year, the Group completed a ground rent sale and leaseback of freehold properties at five UK schools - see note 19. The carrying value of the leased assets as at 31 August 2018 was £23,175,000 (2017: £12,500,000).

Following the partial disposal of the Chilton Cantelo school buildings in June 2017, the remaining buildings have been transferred to assets held for sale. The sale of the buildings is considered highly probable and they are being actively marketed. As at 31 August 2018, the total amount classified as assets held for sale was £608,000 (2017: £608,000), being the net book value of the property prior to its transfer to assets held for sale.

Certain subsidiary undertakings are guarantors over Senior Secured Loan Notes which are listed on the Luxembourg Stock Exchange - Euro MTF Market. Under this arrangement, the assets of these subsidiary undertakings are subject to a fixed and floating charge. The Senior Secured Loan Notes were redeemed on 25 October 2018 in conjunction with the acquisition of the Group by Jacobs Holding AG. See note 32 for further information.

Notes to the Financial Statements *(continued)*

13 Intangible assets - Group

	Goodwill	Other intangibles					Total
		Software	Favourable leases	Customer contracts	Brands and licences	Other	
	£000	£000	£000	£000	£000	£000	£000
Cost							
Balance at 1 September 2016	158,273	2,377	1,578	5,297	772	153	168,450
Acquisitions through business combinations	12,137	3	-	7,756	-	-	19,896
Additions	-	2,524	-	-	-	-	2,524
Disposals	-	(141)	-	-	-	-	(141)
Asset reclassification	-	153	-	-	-	(153)	-
Effect of movements in foreign exchange	1,560	59	106	466	27	-	2,218
Balance at 31 August 2017	171,970	4,975	1,684	13,519	799	-	192,947
Balance at 1 September 2017	**171,970**	**4,975**	**1,684**	**13,519**	**799**	-	**192,947**
Additions	-	**2,790**	-	-	**3**	-	**2,793**
Acquisitions through business combinations	**38,881**	**2**	-	**3,563**	**7,727**	-	**50,173**
Disposals	-	**(3)**	-	-	-	-	**(3)**
Asset reclassification	-	-	-	-	-	-	-
Effect of movements in foreign exchange	**(578)**	**(79)**	**3**	**(1,028)**	**238**	-	**(1,444)**
Balance at 31 August 2018	**210,273**	**7,685**	**1,687**	**16,054**	**8,767**	-	**244,466**
Amortisation and impairment							
Balance at 1 September 2016	83,111	1,126	43	1,373	189	149	85,991
Amortisation for the year	-	723	36	873	72	-	1,704
Impairment charge	107	-	-	-	-	-	107
Disposals	-	(141)	-	-	-	-	(141)
Asset reclassification	-	149	-	-	-	(149)	-
Effect of movements in foreign exchange	482	63	2	48	2	-	597
Balance at 31 August 2017	83,700	1,920	81	2,294	263	-	88,258
Balance at 1 September 2017	**83,700**	**1,920**	**81**	**2,294**	**263**	-	**88,258**
Amortisation for the year	-	**1,125**	**121**	**1,551**	**290**	-	**3,087**
Impairment charge	**9,492**	-	-	-	-	-	**9,492**
Disposals	-	**(3)**	-	-	-	-	**(3)**
Effect of movements in foreign exchange	**(821)**	**(66)**	**3**	**(227)**	**(12)**	-	**(1,123)**
Balance at 31 August 2018	**92,371**	**2,976**	**205**	**3,618**	**541**	-	**99,711**
Net book value							
At 1 September 2016	75,162	1,251	1,535	3,924	583	4	82,459
At 31 August 2017	88,270	3,055	1,603	11,225	536	-	104,689
At 31 August 2018	**117,902**	**4,709**	**1,482**	**12,436**	**8,226**	-	**144,755**

Notes to the Financial Statements *(continued)*

13 Intangible assets - Group *(continued)*

Goodwill and other intangible assets are spread across the Group's regions. The carrying value of intangible assets is monitored by reference to Cash Generating Units ("CGUs"). A CGU is typically a school or limited company for non-school business units. The key assumptions for the value in use calculations are discount and growth rates. The Group considers that all CGUs operate in a similar sector being education, but acknowledge that the countries in which the Group operates need to be considered in the calculation of discount rate. Therefore this year's impairment reviews adopted discount rates ranging between 9.0% and 16.3%. For all CGUs a growth rate of 2.25% is applied with the exclusion of those in Brazil where a rate of 4.95% was used.

The Group monitors its post-tax weighted average cost of capital and those of its competitors using market data. In considering the discount rates applied to the CGUs, the Directors have considered the relative sizes and risks of its CGUs. The impairment reviews use a discount rate adjusted for pre-tax cash flows.

As part of the review for impairment, the carrying value of goodwill in seven schools in UK and one school in Brazil (2017: two schools in UK) were identified as being impaired and an adjustment of £9,492,000 (2017: £107,000) was made by the Group to write down the value of intangible consolidated goodwill.

Sensitivity analysis

Following the impairment losses recognised in certain schools and reported in tangible and intangible assets respectively, recoverable amounts were equal to carrying amounts.

On the basis of the above, a range of sensitised trading scenarios, carried out on all impairment reviews and for a reasonably possible range of sensitivities, the discounted future cash flows at 31 August 2018 exceeded the valuation of tangible and intangible assets.

Impairment calculations are, however, more sensitive to changes in the discount rate. An increase of 1% in the discount rate, with all other assumptions held constant, would give rise to an additional impairment charge of £7.3m (2017: £4.9m) in the Group CGUs.

14 Share of profit of joint venture

	2018	2017
	£000	£000
At beginning of period	-	2,851
Acquisitions through common control transaction	-	-
Interest in joint venture arising in year	-	(303)
Disposal of joint venture	-	(2,548)
At end of period	-	-

Fair value of 50% stake in joint venture previously held	1,120
Carrying amount of interest	(2,548)
Loss on disposal charged directly to income statement	(1,428)

The interest in joint venture represented the Group's contribution to the share capital of St Nicholas Preparatory School Limited (the "joint venture"), created with a third party to manage the St Nicholas Preparatory School.

The joint venture was structured as a separate vehicle and the Group had a residual interest in the net assets. The Group owned 50% of the share capital and the articles of association required unanimous consent amongst the two owners for resolutions to be passed.

On 25 August 2017, the Group acquired the remaining 50% interest in its joint venture, St Nicholas Preparatory School in London, UK for a total consideration of £1.3m. The negative goodwill of £1.0m arising on acquisition was immediately recognised in the income statement.

