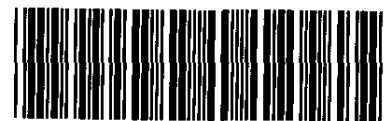


Annual Report and
Unaudited Financial Statements for the Year Ended 30 June 2022
for
International College Portsmouth Ltd.

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Contents of the Financial Statements
for the Year Ended 30 June 2022

	Page
Company Information	1
Report of the Directors	2
Income Statement	5
Other Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Cash Flow Statement	10
Notes to the Financial Statements	11

Company Information
for the Year Ended 30 June 2022

DIRECTORS:

S P Jones
P D Lovegrove
R H Wilkinson

SECRETARY:

Pennsec Limited

REGISTERED OFFICE:

The Lambourn
Wyndyke Furlong
Abingdon
Oxfordshire
OX14 1UJ

REGISTERED NUMBER:

06770123 (England and Wales)

Report of the Directors
for the Year Ended 30 June 2022

The directors present their report with the financial statements of the company for the year ended 30 June 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of providing educational and training services. The directors do not currently anticipate any change in the Company's business or activities for the foreseeable future.

REVIEW OF BUSINESS

During the year, turnover decreased by 14% from £7,831,700 to £6,711,816 due to the implementation of the sub-contract arrangement between University Partner and International College Portsmouth. Gross profit has increased by 8% from £4,483,444 to £4,836,676 and net profit has increased by 13% due to a reduction in cost of sales. Going forward, the directors expect the Company continue trading as normal and remain profitable in the next 12 months.

During the year, the Company changed its registered address to The Lambourn, Wyndyke Furlong, Abingdon, Oxfordshire, OX14 1UJ.

GOING CONCERN

The directors have acknowledged the latest guidance regarding going concern. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and accordingly they continue to adopt the going concern basis in preparing the financial statements. The company is expected to continue to generate positive operating cash flows. Accordingly, the financial statements have been prepared on a going concern basis, which assumes the continuity of normal operations.

The directors have considered the net current assets position of £4,320,122 (2021: £16,258,471) and the profit generated in the year of £4,333,603 (2021: £3,845,578).

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

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

FUTURE DEVELOPMENTS

The directors do not currently anticipate any change in the Company's business or activities for the foreseeable future.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in Note 15 to the financial statements.

DIVIDENDS

The directors recommended a dividend payment of £16,269,919 for the year ended 30 June 2022 (2021: £nil).

DIRECTORS

The directors who held office during the year and to the date of this report were as follows:

S P Jones
P D Lovegrove
R H Wilkinson (appointed 7 March 2022)

DIRECTORS' INDEMNITIES

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

KEY PERFORMANCE INDICATORS

The key performance indicators have been identified as student volumes, turnover, gross margin and regulatory compliance. Turnover and gross margin are discussed in the review of business above.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Company does not use derivatives financial instruments for speculative purposes.

Report of the Directors
for the Year Ended 30 June 2022

Cash flow risk

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

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

Credit risk

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

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

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

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

Liquidity risk

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

United Kingdom exit from the EU risk

The United Kingdom's exit from the European Union remains to be of principal interest to the Company. The Company continues to take an active interest in the development of political policies in this area, especially the post Brexit immigration system. The majority of our student base is international students, therefore the reliance on a single market (EU) has not posed a substantial risk to the operations. The establishment of Pathway Colleges outside of the United Kingdom has aided to mitigate against the impact of Brexit. The directors do not consider there to be any critical judgement surrounding the application of the company's accounting policies in relation to Brexit.

Ukraine conflict

The ongoing conflict in Ukraine, and resulting sanctions imposed on and by Russia has impacted higher education in the United Kingdom. The Company continues to take an active interest in the development of the geopolitical situation in Eastern Europe. The Company follows the guidance issued by relevant authorities such as The UK Government, Office for Students, The Office of Financial Sanctions etc. The Navitas UK Holdings Group has established a working committee supporting its students and employees directly or indirectly impacted by the Russian invasion of Ukraine. The Company evaluates its operations for risk factors including disruptions or impacts on customers, employees, agents, sanctions, regulatory changes, immigration policy, risk of increased cyberattacks etc. Due to the geographical diversification of our student base, the impact of the Russia-Ukraine conflict on the UK operations has not been significant. The directors do not consider there to be any critical judgment surrounding the application of the Company's accounting policies in relation to the conflict.

Coronavirus pandemic

Whilst the COVID-19 pandemic (and associated restrictions) continued to impact the operational performance, the business has responded to every challenge presented and the Company performed very strongly in the year ended 30 June 2022.

Student experience and academic outcomes remained the focus and we continued working hard to maintain our diverse and inclusive learning communities.

Mental health of staff and students has also remained the top priority and management continue to introduce a range of initiatives.

The United Kingdom's reputation for high quality education and safe and friendly living environment underpins the appeal for international students in this market. The United Kingdom remains as attractive destination for international students as borders reopened. The Group has shown a strong resilience in a challenging operating environment and is well positioned for a strong and sustainable post-pandemic growth.

Small companies exemption

This Report of the Directors has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. The directors have elected not to prepare a Strategic Report under the Companies Act exemption applicable to small entities.

Report of the Directors
for the Year Ended 30 June 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Approved by the Board of Directors and signed on its behalf by:



.....
R H Wilkinson - Director

Date: 17 March 2023

Income Statement
for the Year Ended 30 June 2022

		30.06.22	30.06.21
	Notes	£	£
TURNOVER	4	6,711,816	7,831,700
Cost of sales		(1,875,140)	(3,348,256)
GROSS PROFIT		4,836,676	4,483,444
Administrative expenses		(1,181,418)	(1,308,573)
		3,655,258	3,174,871
Other operating income		51,519	22,714
OPERATING PROFIT		3,706,777	3,197,585
Interest receivable and similar income	6	628,012	488,015
PROFIT BEFORE TAXATION	7	4,334,789	3,685,600
Tax on profit	8	(1,186)	159,978
PROFIT FOR THE FINANCIAL YEAR		4,333,603	3,845,578

All amounts are derived from continuing operations.

The notes form part of these financial statements

Other Comprehensive Income
for the Year Ended 30 June 2022

	Notes	30.6.22 £	30.6.21 £
PROFIT FOR THE YEAR		4,333,603	3,845,578
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>4,333,603</u>	<u>3,845,578</u>

The notes form part of these financial statements

Balance Sheet
 As at 30 June 2022

	Notes	30.6.22 £	30.6.21 £
FIXED ASSETS			
Tangible assets	9	14,045	11,450
CURRENT ASSETS			
Debtors	10	6,972,841	22,168,635
CREDITORS			
Amount falling due within one year	11	(2,652,719)	(5,910,164)
NET CURRENT ASSETS		<u>4,320,122</u>	<u>16,258,471</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,334,167	16,269,921
CREDITORS			
Amount falling due after more than one year	12	<u>(562)</u>	<u>-</u>
NET ASSETS		<u>4,333,605</u>	<u>16,269,921</u>
CAPITAL AND RESERVES			
Called up share capital	14	2	2
Profit and loss account		<u>4,333,603</u>	<u>16,269,919</u>
SHAREHOLDERS' FUNDS		<u>4,333,605</u>	<u>16,269,921</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 30 June 2022.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its financial statements for the financial year in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved by the Board of Directors and authorised for issue on 17 March 2023 and were signed on its behalf by:



.....
 R H Wilkinson - Director

Statement of Changes in Equity
for the Year Ended 30 June 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 July 2020	2	12,424,341	12,424,343
Change in equity			
Total comprehensive income	-	3,845,578	3,845,578
Balance at 30 June 2021	<u>2</u>	<u>16,269,919</u>	<u>16,269,921</u>
Change in equity			
Dividends paid	-	(16,269,919)	(16,269,919)
Total comprehensive income	-	4,333,603	4,333,603
Balance at 30 June 2022	<u>2</u>	<u>4,333,603</u>	<u>4,333,605</u>