Notes to the Financial Statements *(continued)*

15 Deferred tax assets and liabilities - Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Property, plant and equipment	**3,684**	4,125	**(3,444)**	(4,879)
Intangible assets	**203**	16	**(3,080)**	(1,924)
Provisions	**830**	1,958	**(20)**	(27)
Tax losses	**198**	1,138	**-**	-
Other	**3,033**	2,383	**(1,071)**	(167)
Tax assets/(liabilities)	**7,948**	9,620	**(7,615)**	(6,997)
Net of tax (liabilities)/assets	**(1,242)**	(1,929)	**1,242**	1,929
Net tax assets/(liabilities)	**6,706**	7,691	**(6,373)**	(5,068)

Movement in deferred tax during the year:

	1 September 2017 £000	**Recognised on acquisition £000**	**Recognised in income statement £000**	**31 August 2018 £000**
Property, plant and equipment	**(754)**	**-**	**993**	**239**
Intangible assets	**(1,908)**	**(1,549)**	**581**	**(2,876)**
Provisions	**1,931**		**(1,121)**	**810**
Tax value of loss carry-forwards utilised	**1,138**	**-**	**(940)**	**198**
Other	**2,216**	**86**	**(340)**	**1,962**
	2,623	**(1,463)**	**(827)**	**333**
Foreign exchange movement			**(10)**	
Total expense recognised in income statement			**(837)**	

Movement in deferred tax during the prior year:

	1 September 2016 £000	Recognised on acquisition £000	Recognised in income statement £000	31 August 2017 £000
Property, plant and equipment	185	(33)	(906)	(754)
Intangible assets	(774)	(1,616)	482	(1,908)
Provisions	2,530	-	(599)	1,931
Tax value of loss carry-forwards utilised	834	124	180	1,138
Other	2,244	-	(28)	2,216
	5,019	(1,525)	(871)	2,623
Foreign exchange movement			(127)	
Total expense recognised in income statement			(998)	

The deferred tax asset not recognised is approximately £19,583,000 (2017: £14,849,000) as it is not probable that the related tax benefit will be realised and remains available to offset against future taxable profits.

Notes to the Financial Statements *(continued)*

16 Inventories

	Group	
	2018	2017
	£000	£000
Goods for resale	**418**	444
	418	444

17 Trade and other receivables

	Group	
	2018	2017
	£000	£000
Non-current		
Other receivables	**10,321**	9,423
Prepayments and accrued income	**5,585**	3,922
Amounts owed by subsidiary undertakings	**-**	-
Amounts receivable in respect of finance leases	**3,779**	3,762
	19,685	17,107
Current		
Trade receivables	**57,924**	45,426
Other receivables	**11,885**	9,434
Prepayments and accrued income	**8,443**	5,696
Amount due from parent company	**417**	-
Amounts receivable in respect of finance leases	**40**	151
	78,709	60,707

Non-current prepayments include £5,036,000 relating to operating leases held in the Asia region where amounts held on the balance sheet will be released to the income statement in more than one year from the Balance Sheet date.

On 26 January 2017, the Group disposed of Sackville School, UK, leasing the land and buildings to a third party, thereby creating a finance lease receivable at an initial value of £3,750,000. The terms of the lease provide for a rent free period until 31 August 2019, during which period finance lease interest will accrue. Interest accruing in the year ending 31 August 2018 amounted to £17,000 (2017: £12,000).

The Company had no trade and other receivables at the end of the current or preceding year.

18 Cash and cash equivalents

	Group	
	2018	2017
	£000	£000
Cash and cash equivalents per balance sheet	**89,192**	83,265

Notes to the Financial Statements *(continued)*

19 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 26.

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Non-current liabilities				
Secured bank loans	**107,150**	91,931	-	-
Finance lease liabilities	**24,303**	15,614	-	-
Loans from subsidiary undertakings	-	-	**432,768**	370,542
Senior Secured Loan Notes	**430,356**	368,048	-	-
	561,809	475,593	**432,768**	370,542
Current liabilities				
Secured bank loans	**14,083**	5,150	-	-
Finance lease liabilities	**260**	55	-	-
Senior Secured Loan Notes	**1,661**	1,860	-	-
Revolving Credit Facility	**53,094**	32,794	-	-
	69,098	39,859	-	-
Total interest-bearing loans and borrowings	**630,907**	515,452	**432,768**	370,542

As at 31 August 2018, the Group had issued Senior Secured Loan Notes totalling £435m of which £60m was issued in February 2018 at a premium of £1.95m.

The Senior Secured Loan Notes were due to mature on 15 August 2021 and carried a fixed rate of interest of 7.75%. The issue has been listed on the Luxembourg Stock Exchange - Euro MTF ("Multilateral Trading Facility").

On 25 October 2018, as part of a Group refinancing exercise in conjunction with the acquisition of the Group by Jacobs Holding AG, the Senior Secured Loan Notes were redeemed, the Revolving Credit Facility was repaid in full and the local debt in Hong Kong totalling £69,805,000 at the year end was settled. On the same day, new bank facilities were entered into comprising £450 million of term loan facilities and £225 million of bridge facility. Management intends to replace the £225 million bridge facility with new Loan Notes between the date of signing these financial statements and the end of the financial year.

Included in non-current liabilities within Senior Secured Loan Notes is £7,815,000 (2017: £9,296,000) of debt issue costs and £4,437,000 (2017: £3,728,000) premium on issue.

Included in current liabilities within Senior Secured Loan Notes is accrued interest of £394,000 (2017: £476,000).

The loans from subsidiary undertakings is a funding loan from Cognita Financing plc which carries a fixed rate of interest of 8.25% and is repayable in August 2021.

Terms and debt repayment schedule:

	Currency	Nominal interest rate	Year of maturity	Carrying amount 2018 £000	Carrying amount 2017 £000
Secured bank loan	BRL	Fixed 12.25%/ Brazil CDI +3-3.75%	Oct 18/Jun 20	**3,655**	8,712
Secured bank loans	CLP	Fixed 3.81 to 5.4%	Apr 27/ May 29	**45,466**	34,208
Secured bank loans	HKD	HIBOR +2.75-4%	Apr 23	**69,805**	51,790
Secured bank loans	EUR	Fixed 1.5%	Apr 22	**2,307**	2,371
Senior Secured Loan Notes	GBP	Fixed 7.75%	Aug 21	**432,017**	369,908
				553,250	466,989

Notes to the Financial Statements *(continued)*

19 Other interest-bearing loans and borrowings *(continued)*

Finance lease liabilities
Finance lease liabilities are payable as follows:

Group	Present value of minimum lease payments 2018 £000	Interest 2018 £000	Future minimum lease payments 2018 £000	Present value of minimum lease payments 2017 £000	Interest 2017 £000	Future minimum lease payments 2017 £000
Less than one year	**260**	**776**	**1,036**	245	502	747
Between one and five years	**823**	**2,966**	**3,789**	1,010	1,882	2,892
More than five years	**23,480**	**80,995**	**104,475**	14,414	44,955	59,369
	24,563	**84,737**	**109,300**	15,669	47,339	63,008

In February 2018, the Group completed a ground rent sale and leaseback of freehold properties at five UK schools for consideration of £9,900,000. The purchaser simultaneously granted the Group 150 year leases over the properties on the expiry of which, the Group will have the option to buy back the freehold interest for £1 per property.