The notes form part of these financial statements

Cash Flow Statement
for the Year Ended 30 June 2022

		30.6.22	30.6.21
	Notes	£	£
Cash generated from operating activities			
Cash generated from operations	1	8,439	4,245
Net cash generated from operating activities		<u>8,439</u>	<u>4,245</u>
Cash flows (used in) from investing activities			
Purchase of tangible fixed assets		<u>(8,439)</u>	<u>(6,118)</u>
Net cash used in investing activities		<u>(8,439)</u>	<u>(6,118)</u>
Decrease in cash and cash equivalents		<u>-</u>	<u>(1,873)</u>
Cash and cash equivalents at beginning of year	2	-	1,873
Cash and cash equivalents at end of year	2	<u><u>-</u></u>	<u><u>-</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 30 June 2022

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	30.6.22	30.6.21
	£	£
Profit before taxation	4,334,789	3,685,600
Depreciation charges	5,844	4,965
Dividend paid	(16,269,919)	-
Finance income	(628,012)	(488,015)
	(12,557,298)	3,202,550
Decrease/(increase) in trade and other debtors	15,823,806	(5,053,642)
(Decrease)/increase in trade and other creditors	(3,258,069)	7
Cash generated from operations	8,439	4,245

2. CASH AND CASH EQUIVALENTS

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

	30.6.22	30.6.21
	£	£
Cash and cash equivalents	-	-

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 30 June 2022

1. STATUTORY INFORMATION

International College Portsmouth Ltd. is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the Report of the Directors on pages 2 to 4.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

2. ACCOUNTING POLICIES

Basis of preparation

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

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

Where relevant, equivalent disclosures have been given in the group accounts of Marron Group Holdings Pty Ltd, refer to note 16.

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

Going Concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Report of the Directors on pages 2 to 4. The Company is expected to continue in existence for the next 12 months.

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

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

Turnover

Turnover recognised from service charge received is subject to services provided by the college academic services and is determined by a percentage of gross revenue due from students for tuition fees and net of any scholarships or bursaries offered to students over the term of the course and is exempt of VAT. The percentage of gross revenue due from students for tuition fees varies depending on the stage of standard college delivery model.

Turnover representing ancillary income from students is recognised in line with the satisfaction of performance obligations and is stated net of VAT.

The Company's primary performance obligations is the delivery of tuition services. The Company has concluded that these should be recognised over time based on the stage of completion of the service being delivered to the customer. The stage of completion is measured by reference to the number of semester days held as a percentage of the total number of semester days in the course.

The Company's other performance obligations are recognised either over time, on a stage of completion basis, or at the point in time the service, or good, is sold. This determination is made on a case by case basis for each performance obligation based on the point at which control of the good or service completely passes to the customer.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

2. ACCOUNTING POLICIES – continued

When payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of Creditors: Amounts falling due within one year. Turnover is then recognised as outlined above.

All turnover arises within the United Kingdom from the single principal activity.

Operating profit

Operating profit is stated after administrative and other operating expenses.

Deferred income

Deferred income represents a contract liability that arises as a result of upfront payments received for ancillary charges before services are performed. When the invoices are issued to students or cash is paid by the students, the transaction price received is recognised as a contract liability until the services have been delivered to the customer. Refundable fees and charges are deducted when in accordance with the contractual agreements the right to return consideration has been achieved.

Royalty costs

The Company has paid a royalty to its parent company, Navitas Pty Limited, in recognition of the intellectual property value held by the global group. The payment is a percentage of its turnover.

Royalty costs are recorded within cost of sales in the income statement, with any unpaid balances at period end recorded as accruals and included as part of Creditors: Amounts falling due within one year.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Tangible fixed assets

All fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all fixed assets at annual rates calculated to write off the cost, less estimated residual value, over the expected useful life of each asset, as follows:

Furniture and equipment 25% to 33.3% straight-line

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

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

Financial instruments

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

2. ACCOUNTING POLICIES - continued

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

Financial assets

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

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

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

Recognition and measurement

Amortised cost and effective interest method

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

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

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

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

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

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

2. ACCOUNTING POLICIES - continued

Impairment of financial assets

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

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

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

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

(i) Significant increase in credit risk

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

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

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

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

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

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

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

2. ACCOUNTING POLICIES - continued

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

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

(ii) Definition of default

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

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

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of expected credit losses

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

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

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

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

2. **ACCOUNTING POLICIES - continued**

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

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

Financial liabilities measured subsequently at amortised cost

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

Derecognition of financial liabilities

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

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

2. **ACCOUNTING POLICIES - continued**

Taxation

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

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

Employee benefit costs

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

Related party transactions

The Company is a wholly owned subsidiary of Marron Group Holdings Pty Ltd.; the consolidated financial statements of which are publicly available. Accordingly, the Company has taken advantage of the disclosure exemptions as permitted by FRS 101 "Reduced Disclosure Framework" and the requirements of IAS 24 Related Party Disclosures, from disclosing transactions within group companies.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in note 2, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Company. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Due to the inherent uncertainty actual results may differ from the judgements, estimates and assumptions.

Critical judgements in applying the Company's accounting policies

Significant judgements, estimates and assumptions made by the directors in preparation of these financial statements are outlined below.

Key sources of estimation uncertainty

Bad debt provisions

Management assesses the carrying value of debtors based on past losses, current trading patterns and anticipated future events.

4. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the Company.

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

	30.6.22	30.6.21
	£	£
Tuition fees earned	-	7,741,825
Service charge	6,633,465	-
Ancillary income from students	78,351	89,875
	<u>6,711,816</u>	<u>7,831,700</u>

All turnover arose in the United Kingdom.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

5. EMPLOYEES AND DIRECTORS

	30.6.22	30.6.21
	£	£
Wages and salaries	1,203,858	1,066,772
Social security costs	108,577	93,048
Other pension costs	88,662	76,469
	<u>1,401,097</u>	<u>1,236,289</u>

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

	30.6.22	30.6.21
	No.	No.
Administrative	21	20
Teaching staff	30	35
	<u>51</u>	<u>55</u>

No remuneration was paid to the directors during the year (2021: None). The directors remuneration is borne by a fellow Group company.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	30.6.22	30.6.21
	£	£
Interest received from group undertakings	<u>628,012</u>	<u>488,015</u>

7. PROFIT BEFORE TAXATION

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

	30.6.22	30.6.21
	£	£
Depreciation - owned assets	5,844	4,965
Auditors' remuneration relating to the audit of financial statements	-	12,000
Government grants	-	(20,374)
Foreign exchange differences	499	322
Credit losses on trade debtors	<u>(139,900)</u>	<u>(100,000)</u>

In the current year, the Company did not receive any government grants under the Coronavirus Job Retention Scheme (2021: £20,374).

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

8. **TAXATION**

Analysis of tax expense /(income)

	30.6.22	30.6.21
	£	£
Current tax:		
Tax	-	(160,730)
Deferred tax	1,186	752
Total tax expense/ (income) in income statement	<u>1,186</u>	<u>(159,978)</u>

Factors affecting the tax expense/ (income)

The tax assessed for the year is the same as (2021 – lower) the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.22	30.6.21
	£	£
Profit before income tax	<u>4,334,789</u>	<u>3,685,600</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	823,610	700,264
Effects of:		
Expenses not deductible	1,248	8,833
Income not taxable	(481)	-
Tax rate changes	201	(66)
Group relief/ Other reliefs	(823,392)	(708,278)
Adjustments in respect of prior years	-	(160,730)
Other	-	(1)
Tax expense /(income)	<u>1,186</u>	<u>(159,978)</u>

The UK corporation tax rate is 19% effective from 1 April 2017 which applies for the year ended 30 June 2022. The budget announcements on 3 March 2021 included measures to support economic recovery as a result of the COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted at the balance sheet date therefore deferred taxes on the balance sheet have been measured at 25%.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

9. **TANGIBLE FIXED ASSETS**

	Furniture and equipment £
COST	
At 1 July 2021	210,713
Additions	<u>8,439</u>
At 30 June 2022	<u>219,152</u>
DEPRECIATION	
At 1 July 2021	199,263
Charge for year	<u>5,844</u>
At 30 June 2022	<u>205,107</u>
NET BOOK VALUE	
At 30 June 2022	<u>14,045</u>
At 30 June 2021	<u>11,450</u>

10. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30.6.22	30.6.21
	£	£
Trade debtors	5,459,348	741,140
Amounts owed by parent company	1,509,779	21,426,871
Deferred tax (note 13)	-	624
Prepayments	<u>3,714</u>	<u>-</u>
	<u>6,972,841</u>	<u>22,168,635</u>

The amounts owed by the parent company are not secured and have a variable rate of interest. These amounts are payable on demand.