The profit on disposal arising on two of the properties, totalling £425,000, has been deferred and will be recognised on a straight line basis over the life of the lease. The impairment loss incurred on three of the properties of £4,937,000 has been recognised immediately in the Statement of Comprehensive Income.

20 Trade and other payables

Amounts owed to subsidiary undertakings

	Group 2018 £000	2017 £000
Non-current		
Other taxes and social security	-	301
Other payables	**136**	307
Deferred consideration	**1,946**	4,337
Accruals	**3,833**	6,328
Deposits	**1,167**	136
	7,082	11,409
Current		
Trade payables	**16,547**	28,809
Other taxes and social security	**4,868**	4,819
Other payables	**7,644**	4,658
Deferred consideration	**2,677**	4,158
Accruals	**59,932**	53,363
Deposits	**12,220**	11,987
	103,888	107,794

The Company had no trade and other payables at the end of the current or preceding year.

Notes to the Financial Statements *(continued)*

21 Other financial liabilities

	2018 £000	2017 £000
Non-current		
Financial liabilities designated as fair value through profit or loss	**55,017**	59,178
	55,017	59,178

There are no current financial liabilities

Other financial liabilities for the year ended 31 August 2018 relate to the forward currency contracts which were entered into following the completion of the refinancing in August 2015 and subsequent additional financing in 2016 and 2017. The forward currency contracts were entered into to mitigate the Group's exposure to future fluctuations in the Euro/GBP and Singapore Dollar/GBP exchange rates, respectively:

Provider	Contract Amount Local currency	Trade Date	Maturity Date	Contract Amount £000	Fair value 2018 £000	Fair value 2017 £000
HSBC	EUR 25,664,057	6 October 2015	8 October 2020	20,000	**3,639**	4,315
HSBC	SGD 226,496,500	7 October 2015	8 October 2020	100,000	**24,342**	25,615
Morgan Stanley	SGD 226,694,000	9 October 2015	8 October 2020	100,000	**24,342**	25,725
Nomura	EUR 17,197,912	3 March 2017	8 October 2020	15,000	**837**	1,294
Nomura	SGD 27,777,004	7 March 2017	8 October 2020	15,000	**341**	405
Nomura	EUR 5,484,561	11 August 2017	8 October 2020	5,000	**56**	196
Nomura	SGD 75,060,000	11 August 2017	8 October 2020	40,000	**1,460**	1,628
				295,000	**55,017**	59,178

The forward currency contracts were all settled on 25 October 2018 as part of the Group's refinancing. See note 32 for further information.

22 Changes in liabilities arising from financing activities

	1 September 2017 £000	Financing cash flows £000	Foreign exchange movement £000	Fair value movement £000	Other £000	31 August 2018 £000
Secured bank loans	97,081	**22,565**	**(4,900)**	-	**6,487**	**121,233**
Finance lease liabilities	15,669	**8,733**	-	-	**161**	**24,563**
Senior Secured Loan Notes	369,908	**29,627**	-	-	**32,482**	**432,017**
Revolving Credit Facility	32,794	**18,070**	**507**	-	**1,723**	**53,094**
Other financial liabilities	59,178	-	-	**(4,161)**	-	**55,017**
	574,630	**78,995**	**(4,393)**	**(4,161)**	**40,853**	**685,924**

The 'Other' column includes the effect of accrued interest on bank loans, finance lease liabilities, Senior Secured Loan Notes and Revolving Credit Facilities.

Notes to the Financial Statements *(continued)*

23 Employee benefits - Pension plans

Defined contribution plans

The Group operates a number of defined contribution pension plans. The assets of these schemes are held separately from those of the Group in funds under the control of the various investment companies.

The total expense relating to these plans in the current year was £8,452,000 (2017: £7,861,000) (see note 7).

Multi-employer defined benefit plan

Teachers' Pension Scheme

The Group participates in the TPS for its teaching staff. The defined contribution pension charge for the period includes contributions payable to the TPS of £5,269,000 (2017 £5,369,000) and at the year end £nil (2017: £4,000) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pension Scheme Regulations 2014. Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate was set following scheme valuations undertaken by the Government Actuary Department. The latest actuarial valuation of the TPS was prepared at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%. Contributors are being consulted over the proposed increase. At the time of preparing these financial statements it was proposed that the employer contribution rate would increase from 16.48% to 23.6% with effect from September 2019.

24 Provisions

Group	**Property £000**	**Severance Allowance and Non -compulsory insurance £000**	**Other £000**	**Total £000**
Balance at 1 September 2017	861	1,271	4,436	6,568
Provisions made during the year	-	455	152	607
Provisions used during the year	-	(371)	(82)	(453)
Provisions reversed during the year	(284)	-	(2,930)	(3,214)
Foreign exchange movement	(5)	(40)	(195)	(240)
Balance at 31 August 2018	572	1,315	1,381	3,268
Non-current	-	1,315	1,145	2,460
Current	572	-	236	808
	572	1,315	1,381	3,268

Notes to the Financial Statements *(continued)*

24 Provisions *(continued)*

Group	Property £000	Severance Allowance and Non-compulsory insurance £000	Other £000	Total £000
Balance at 1 September 2016	414	1,131	1,962	3,507
Amounts arising from acquisitions	54	-	125	179
Provisions made during the period	393	413	2,691	3,497
Provisions used during the period	-	(283)	(451)	(734)
Foreign exchange movement	-	10	109	119
Balance at 31 August 2017	861	1,271	4,436	6,568
Non-current	861	1,271	3,194	5,326
Current	-	-	1,242	1,242
	861	1,271	4,436	6,568

Property

The property provision represents the anticipated costs of returning operating lease premises to their original state as required by the terms of the related lease. The leases are due to expire within two to three years and, therefore, the provision is expected to be utilised within this period. The level of provision is based upon an annual review of the current condition of the building. The review is based upon internal and external examinations of the property.

Severance allowance and non-compulsory insurance

Severance allowance is paid to certain employees in Vietnam when they terminate their employment contracts and is estimated based on a consideration of time and services rendered by employees. The provision is calculated on the basis of a half-month salary for each employee for each year of service with the relevant Group company and based on basic salary levels at the balance sheet date.

The non-compulsory insurance provision represents income tax and VAT payments for non-compulsory insurance in the Asia region. The non-compulsory insurance is considered as a taxable income and personal income tax is estimated based on local tax rate.

Other

The other provisions consist of a provision for fidelity complement in Spain and a labour litigation provision in Brazil.

The fidelity complement is recognised as stated by the CBA in Spain. The provision covers the extra payments that may be requested by staff if they comply with certain requirements. The level of provision has been calculated by an actuary, and the release has been estimated over the next few years.

The labour litigation provision represents an amount relating to an ex-employee in Brazil.

During the year, the loyalty points system operating in Super Camps Limited ceased and the period available to utilise these points has lapsed. A provision is no longer recognised.

Notes to the Financial Statements *(continued)*

25 Capital and reserves

Share capital

Authorised called up and fully paid

Class of share	Number 2018	Number 2017	Nominal value per share	Total share nominal value 2018	Total share nominal value 2017	Share consideration 2018	Share consideration 2017
				£	£	£000	£000
Ordinary	2	1	£1	2	1	8,669	1,669
				2	1	8,669	1,669

During the year, the Company issued one additional ordinary share with nominal value of £1 and total consideration of £7,000,000 to its immediate parent company, Cognita Midco Limited.

Rights of share

Ordinary shares have attached to them full voting, dividend and capital distribution rights; they do not confer any rights of redemption.

Merger reserve

The merger reserve arose as a result of common control accounting upon the Company acquisition of Cognita Holdings Limited and its subsidiaries during the year ended 31 August 2015. The merger reserve represents the cumulative reserves of that group prior to the acquisition date.

Equity reserve

The Group issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of the grant and is recognised in equity. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of when the shares will vest and adjusted for the effect of non market-based vesting conditions.

Translation reserve

The translation reserve comprises all foreign exchange differences arising since 1 September 2014, the transition date to Adopted IFRSs, from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Notes to the Financial Statements *(continued)*

26 Financial instruments

The Group uses various financial instruments. These include loans, cash, equity investments and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. In order to manage the Group's exposure to those risks, in particular the Group's exposure to interest rate risk, the Group enters into a number of derivative transactions including, but not limited to, forward currency contracts. All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign exchange risk, and interest rate risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

a) Fair values of financial instruments

Fair values

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount		Fair value	
	2018	2017	**2018**	2017
Group - Carrying amount and fair value	**£000**	£000	**£000**	£000
IAS 39 categories of financial assets				
Loans and receivables (including cash and cash equivalents)	**173,558**	151,461	**173,558**	151,461
Total financial assets	**173,558**	151,461	**173,558**	151,461
Financial liabilities measured at amortised cost				
Interest-bearing loans and borrowings (note 19)	**630,907**	515,452	**645,180**	535,661
Trade and other payables (note 20)	**106,102**	114,083	**106,102**	114,083
Provisions (note 24)	**3,268**	6,568	**3,268**	6,568
Financial liability measured at fair value				
Forward currency contracts and interest rate swaps (note 21)	**55,017**	59,178	**55,017**	59,178
Total financial liabilities	**795,294**	695,281	**809,567**	715,490
Total net financial instruments	**621,736**	543,820	**636,009**	564,029

Effect of change of inputs used in fair value measurement

The carrying amount of interest bearing trade and other receivables and trade and other payables is deemed to be a reasonable approximation of fair value. The fair value of interest-bearing loans and borrowings is determined by reference to the quoted price for the Senior Secured Loan Notes on the Luxembourg Stock Exchange - Euro MTF Market.

Notes to the Financial Statements *(continued)*

26 Financial instruments *(continued)*

b) Credit risk

Financial risk management

Group

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's principal financial assets are bank balances and trade receivables and the maximum exposure to credit risk at the balance sheet date is represented by the carrying value of these assets.

The credit risk associated with bank balances is limited as the counterparties have high credit ratings assigned by international credit-rating agencies.

The principal credit risk in the group therefore arises from trade receivables, which represent outstanding fees receivable. In order to limit the risk surrounding outstanding fees, student fees are reviewed on a regular basis in conjunction with debt ageing and collection history.

The ageing of trade receivables at the balance sheet date was:

Group	Gross 2018 £000	Impairment loss provision 2018 £000	Total 2018 £000	Gross 2017 £000	Impairment loss provision 2017 £000	Total 2017 £000
Not past due	46,696	(366)	46,330	32,880	(71)	32,809
Past due 0-30 days	3,835	(62)	3,773	7,453	(30)	7,423
Past due 31-120 days	6,507	(718)	5,789	4,391	(449)	3,942
Past due by more than 120 days	6,585	(4,553)	2,032	6,862	(5,610)	1,252
	63,623	(5,699)	57,924	51,586	(6,160)	45,426

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2018 £000	2017 £000
Balance at 1 September	(6,160)	(4,983)
Provisions made during the year	(818)	(973)
Provisions used during the year	266	46
Provisions reversed during the year	98	5
Amounts arising from acquisition/disposal	(362)	(55)
Amounts written off	968	1
Foreign exchange movement	309	(201)
Balance at 31 August	(5,699)	(6,160)

The provision account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against trade receivables directly.

Company

The Company had no external receivables at the year end (2017: £nil) and so has no exposure to credit risk.

Notes to the Financial Statements *(continued)*

26 Financial instruments *(continued)*

c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably.

The Group is supported by its ultimate parent to ensure continuity of funding. In 2015, the Group secured funding by issuing £280m of Senior Secured Loan Notes. In the year ended 31 August 2017 a further £155m was raised through additional issuances, through private placements of Senior Secured Loan Notes. Additionally, the Super Senior Revolving Credit Facility increased to £100m during the year ended 31 August 2017. Further local financing is sourced where possible for acquisitions and developments.

On 25 October 2018, as part of a Group refinancing exercise in conjunction with the acquisition of the Group by Jacobs Holding AG, the Senior Secured Loan Notes were redeemed, and the Super Senior Revolving Credit Facility was repaid in full using the proceeds of new bank facilities totalling £652m. Local debt facilities in Hong Kong were also settled as part of the refinancing.