Trade debtors is shown net of expected credit losses recognised amounting to £341,365 (2021: £875,714).

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.22	30.6.21
	£	£
Trade creditors	283,621	50,716
Amounts owed to other group undertakings	8,724	8,121
Social security and other taxes	19,341	15,041
Deferred income	1,775,998	3,334,532
Accrued expenses	565,035	2,501,754
	<u>2,652,719</u>	<u>5,910,164</u>

	30.6.22	30.6.21
	£	£
Revenue recognised in the reporting period that was included in the deferred income balance at the beginning of the period	440,112	704,566
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	1,088,096	-

The amounts owed to parent company are not secured and have a variable rate of interest. These amounts are payable on demand.

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

	30.6.22	30.6.21
	£	£
Deferred tax (note 13)	562	-
Long service provision	-	-
Onerous lease provision	-	-
	<u>562</u>	<u>-</u>
Long service provision	30.6.22	30.6.21
	£	£
Opening balance	-	6,796
Release during the year	-	(6,796)
Current year expense	-	-
Closing balance	<u>-</u>	<u>-</u>

The long service provisions are considered for certain employees that would have completed at least 5 years with the Company and is based on the employee basic salaries at the end of each financial period. No discounting is considered as it is deemed to yield immaterial changes to the provisions. Where possible expected increases in the basic salaries are considered in the provision.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

12. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued**

	30.6.22	30.6.21
	£	£
Onerous lease provision		
Opening balance	-	341,000
Release during the year	-	(341,000)
Current year expense	-	-
Closing balance	<u>-</u>	<u>-</u>

Onerous contract provisions relate to a guarantee given over utilisation of certain student accommodation. In 2019, the Company entered into contracts with certain developers, where it guaranteed to pay a certain amount if the student utilisation threshold is not met. Due to the impact of the Covid-19 pandemic and the resulting government guidance in respect of local and national lockdowns, the Company has determined it will be unable to meet the guaranteed utilisation threshold. Given the uncertainty over timing of release of lockdowns, there is an element of uncertainty in the calculation of the provision.

Present obligation arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The provision is measured at the lower of the expected cost to fulfilling the contract and the expected cost of terminating the contract to the extent that this exceeds the expected economic benefits of the contract. In the prior year, the balance of £341,000 was released by the Company.

13. **DEFERRED TAX**

	30.6.22	30.6.21
	£	£
Balance at the start of the year	624	1,376
Deferred tax charged to the income statement for the year	<u>(1,186)</u>	<u>(752)</u>
Balance at the end of the year	<u>(562)</u>	<u>624</u>

Based on a schedule of when we expect the temporary differences to reverse a deferred tax liability of £562 (2021: Deferred tax asset of £1,664) has been recognised in respect of accelerated capital allowances. There are no unrecognised tax losses or other temporary differences.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.22 £	30.6.21 £
2	Ordinary shares	£1	<u>2</u>	<u>2</u>

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

15. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events occurring after the balance date which may affect either the Company's operations or results of those operations or the Company's state of affairs.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company at 30 June 2022 is Marron Group Holdings Pty Ltd, a company incorporated in Australia. This is the largest groups to consolidate the results of the Company. The consolidated financial statements of this group can be obtained at L26101 Collins St, 3000 Melbourne, Australia. Navitas UK Holdings Limited is the smallest group to consolidate the results of the Company. The consolidated financial statements of this group can be obtained at The Lambourn, Wyndyke Furlong, Abingdon, Oxfordshire, OX14 1UJ, United Kingdom.

The immediate parent entity at 30 June 2022 is Navitas UK Holdings Limited.