The maturity of borrowings at the Balance Sheet date is set out in note 19 to the financial statements. In total, as at 31 August 2018, the Cognita Bondco Parent Limited Group had drawn borrowings of £630.9m (2017: £515.5m), of which £561.8m (2017: £475.6m) was repayable after 31 August 2019. This included £430.4m of Senior Secured Loan Notes due in August 2021. Following the refinancing of debt in October 2018, the Group had drawn borrowings totalling £703.6m at the date of signing this report and committed unutilised facilities totalling £123m. Of the total facilities available at the date of this report, £720.8m would be repayable after 31 August 2019. This includes bank loans and facilities totalling £675m with repayment dates in 2025 or beyond.

The Group has a strong working capital position as student contracts require cash payment in advance of tuition services, generally on an annual, termly or monthly basis. Trade payables are settled on the basis of credit terms agreed with the respective suppliers.

Notes to the Financial Statements *(continued)*

26 Financial instruments *(continued)*

c) Liquidity risk (continued)

Liquidity risk - *Group*

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

			2018 Phasing of contractual cash flows		
	Carrying amount £000	**Contractual cash flows £000**	**1 year or less £000**	**2 to 5 years £000**	**More than 5 years £000**
Non-derivative financial liabilities					
Secured bank loans	**121,233**	**177,224**	**67,813**	**84,782**	**24,629**
Senior Secured Loan Notes	**432,017**	**534,844**	**33,712**	**501,132**	**-**
Finance lease liabilities	**24,563**	**109,300**	**1,036**	**3,789**	**104,475**
Revolving Credit Facility	**53,094**	**53,094**	**53,094**	**-**	**-**
Trade and other payables	**106,102**	**106,102**	**106,102**	**-**	**-**
	737,009	**980,564**	**261,757**	**589,703**	**129,104**

			2017 Phasing of contractual cash flows		
	Carrying amount £000	Contractual cash flows £000	1 year or less £000	2 to 5 years £000	More than 5 years £000
Non-derivative financial liabilities					
Secured bank loans	97,081	136,627	41,606	77,334	17,687
Senior Secured Loan Notes	369,908	490,135	29,062	461,073	-
Finance leases	15,669	63,008	747	2,892	59,369
Revolving Credit Facility	32,796	32,796	32,796	-	-
Trade and other payables	114,083	114,083	114,083	-	-
	629,537	836,649	218,294	541,299	77,056

d) Market risk

Market risk as applicable to the Group is the risk that changes in market prices, such as foreign exchange rates or interest rates, will affect the Group's income or the value of its holdings of financial instruments. These two elements of Market risk are covered separately below.

Market risk - Foreign exchange risk

The Group's results are reported in pounds sterling. Where possible, the Group seeks to manage the effect of any exposure that may arise from the translation of the foreign currency assets by borrowing funds denominated in the local currency of the entity it acquires, or will use hedging instruments to mitigate the exchange risk.

Although the Group carries out operations through a number of foreign subsidiaries, Group exposure to currency risk at a transactional level is minimal. The day to day transactions of overseas subsidiaries are usually carried out in their local currency.

Notes to the Financial Statements *(continued)*

26 Financial instruments *(continued)*

d) Market risk (continued)

Company

The Company had no exposure to foreign currency risk at 31 August 2018 or at 31 August 2017.

Sensitivity analysis - Group

If sterling had been 10% stronger / weaker at 31 August 2018, Group equity would have decreased / increased by £85,900 (2017: £590,036). This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

Market risk – Interest rate risk

The Group finances its operations through third party borrowings and in the form of Senior Secured Loan Notes which, at the date of balance sheet, carried a fixed rate of interest of 7.75%. On 25 October 2018, following the Group's refinancing activities, the Senior Secured Loan Notes were redeemed in full. See note 32 for further details.

The interest rate exposure of the financial assets and liabilities of the Group as at 31 August 2018 is shown in the table below. The table includes trade debtors and creditors which do not attract interest but are subject to fair value interest rate risk.

	Interest rate - 2018				Interest rate - 2017			
	Fixed £000	**Floating £000**	**Zero £000**	**Total £000**	Fixed £000	Floating £000	Zero £000	Total £000
Financial assets:								
Cash	-	**89,192**	-	**89,192**	-	83,265	-	83,265
Trade and other receivables	-	-	**80,130**	**80,130**	-	-	64,283	64,283
Financial liabilities:								
Bank loans	**(50,210)**	**(71,023)**	-	**(121,233)**	(42,387)	(54,694)	-	(97,081)
Trade and other payables	-	-	**(28,767)**	**(28,767)**	-	-	(40,795)	(40,795)
Revolving Credit Facility	-	**(53,094)**	-	**(53,094)**	-	(32,794)	-	(32,794)
Senior Secured Loan Notes	**(432,017)**	-	-	**(432,017)**	(369,908)	-	-	(369,908)
Finance leases	**(24,563)**	-	-	**(24,563)**	(15,669)	-	-	(15,669)

All financial assets and liabilities identified as fixed rate instruments in the above table are accruing interest at rates that are fixed for the life of the instrument.

Sensitivity analysis

At 31 August 2018, the Group had exposure to interest rate sensitivity in respect of variable rate loans held in Brazil and Hong Kong. In respect of these loans, an increase or decrease of 100 basis points in interest rates over the year would have increased / decreased the result for the year by £66,000 (2017: £56,000) for the loan held in Brazil and £464,000 (2017: £58,000) for the loan held in Hong Kong.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of all financial instruments with variable interest rates.

Notes to the Financial Statements *(continued)*

26 Financial instruments *(continued)*

e) Capital management

Group and Company

The Group manages its capital to safeguard its ability to operate as a going concern and to optimise returns to shareholders. Overdraft and revolving credit facilities will be used to finance the working capital cycle if required.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 19 after deducting cash and cash equivalents, and equity attributable to the parent, comprising issued capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity.

The debt and equity balance in some parts of the Group are subject to externally imposed capital requirements such as those imposed by third party loan providers. The local tax treatment is also taken into consideration when determining the most appropriate capital structure for investments in subsidiaries.

27 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Property 2018 £000	**Other 2018 £000**	**Total 2018 £000**	Property 2017 £000	Other 2017 £000	Total 2017 £000
Less than one year	**17,390**	**70**	**17,460**	12,836	113	12,949
Between one and five years	**59,298**	**136**	**59,434**	47,642	188	47,830
More than five years	**213,437**	**-**	**213,437**	198,122	7	198,129
	290,125	**206**	**290,331**	258,600	308	258,908

Group

During the year, £16,798,000 was recognised as an expense in the income statement in respect of operating leases (2017: £12,503,000).

28 Capital Commitments

Group

As at 31 August 2018, the Group had total capital commitments of £26,900,000.

In March 2018, St Nicholas Preparatory School entered into a new lease agreement to relocate the school from its existing location. The relocation is subject to planning permission being granted. Total contractual commitment should planning permission be granted is £10,963,000.

In December 2014, the Group entered into a promise to purchase agreement with a real estate developer to construct a school in Chile. The development was completed and opened to students in March 2016. Under the terms of the agreement, the Group will be required to purchase the school and the freehold property should certain performance criteria be met, the aggregate contractual commitment at 31 August 2018 is £7,857,000 (2017: £7,141,000).

Notes to the Financial Statements *(continued)*

29 Contingencies

Group Guarantees

During the year ended 31 August 2015, the Group restructured its debt which involved the formation of new companies within the Group, including subsidiary undertaking Cognita Financing plc. Cognita Financing plc issued Senior Secured Loan Notes which are listed on the Luxembourg Stock Exchange - Euro MTF Market. Cognita Bondco Parent Limited and certain subsidiary undertakings are guarantors on a senior basis. Under this arrangement, the assets of certain Group companies are subject to a fixed and floating charge.

The total gross exposure in relation to the Senior Secured Loan Notes was £439,831,000 (2017: £379,204,000m) including accrued interest and premiums on issue at 31 August 2018. The Guarantors also grant a senior guarantee of a Super Senior Revolving Credit Facility agreement concurrently with the Senior Secured Loan Notes guarantee. As at 31 August 2018, the total exposure to Revolving Credit Facility was £53,093,900 (2017: £32,794,400). The Group also guarantees the loan facilities and deferred consideration in Brazil, Chile and Hong Kong, with a total exposure of £120,314,000m (2017: £99,952,000m).

On 25 October 2018, the Senior Secured Loan Notes were redeemed in full. Also on this date, the Revolving Credit Facility was settled in full. The Hong Kong local debt facility was repaid on 26 October 2018. See note 32 for more information.

Reinstatement of leased land

The Group is disclosing a contingent liability in relation to reinstatement costs of leasehold land on which it has constructed school buildings. The terms in the lease contract provide the landlord with an option of reinstating the leased land to its original preconstruction condition.

It has been estimated that the maximum liability at 31 August 2018 should a reinstatement be required would be £6,571,000 (2017: £6,670,000). This estimated contingent liability represents the cost of demolition of the entire area of construction including substructure, extraction of piles, back filling to original levels and re-turfing.

Management have reviewed the contract from a legal perspective and considered other relevant factors in determining the likely outcome on lease expiry. As a consequence of this review, it has been concluded that whilst a requirement for reinstatement is possible upon expiry of the lease, it is not probable and therefore no provision should be recognised in this respect.

Litigation

The Group received claims in respect of a potential litigation associated with the criminal conduct of a former teacher at Southbank International School. The Group maintains insurance cover and has been advised such cover will be adequate to cover the full amount of any potential claims.

Tax claims

The Group has received assessments from HMRC in the aggregate amount of £1,534,000 (2017: £1,280,000) with respect to PAYE and NI in connection with the operation of a former management GSOP in the four accounting periods ended 31 August 2010 to 2013. The net exposure arising from the assessment is deemed to be £555,000 (2017: £500,000). The Group has appealed these assessments on the basis of guidance from our advisors and no provision has been made.

Notes to the Financial Statements *(continued)*

30 Related parties

Group

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint venture, St Nicholas Preparatory School Limited are disclosed below:

	Sales to 2018 £000	Sales to 2017 £000	**Expenses incurred from 2018 £000**	Expenses incurred from 2017 £000
Joint venture	-	70	-	-
Joint venture - consortium relief payments	-	-	-	135
	-	70	-	135

As at the year end, the Group was owed £416,000 (2017: £nil) from Cognita Topco Limited. The loan was repaid in full following the year end.

Company

As at 31 August 2018, the Company owed £432,768,000 (2017: £370,542,000) to its subsidiary undertaking Cognita Financing plc. The loan carried a fixed interest rate of 8.25% and is repayable in August 2021. On 25 October 2018 in conjunction with the refinancing activities that took place on acquisition of the Group by Jacobs Holding AG, £429,000,000 of the outstanding balance was repaid.

31 Ultimate parent company and parent company of larger group

The immediate parent company is Cognita Midco Limited, a company registered in England and Wales. The ultimate parent company at the date of balance sheet was Cognita Topco Limited, a company incorporated in Jersey. The ultimate controlling parties at the date of balance sheet were The Bregal Fund III LP and KKR European Fund III LP who each owned 50% of Cognita Topco Limited.

On 25 October 2018, Cognita Topco Limited and the entire Cognita Group was acquired by Lernen Bidco Limited, a company registered in England and Wales. From this date, the ultimate parent undertaking and controlling party is Jacobs Holding AG. See note 32 for further information.

Notes to the Financial Statements *(continued)*

32 Post balance sheet events

Acquisition of Cognita Group

On 25 October 2018, the Cognita Group was sold by its previous owners, KKR European Fund III LP and Bregal Fund III LP, to Jacobs Holding AG. Jacobs are a family controlled professional investment firm, the sole economic beneficiary of which is the Jacobs Foundation. The Jacobs Foundation is a non-profit, charity organisation with the exclusive aim to improve the lives of young people around the world.

The acquisition of the Group has prompted a refinancing of the majority of the Group's debt with new bank facilities being drawn on 25 October 2018 totalling £652,000,000. This enabled the group to settle the Senior Secured Loan Notes, Revolving Credit Facilities and Forward Currency Contracts, along with local debt in Hong Kong.

Acquisition of Colegio Europeo de Madrid, Spain

On 6 November 2018, the Group completed the acquisition of 90% of the Colegio Europeo de Madrid, a bilingual school located in Madrid, Spain catering for students aged 0-18. On acquisition, the school had c. 650 students with a capacity of c. 1,000. The acquisition was funded by a further £1,500,000 of bank debt from the Group's new facilities.

33 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are set out and described in note 1, 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.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Fair value of assets and liabilities attributable to business combinations

All business combinations are accounted for under IFRS 3 which involves recording all the assets and liabilities of the acquired entity at their fair value as at the date of acquisition. As part of this exercise, significant judgement is needed to determine the valuation of the separable intangibles acquired in the business combination. The judgements involve determining the types of intangibles which exist, their expected useful economic lives, the future cash flows expected to be generated from the assets and the appropriate discount rate to use. The total value of other intangibles recognised during the year ending 31 August 2018 was £11,290,000 (2017: £7,756,000). The impact of making different judgements regarding these intangible assets would be to increase or decrease goodwill by the equivalent amount.

Key sources of estimation uncertainty

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

Notes to the Financial Statements *(continued)*

33 Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Share based payments

In accordance with IFRS 2, share based payments are measured at fair value at the date of grant. The valuation of the share based payments is performed by an independent third party and involves the use of some significant estimates. The key estimate which has a material impact on the resulting valuation of the share based payments is the underlying equity valuation of the Group. This has been estimated by management and leads to a total valuation of the shares issued during the year of £22,386,000 (2017: nil). The resulting charge in the income statement for the year ending 31 August 2018 was £14,793,000 (2017: £245,000). The valuation of the share based payments is extremely sensitive to changes in the equity valuation and a reasonably possible change in the EV/EBITDA multiple of +/- 0.5x would cause the share based payment valuation to range from £20,740,000 to £24,270,000.

Impairment of goodwill

The Group is required to perform an impairment test of goodwill at least annually. This requires the Group to calculate the value in use of each CGU to which goodwill has been allocated by estimating its future cash flows and selecting an appropriate discount rate. Management's estimation of the future cash flows of each CGU is based on the Group's long term plan, adjusted to remove development capex and the positive results impact of this spend. Discount rates are specific to each country of operation. The total goodwill impairment charge for the year was £9,492,000 (2017: £107,000).

Notes to the Financial Statements *(continued)*

34 Investments in subsidiaries

	Shares in subsidiary undertakings £000
Cost	
Balance at 1 September 2017	864,290
Investments during the year	60,500
Balance at 31 August 2018	**924,790**

A full list of the Company's subsidiary undertakings are set out below:

Subsidiary undertaking	Class of share capital held	% held	Registered Office (Appendix)	Country of incorporation	Nature of business
Cognita Financing plc *	Ordinary	100%	1	England & Wales	Loan issuing Company
Cognita Holdings Limited *#	Ordinary	100%	1	England & Wales	Holding/ Loan issuing Company
Cognita UK Holdings Limited #	Ordinary	100%	1	England & Wales	Holding Company
Cognita Limited #	Ordinary	100%	1	England & Wales	Management/ Holding Company
Cognita Schools Limited	Ordinary	100%	1	England & Wales	Education
Cognita International Holdings Limited #	Ordinary	100%	1	England & Wales	Holding Company
Super Camps Limited #	Ordinary	100%	1	England & Wales	Education
The Bushcraft Company Limited #	Ordinary	100%	1	England & Wales	Education
Educational Activity Group Limited ***	Ordinary	100%	1	England & Wales	Liquidating
Educational Activity Limited ***	Ordinary	100%	1	England & Wales	Liquidating
St Nicholas Preparatory School Limited	Ordinary	100%	1	England & Wales	Education
Cognita Funding 1 Limited #	Ordinary	100%	1	England & Wales	Holding Company
Cognita UK Mexico Holdings Limited #	Ordinary	100%	1	England & Wales	Holding Company
Cognita UK Brazil Holdings Limited #	Ordinary	100%	1	England & Wales	Holding Company
Cognita Spain Holdings S.L.	Ordinary	100%	2	Spain	Management/ Holding Company
The British School of Barcelona S.A.	Ordinary	100%	2	Spain	Education
ELIS Cognita S.L.	Ordinary	100%	2	Spain	Education
Cognita Spain Holdings 2 S.L.	Ordinary	100%	2	Spain	Holding Company
Cognita BSB Property S.L.	Ordinary	100%	2	Spain	Property
Cognita Hastings Property S.L.	Ordinary	100%	2	Spain	Property
Cognita Hastings Holdings S.L.	Ordinary	100%	2	Spain	Education
The English Montessori School S.A.	Ordinary	100%	3	Spain	Education
Cognita Singapore Holdings Pte Limited	Ordinary	100%	4	Singapore	Holding Company
Cognita Centre for Leadership and Learning Pte Limited	Ordinary	100%	4	Singapore	Education
Australian International School Pte Limited	Ordinary	100%	4	Singapore	Education
Cognita Asia Holdings Pte Limited	Ordinary	100%	4	Singapore	Management/Holding Company
Stamford American International School Pte Limited	Ordinary	100%	5	Singapore	Education
Camp Asia Cognita Pte Limited	Ordinary	100%	6	Singapore	Education
Avondale Grammar School Pte Limited	Ordinary	100%	7	Singapore	Education
St Andrews Dusit Thailand Pte Limited	Ordinary	100%	8	Singapore	Management/Holding Company
St Andrews Dusit Campus Company Limited ##	Ordinary	70%	9	Thailand	Education
British Education Management Systems Company Limited	Ordinary	100%	10	Thailand	Education
Silom Education Company Limited	Ordinary	100%	11	Thailand	Education
Rayong Education Company Limited	Ordinary	100%	12	Thailand	Education

Notes to the Financial Statements *(continued)*

34 Investments in subsidiaries *(continued)*

Subsidiary undertaking	Class of share capital held	% held	Registered Office (Appendix)	Country of incorporation	Nature of business
Cognita Brasil Participacoes Ltda	Ordinary	100%	13	Brazil	Holding/Management Company
Cognita Brasil Locadora de Imoveis Ltda	Ordinary	100%	13	Brazil	Property
Cognita Brasil Locadora de Imoveis 2 Ltda	Ordinary	100%	13	Brazil	Holding Company
GayLussac Empreendimentos Educacionais Ltda	Ordinary	100%	14	Brazil	Education
GRS2 Empreendimentos Imobiliarios Ltda	Ordinary	100%	15	Brazil	Property
Escola Cidade Jardim - Playpen Ltda	Ordinary	100%	16	Brazil	Education
Cognita Chile SPA	Ordinary	100%	17	Chile	Holding Company
Cognita Chile Limitada	Ordinary	100%	17	Chile	Holding Company
Desarrollos Educacionales, SA	Ordinary	100%	18	Chile	Management/ Holding Company
Soc. Educacional Huechuraba, SA	Ordinary	100%	18	Chile	Education
Soc. Educacional Penalolen, SA	Ordinary	100%	18	Chile	Education
Soc. Educacional Temuco, SA	Ordinary	100%	18	Chile	Education
Soc. Educacional Puerto Montt, SA	Ordinary	100%	18	Chile	Education
Soc. Educacional Valle Lo Campino, SA	Ordinary	100%	18	Chile	Education
Soc. Educacional Ciudad Del Este, SA	Ordinary	100%	18	Chile	Education
Soc. Educacional Lo Aguirre, SA	Ordinary	100%	18	Chile	Education
Soc. Educacional Chicureo, SA	Ordinary	100%	18	Chile	Education
Soc. Educacional Curauma, SA	Ordinary	100%	18	Chile	Education
Soc. Educacional Chicauma, SA	Ordinary	100%	18	Chile	Education
Immobiliaria Tierra Fertil, SA	Ordinary	100%	18	Chile	Services Company
Servicos Educacionales, SA	Ordinary	100%	18	Chile	Services Company
Gestion Educativa, SA	Ordinary	100%	18	Chile	Services Company
Soc. Educacional American British School Ltda **	Ordinary	100%	19	Chile	Education
Colegio Santo Tomas de Nunoa Ltda **	Ordinary	100%	20	Chile	Education
Bauhinia Education and Training Company Limited	Ordinary	100%	21	Hong Kong	Holding Company
Stamford American School of Hong Kong Limited	Ordinary	100%	21	Hong Kong	Dormant
Spring Blossom Education Limited	Ordinary	100%	22	Hong Kong	Holding Company
Flora Education Limited	Ordinary	100%	22	Hong Kong	Education
Woodland Holdings (HK) Ltd **	Ordinary	100%	22	Hong Kong	Holding Company
Woodland Playgroups Ltd **	Ordinary	100%	22	Hong Kong	Education
Woodland Pre-Schools Ltd **	Ordinary	100%	22	Hong Kong	Education
The Woodland Sai Kung Pre-School Ltd **	Ordinary	100%	22	Hong Kong	Lease Company
The Woodland Pre-School (Happy Valley) Ltd **	Ordinary	100%	22	Hong Kong	Lease Company
The Woodland Pre-School (Pokfulam) Ltd **	Ordinary	100%	22	Hong Kong	Lease Company
The Woodland Kennedy Town Playgroup (Davis Street) Ltd **	Ordinary	100%	22	Hong Kong	Lease Company
The Woodland Beachside Pre-School Ltd **	Ordinary	100%	22	Hong Kong	Lease Company
The Woodland Montessori Pre-School (Repulse Bay) Ltd **	Ordinary	100%	22	Hong Kong	Lease Company
Pacific Crown (HK) Ltd **	Ordinary	100%	22	Hong Kong	Lease Company
Vanguard Era Investments Limited	Ordinary	100%	23	BVI ###	Holding Company
VOF PE Holding 1 Limited	Ordinary	100%	24	BVI ###	Holding Company
International Schools Limited	Ordinary	100%	25	BVI ###	Holding Company

Notes to the Financial Statements *(continued)*

34 Investments in subsidiaries *(continued)*

International Education Corporation Joint Stock Company	Ordinary	100%	26	Vietnam	Education
Lotus Education and Training One Member Company Ltd	Ordinary	100%	27	Vietnam	Education
Global Education Network Company Limited	Ordinary	100%	28	Vietnam	Holding Company
Global Education Network Lotus Company Limited	Ordinary	100%	28	Vietnam	Holding Company
Pioneer Service Joint Stock Company	Ordinary	99.99%	28	Vietnam	Holding Company
Global Education Network Hue Joint Stock Company	Ordinary	96%	28	Vietnam	Holding Company

Overseas companies operate and are incorporated in the countries in which they are based.

* Directly held

** Companies acquired during the year or incorporated during the year in conjunction with an acquisition. See note 2 for further information.

*** Educational Activity Group Limited and Educational Activity Limited are in the process of being liquidated.

The Company has provided a guarantee in respect of these subsidiary companies in order that they may claim exemption from audit under section 479A of the Companies Act 2006.

St Andrews Dusit Thailand Pte Limited holds 45% in St Andrews Dusit Campus Company Limited, a company incorporated in Thailand. A further 25% is held by British Education Management Systems Company Limited, also incorporated in Thailand.

"BVI" means British Virgin Island.

During the year, the Group also liquidated two of its wholly owned subsidiaries, Cognita MH SA de CV and Cognita Mexico Service Provider SC.

Notes to the Financial Statements *(continued)*

Appendix - List of registered offices

1 EMW, Seebeck House, 1 Seebeck Place, Knowlhill, Milton Keynes, MK5 8FR
2 Plaza del Doctor Letamendi 1-2, 4ª planta (08007 Barcelona - Spain)
3 Calle La Salle C/N 28023, Madrid
4 60 Anson Road #18-04 Mapletree Anson, Singapore 079914
5 1 Lorong Chuan, Singapore 556818
6 1 Woodleigh Lane, Singapore, 357684
7 318 Tanglin Road, Block A, Singapore 247979
8 3 Raffles Place, #06-01, Bharat Building, Singapore, 048617
9 253 Ratchawithi Road, Kwaeng Suan Chitlada, Khet Dusit, Bangkok
10 7 Sukhumvit 107, Bang Na, Bangkok 10260, Thailand
11 9 Convent Road, Silom, Bang Rak, Bangkok 10550, Thailand
12 1M. 7 Ban Chang- Makhamkhoo Road Samnak Thon, Ban Chang, Rayong, 21130 Thailand
13 Av. Lineu de Paula Machado, 1490 - Cidade Jardim - São Paulo - SP - 05601-000, Brazil
14 Rua Maria Caldas, 35 - São Francisco - Niterói - RJ - 24365-050, Brazil
15 Rua Coronel João Brandão, 95 - São Francisco - Niterói - RJ - 24365-060, Brazil
16 Praça Professor Américo de Moura, 101 - Cidade Jardim - São Paulo - SP - 05670-060, Brazil
17 Avda. Andres Bello, 2711 - Piso 19 - Las Condes - Santiago - Chile - 8320000
18 Marchant Pereira 10, Piso 14. Providencia, Santiago, Chile
19 Avenida Walker Martinez No. 2972, La Florida, Santiago, Chile
20 Avenida Irarrazaval No. 5310, borough of Nunoa, Chile
21 14 Hutchison House, 10 Harcourt Road, Hong Kong
22 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
23 Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands
24 Commence Chambers, P.O. Box 2208, Road Town, Tortola, British Virgin Islands
25 International Trust Company B.V.I Limited, P.O. Box 659, Road Town, Tortola, British Virgin Islands
26 No. 649A, Vo Truong Toan Street, An Phu Ward, District 2, Ho Chi Minh City, Vietnam
27 92 Nguyen Huu Canh, Ward 22, Binh Thanh District, Ho Chi Minh City, Vietnam
28 Level 4, VietComReal Building, 68 Nguyen Hue St, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam