Registered number 13472680 (England and Wales)

Caribou Bidco Limited
Annual report and consolidated financial statements
for the year ended 31 August 2023

CARIBOU BIDCO LIMITED REPORT DISCLAIMER

This annual report has been prepared on the basis of information available to Caribou Bidco Limited and its subsidiaries (the "**Group**") as at the date hereof.

This report contains forward-looking statements. Forward-looking statements include, without limitation, statements concerning plans, objectives, goals, projections, strategies, future events or performance, and underlying assumptions and other statements, which are not statements of historical facts. These statements are often, but not always, made through the use of words or phrases such as "will likely result", "are expected to", "will continue", "believe", "anticipated", "estimated", "intends", "expect", "plan", "seek", "projection", "suggest", "outlook", "should", "could", "would", "may", "will", "forecast", and other similar expressions or, in each case, their negative or other variations or comparable terminology.

These statements involve predictions of our future financial condition, performance, plans and strategies, and are thus dependent on a number of factors including, without limitation, assumptions and data that may be imprecise or incorrect. Forward-looking statements are subject to risks and uncertainties. Actual results or outcomes may differ materially from those expressed in any forward-looking statements made in this annual report. We caution you not to place undue reliance on any of these forward-looking statements.

Any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

This annual report contains financial information prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This annual report contains non-GAAP measures and ratios. The non-GAAP measures and ratios may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation. Information needed to reconcile such non-GAAP financial measures to the most directly comparable measures under IFRS can be found in the *Strategic Report* section of the Annual Report.

Caribou Bidco Limited

Annual report and consolidated financial statements

for the year ended 31 August 2023

Contents

Caribou Bidco Limited

Directors and advisers

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Mr P Simpson

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Strategic report

Business model

Tes is a leading provider of education technology software solutions to schools in the UK and Australian markets and to international schools that follow the UK and International Baccalaureate curriculum. These solutions are often mission-critical services for schools, a fact evidenced by the high contract renewal rates that the Group is able to achieve. Alongside solutions for schools, the Group has a range of services provided to teachers spanning training, continuing professional development and resources for teaching delivery.

The Group has been following an increasingly successful business model for the last three years. This model encompasses:

- The pursuit of organic revenue growth through the acquisition of new customers and the cross-sale of its services to existing schools
- Expansion of existing products into new geographic markets, namely Staff Management and Learning Pathways in Australia
- Inorganic growth through the acquisition of complementary businesses and products that can support future organic growth
- The pursuit of an efficient global operating model leveraging common services, processes and systems that facilitate both growth and improvement in operating margins
- Ongoing reinvestment of the Group's strong cash generation into the business

The Group has focussed on the sale of subscription services followed by investment in product features and customer service to facilitate improving contract renewal rates. The integration of acquired businesses and products further facilitates a consistent approach to product delivery with a common customer and product experience across the solutions.

Acquisitions completed in the year ending 31 August 2023

During the year, the Group completed the following acquisitions:

- Acquired 100% of the issued share capital of The Safeguarding Company Limited and its subsidiaries ("TSC") on 6 March 2023 for a total consideration of £23,688k. The acquisition of TSC provides the Group with a coherent extension of our software suite and market leading safeguarding capability capable of being cross sold to our customers.
- Acquired 100% of the issued share capital of Teachstarter PTY Limited and its subsidiaries ("TS") on 22 February 2023 for a total consideration of AUS$19,070k (GBP £10,652k).TS is a premium provider of classroom teaching resources for K-6 teachers and their students and provides the Group with an enhanced offering to Australian teachers and a complementary offering to the existing Tes resources capability.

The Group secured additional bank financing in order to fund part of the purchase consideration. Separate incremental borrowing facilities of £25,000k and £10,000k were taken out in respect of the TSC and TS acquisitions respectively. Further details regarding the incremental borrowing facilities is provided in note 20.

Performance review

Financial information

In order to provide the Reader of the financial statements with a complete view of the performance pf the Group for the period, we present certain Alternative Performance Measures ("APMs"). This includes presenting certain financial measures on a reported basis but also on a proforma basis to reflect the impact the acquired business have had on the Group.

The Group uses APMs which are not defined or specified under International Financial Reporting Standards ("IFRS"), to provide additional helpful information. These measures are not considered to be a substitute for IFRS measures and are consistent with how business performance is planned, reported and assessed internally by management and the Board. For further information on APMs, including a description of the policy, purpose, definitions and reconciliations to equivalent IFRS statutory measures, see note 1.31 on pages 41 to 42.

Strategic report (continued)

Financial information (continued)

The financial statements presented in these accounts cover the consolidated Group trading results for the financial years ending 31 August 2023 and 2022. The results for the year ending 31 August 2022 include the Group's trading performance from the date of Onex's acquisition of Tes Topco Limited, 2 February 2022, as well as the Company's results pre acquisition of the Group. This information is presented at a revenue level on a reported and proforma basis with the latter being presented prior to a pre-consolidation adjustment relating to deferred revenue (see note 1 below the results table below). At an Adjusted EBITDA* level, information i.s presented on a proforma and non-proforma basis in order to demonstrate reported results as well as results permitted for banking covenants.

**Adjusted EBITDA is a measure of financial performance whereby operating profit is adjusted for depreciation and amortisation, to arrive at EBITDA (earnings before interest, tax, depreciation and amortisation). Then certain permissible one-off costs, pro-forma adjustments for acquisitions undertaken during the year are added, which increases underlying adjusted EBITDA but presents results consistent with the way in which management assess performance of the business, as well as banking covenant requirements.*

Performance for the year

The Board is pleased with the performance that has been achieved for the year ending 31 August 2023, with strong progress being demonstrated across the Group.

	12m period ended 31 August 2023	**7m period ended 31 August 2022 Restated (Note 34)**	**12m period ended 31 August 2022**
	(as reported)	**(as reported)**	**(unaudited)**
	£'000	**£'000**	**£'000**
Staff Management	76,984	38,864	67,277
Pupil and learning management	29,302	14,714	24,181
Safeguarding	6,056	3,099	5,805
Tes Institute	7,517	4,061	6,725
Other	7,123	3,427	6,469
Revenue pre IFRS 3 adjustment	**126,982**	**64,165**	**110,457**
IFRS 3 revenue adjustment *(1)*	(9,705)	(22,229)	n/a
Revenue on a reported basis	**117,277**	**41,936**	**n/a**
Operating profit / (loss)	**13,034**	**(23,515)**	**6,600**
Adjusted EBITDA	**70,971**	**34,652**	**59,030**
Adjusted EBITDA margin	*56%*	*54%*	*53%*
Add pro-forma adjustment for Group FY22 acquisitions *(2)*	1,121	2,042	2,042
Pro-forma Adjusted EBITDA	**72,092**	**35,673**	**61,072**

(1) The release of deferred revenue recognised on consolidation is an allowable adjustment under the terms of the senior loan facility in arriving at Adjusted EBITDA in order for reported revenue to reflect the results of active trade with customers.

(2) The pro-forma results (full year impact of acquisitions) are an allowable adjustment under the terms of the senior loan facility in arriving at Adjusted EBITDA,. These amounts are added/deducted to reflect full year impact of the acquisition.

Performance review (continued)

Reported basis

Revenue on a reported basis grew 180% to £117,277k (2022: £41,936k). This increase reflects two significant factors with 2022 revenue being for a 7 month period and a higher IFRS 3 adjustment in the prior year as the impact was larger in the time period immediately post-acquisition. In addition to this there was strong growth in 2023 but this is better illustrated by reference to the 12 month comparative basis commentary below. Due to the prior period being a 7 month period, to better discuss the changes in the business over the past 12 months the business review has been performed by comparing the results for the year ended 31 August 2023 to the results for the year ended 31 August 2022. This consists of 7 months of trade included within the Caribou Bidco Limited and 5 months of trade outside of the Company. This 5 months is unaudited.

The operating profit grew to £13,034k (2022: loss of £23,515k). Reflecting the same factors Adjusted EBITDA grew 105% to £70,971k (2022: £34,652k).

12 month comparable basis

Pre the IFRS 3 revenue adjustment, revenue has grown £16,525k (15%) to £126,982k (2022: £110,457k) with both Staff Management (£9,707k, 14%) and Pupil and Learning Management ("PaLM") (£5,121k, 21%) contributing positively.

This revenue growth reflects an overall improvement in subscription service renewal rates and strong new business sales performance. This performance has seen subscription revenue grow to 85% of total revenue (2022: 79%) illustrating successful implementation of the Group's strategy.

Specific highlights are as follows:

- Staff management revenue grew 14% to £76,984k (2022: £67,277k). This product comprises a suite of services to Schools under a single subscription, comprising recruitment, a staff well-being survey tool, CPD, safeguarding training and access to the Tes digital magazine. This performance includes a number of factors including (i) a positive impact from the migration of recruitment only subscribers to the broader staff management subscription which commenced in the prior financial year, (ii) growth in revenue from the Orovia acquisition in the previous year (£2,001k growth) offset by (iii) a decline in transactional recruitment advertising of £4,305k. Our staff management revenue contains both transactional (one-off) and subscription elements. The proportion of revenue reported from subscription services within staff management has risen from 84% in 2022 to 92% in 2023. The staff management annual recurring revenue ("ARR") as at 31 August 2023 has increased by 21% to £70,329k (2022: £58,176k) providing increased forward visibility of revenue
- PaLM revenue grew 21% to £29,302k (2022: £24,181k). This area of revenue includes a number of market-leading subscription products designed to assist in the efficient running of the classroom and teaching environment. These products include software to assist with classroom behaviour, parents meetings, events scheduling and timetabling. All of the products contained within the PaLM segment reported positive year over year growth with strong contract renewal supplemented by new business wins. In parallel with the revenue growth reported, PaLM ARR grew 19% to £31,327k (2022: £26,232k).
- Safeguarding revenue grew 4% to £6,056k (2022: £5,805k). The acquisition of the The Safeguarding Company contributed £2,571k, with a resulting decline in the Tes Development packages, driven by the absorption into the Staff Management package referred to above.
- Institute revenue grew 12% to £7,517k (2022: £6,725k). Institute includes revenue generated from a series of different training programmes.
- Other revenue increased 10% to £7,123k (2022: £6,469k) comprising (i) a reduction in revenue generated from Creative Solutions services to £267k (2022: £1,527k) following the wind down of this activity in the year and (ii) contribution from the acquisition of TeachStarter £1,894k.

Caribou Bidco Limited

Strategic report (continued)

Performance review (continued)

Proforma Adjusted EBITDA grew 18% to £72,092k (2022: £61,072k) with the margin to pre IFRS3 revenue expanding to 56% (2022: 53%). The EBITDA margin expansion reflects revenue growth and a decrease in both salary costs and operating expenditure as the Group delivered synergies on the acquired businesses.

A reconciliation of net loss to adjusted EBITDA is provided as follows:

	12 months ended 31 August 2023 £'000	7 month period ended 31 August 2022 Restated (Note 34) £'000
Loss for the year	**(17,576)**	**(28,359)**
Income tax credit (note 10)	(2,358)	(3,038)
Finance income (note 9)	(172)	(17)
Finance cost (note 9)	33,140	7,899
Operating profit/(loss)	**13,034**	**(23,515)**
Depreciation and amortisation (note 2)	33,363	17,528
Impairment (note 2)	1,373	3,500
Non-recurring and separately reported costs (note 2)	14,406	16,501
Central costs incurred (1)	-	(150)
Deferred revenue on consolidation release(2)	9,705	22,229
Exclusion of benefit of IFRS16 accounting(3)	(910)	(1,441)
Adjusted EBITDA	**70,971**	**34,652**
Pro-forma adjustment for Tes Topco Limited acquisition by Onex:		
Tes Topco pre-acquisition (1 Sep 2021 – 1 Feb 2022) (4)	-	24,378
Pro-forma adjustments for FY22 Group acquisitions:		
Orovia (1 September 2021 – 29 April 2022) (4)	-	1,832
Standards Tracker (1 September 2021 – 15 April 2022) (4)	-	210
TeachStarter (1 September 2022 – 21 February 2023) (4)	194	-
The Safeguarding Company (1 September 2022 – 5 March 2023) (4)	927	-
Pro-forma Adjusted EBITDA	**72,092**	**61,072**

Note EBITDA is a further measure of financial performance which takes adjusted EBITDA and adds back central costs, and a pro-forma adjustment for acquisitions and disposals undertaken during the year. Run-rate EBITDA is a metric used to report covenant compliance under the senior facilities agreement. Adjusted EBITDA, EBITDA, and Proforma Adjusted EBITDA, are not measures of financial performance under IFRS, but are presented because we believe that it is a relevant measure for assessing our performance as it adjusts for certain items which we believe are not indicative of our underlying operating performance.*

(1) The costs incurred in Group holding companies are added back as a non-operating cost as they relate to servicing Group-level debt which is not considered representative of the underlying activities of the Group and is consistent with the terms of the senior loan facility.

(2) The release of deferred revenue recognised on consolidation, a required adjustment under IFRS 3, is an allowable adjustment under the terms of the senior loan facility in arriving at Adjusted EBITDA in order for reported revenue to reflect the results of active trade with customers. This is also considered unrepresentative of the performance of the Group, given that the adjustment masks like for like growth in the value of the contracted customer base.

Caribou Bidco Limited

Strategic report (continued)

Performance review (continued)

(3) The benefit to Management Adjusted EBITDA from the accounting for IFRS16 is not allowable under the terms of the senior loan facility under the senior loan facility, therefore this is added back as a cost as if the Group still accounted for leases under IAS 17.

(4) The pro-forma results (full year impact of acquisitions) are an allowable adjustment under the terms of the senior loan facility in arriving at Management Adjusted EBITDA. These amounts are added/deducted to reflect full year impact of the acquisition.

(5) In order to arrive at run-rate EBITDA the amount by which annual recurring revenues (ARR) exceed the last 12 months (LTM) of recurring revenues is added to pro-forma adjusted EBITDA.

The net assets of the Group at 31 August 2023 can be summarised as follows:

	31 August 2023 £'000	31 August 2022 £'000
Non-current assets	813,921	806,263
Current assets and liabilities (excluding borrowing)	(29,198)	(36,358)
Other non-current liabilities	(7,037)	(9,446)
Lease liabilities	(4,428)	(2,842)
Deferred tax	(136,096)	(144,740)
Total before net external debt	**637,162**	**612,877**
Net debt:		
Senior loan facility	(340,000)	(340,000)
Acquisition credit facility	(25,000)	(25,000)
Incremental facility	(35,000)	-
Revolving credit facility	(18,000)	(17,000)
Total borrowings	(418,000)	(382,000)
Less: cash	4,321	8,131
Net debt[(1)]	**(413,679)**	**(373,869)**
Debt issue costs	10,090	9,743
Net assets	**233,573**	**248,751**

[(1)] Net debt is calculated as amounts due to external lenders (banks) less cash held

Key performance indicators

We review a range of financial and non-financial performance indicators. Key performance indicators include the following as well as Adjusted EBITDA as reviewed above:

	31 August 2023	31 August 2022
Financial KPIs Day sales outstanding in trade receivables ("DSO")	34	36
Subscription revenue as a % of total revenue	85%	78%
Annualised Recognised Revenue ("ARR")	£121.1m	£93.4m
Non financial KPIs		
Total customer logos	19,016	17,523
Net revenue retention ("NRR")	113%	120%
Products per school (UK secondary)	3.1	3.0
Total development capacity (number of people)	115	105

These KPIs are reported to the Board and the Group senior management team on a monthly basis.

Strategic report (continued)

Key performance indicators (continued)

DSO

DSO represents a key measure for the cash collection relating to services provided. This measure is a good indication of a number of factors including accurate invoicing, quality of service, account management and effective cash collection. Whilst the Directors consider a DSO of 34 days as good performance, DSO closer to 32 would demonstrate a stronger collection result.

Subscription revenue as a % of total revenue

This measure reflects the growth in subscription revenue generated as a proportion of the Groups' overall revenue thereby demonstrating the effective execution of a key strategic outcome and enhances our forward visibility of revenue.

ARR

An indication of the value of the Groups recurring revenue generated from subscriptions. Where ARR is ahead of reported subscription revenue for the previous year, the Group can have increased forwards-confidence that revenue will grow in the following year.

Total customer logos

This KPI measures the number of individual schools that the Group has a contractual relationship with and is a key measure as we look to secure growth across the Group. The increase reflects the growth in the number of individual schools we do business with.

Net revenue retention

NRR is defined as the ARR movement from existing customers and reflecting product churn, cross sell of new products to existing customers and net pricing movement. A second financial year with NRR greater than 110% is a very strong performance.

Products per school

Represents a measure of the average number of products a school purchases from Tes. This measure provides an indication of the success of our cross-sell strategy. The increase from the prior year reflects increased value from retention of customers, due to the increased product range offered by the Group.

Total development capacity

This measure reflects the number of resources (people) available to the Group for its product and technology development and includes Tes employees, contractors, partners and current vacancies. The Group has seen a higher-than-normal number of vacancies in this area over the course of the year and we have been actively recruiting to continue strategic initiatives to continually increase the attractiveness of the Group's product range.

Liquidity and Capital Resources

Capital Resources

Our primary sources of liquidity consist of cash generated from operating activities and available drawings under the Revolving Credit Facility ("RCF") of £26million and the Acquisition Credit Facility ("ACF") of £52million. At the end of the period, £18million of RCF was drawn down and £25million of ACF. The cash balance at the end of the year was £4,321k.

Strategic report (continued)

Liquidity and Capital Resources (continued)

We believe that the sources of funding available are sufficient to fund our debt servicing requirements as they become due and working capital requirements for the next 12 months from the date of approval of these financial statements. Our ability to generate positive cash flow from operations will depend on our future performance, which is driven by previously discussed factors.

Net cash generated from operating activities

Net cash generated from operating activities amounted to £34,927k (7m period ended 31 August 2022: £11,426k) for the year ended 31 August 2023. Reported Management Adjusted EBITDA to operating cash flow conversion was 49% in the year (7m period ended 31 August 2022: 33%).

Net cash used in investing activities

The net cash outflow in relation to investing activities was £37,869k for the year ended 31 August 2023 (7m period ended 31 August 2022: £429,108k) as follows:

- Cash paid on acquisition of Tes Topco Limited £nil (7m period ended 31 August 2022: £383,783k);
- £923k of plant, property and equipment purchased (7m period ended 31 August 2022: £216k);
- £2,848k of intangible assets acquired (7m period ended 31 August 2022: £2,730k);
- net cash invested in respect of acquisitions was £34,270k, relating to the initial cash outlay in relation to the acquisitions of TeachStarter (net cash outflow £10,189k), Tranquiliti (£1,001k) and The Safeguarding Company (net cash outflow £23,402k) (7m period ended 31 August 2022: £42,399k relating to Orovia and Standards Tracker); and
- £172k interest receivable (7m period ended 31 August 2022: £17k);

Net cash used in financing activities

Net cash outflow from financing activities was £868k for the period ended 31 August 2023 (7m period ended 31 August 2022: net cash inflow £425,813k). This comprises proceeds from raising incremental debt of £35,000k net of loan fees of £1,050k, RCF drawn of £37,500k, RCF repayments of £36,500k and interest paid £36,732k. (7m period to 31 August 2022: This included cash flows following the February 2022 acquisition on Tes Topco Limited, with £275,305k received from Onex, £330,179k on drawing the Senior Loan facility and £208,384k settling Tes Topco Limited indebtedness. Post-acquisition financing cash flows comprised net proceeds from the issue of loan facilities of £42,000k, interest repaid on the senior loan facility in the year of £12,197k and repayments of lease liabilities of £1,090k).

Material Contractual Commitments

The table below sets forth our contractual obligations and commercial commitments as at 31 August 2023 that are expected to have an impact on liquidity and cash flow in future periods. The following table excludes any future interest payments on our Term Loan that we would be required to make. The information presented in this table reflects our estimates of the contractual payment streams of our current obligations, which may differ significantly from the actual payments made under these obligations.

Strategic report (continued)

Liquidity and Capital Resources (continued)

	Payments due by period (£'000)			
	Less than 1 year	1 - 5 years	More than 5 years	Total
Term loan[1]	-	-	340,000	340,000
Incremental term loan	-	-	35,000	35,000
Acquisition credit facility	-	-	25,000	25,000
Revolving credit facility	18,000	-	-	18,000
Lease liabilities[2]	1,329	2,909	190	4,428
Total	18,869	2,729	400,818	422,428

(1) Represents the aggregate principal amount of the Term Loan

(2) Represents the rent on our corporate headquarters and other leased office space

Term Loan

A term loan of £340,000k was recognised on 2 February 2022 with a termination date of 31 January 2029. Interest accrues at a rate of 5.25% plus SONIA and is payable on a semi-annual basis.

The terms of the loan restrict the ability of the Group to, among other things, incur more debt, pay dividends, repurchase stock and make distributions and certain other payments and investments, create liens, enter into transactions with affiliates, transfer or sell assets, impair security interest, provide guarantees of other debt, agree to restrictions on dividends by subsidiaries, expand into unrelated businesses and merge or consolidate. The Group is required to submit annual audited financial statements and covenant compliance certificates under the terms of the Term Loan.

Incremental term loan

In order to fund the acquisition of TeachStarter and The Safeguarding Company in the year, the Company, together with other members of the Group, entered into two incremental facility agreements, Facility B1 and Facility B2, for a total of £35m. Facility B2 for £10m was drawn on 22 February 2023 to fund the acquisition of Teach Starter and B1 for £25m was drawn on 6 March to fund the purchase of The Safeguarding Company. The incremental facilities are subject to interest of 6.75% plus SONIA that is payable bi-annually with term loan interest. The termination date of both facilities is 31 January 2029.

Revolving Credit Facilities Agreement

On 2 February 2022, the Company, together with other members of the Group, entered into the Revolving Credit Facilities Agreement, which provides for £26m of committed financing, all of which can be drawn by way of loans, ancillary facilities or letters of credit. This facility is available to the Group for the duration of the Senior Loan Facility, up to 31 January 2029.

Liquidity and Capital Resources (continued)

Acquisition Credit Facilities Agreement

On 2 February 2022, the Company, together with other members of the Group, entered into the Acquisition Credit Facilities Agreement, which provides for £52m of committed financing for the purpose of acquiring new business, all of which can be drawn by way of loans, ancillary facilities or letters of credit. This facility is available to the Group for the duration of the Senior Loan Facility, up to 31 January 2029. At the date of this report, £25m of this facility has been drawn with £27m remaining available to the Company. This undrawn element can be used to fund future acquisitions and/or to fund previous payments from cash resources to fund acquisitions. The Company has the ability to draw the remaining amount £27m given the cash payments made as part of the acquisitions of Orovia, TS and TSC. The remaining undrawn element has to be utilised/drawn by 31 January 2025.

Non-financial information

The Group has complied with the requirements of s414CB of the Companies Act 2006 by including certain non-financial information within the strategic report. This can be found as follows:

- Tes' business model is on page 2.
- Information regarding the following matters, including a description of relevant policies can be found on the following pages:
  - Environmental matters on page 15;
  - Employees on pages 13 to 14;
  - Social matters on page 14;
  - Respect for human rights on page 14; and
  - Anti-corruption and anti-bribery matters on page 15.
- Where principal risks have been identified in relation to any of the matters listed above, these can be found in the following section of this report, including a description of the business relationships, products and services which are likely to cause adverse impacts in those areas of risk, and a description of how the principal risks are managed.
- All key performance indicators of the Group, including those non-financial indicators, are on page 6.
- The Business Review section on pages 2 to 6 includes, where appropriate, references to, and additional explanations of, amounts included in the entity's annual accounts.

Section 172 statement

The Board always aims to act in the best interests of the Company and to be fair and balanced in its approach. The needs of different stakeholders are always considered as well as the consequence of any decision in the long-term and the importance of our internally published high standards of business conduct. More specific information is given below.

Long term decision making

The Board delegates day to day management and decision making to its senior management team but maintains oversight of the Company's performance and reserves certain specific matters for Board approval. The Board regularly reviews strategic progress and holds detailed discussion on specific strategic matters whilst reviewing appropriate relevant information.

Stakeholders – Employees

Please refer to page 14 of the Directors Report.

Stakeholders – Customers, Suppliers, Others

Please refer to page 14 of the Directors Report.

Strategic report (continued)

Section 172 statement (continued)

Stakeholders – Community and Environment

Please refer to pages 14 and 15 of the Directors Report

Reputations of high standards of business conduct

The Board is responsible for developing a culture that promotes integrity and transparency. Appropriate corporate policies are regularly reviewed and published for all Employees to access on the Company Intranet. The Company has also a published and widely communicated mission and value statement.

Acting fairly between members of the Company

The Board always acts in the best interests of its shareholder and has frequent dialogue to cover performance, operational and financial, whilst ensuring that there is alignment of objectives with the shareholder.

Statement of Employee Engagement

Please refer to Page 14 of the Directors Report

Statement on Business relationships

Our strategy is to grow organically through the cross sell of our range of products and services to our customers which we will supplement with targeted acquisitions. Development of strong customer relationships is fundamental to the success of this strategy.

Principal risks and uncertainties

The principal risks and uncertainties, including financial risks, facing the business are set out below:

Market risk

Changes in teacher turnover have an influence on the Company's revenue and therefore future performance may be affected by changes in teacher mobility. The Company performs periodic market reviews to identify any underlying changes in the rate of teacher turnover. Teacher turnover and school spend on software products is influenced by a number of factors, including public sector spending and recessionary pressures. Management performs periodic reviews to identify any underlying changes in the level of demand. There remains a shortage of teachers in the UK and therefore it is expected by the Company that demand for the recruitment element of the staff management software service will continue in spite of budgetary pressures.

Competitive risk

The main competitive threats facing the Group are from current competitors, potential new entrants and the adoption of technological changes in education. In the opinion of the Directors, Tes has a sufficiently well-established position in the marketplace to defend against potential threats and indeed sees technological advancement as an overall opportunity.

Principal risks and uncertainties (continued)

Cyber risk

The Group uses and provides to its customers a wide range of technology and is therefore at risk of harm from illegal cyber activity. The Group has implemented a range of policies and procedures and employs an experienced team of technicians and third parties who continue to review and react to potentially harmful cyber activity.

People risk

The Group competes across the market for a wide range of specific skills. In order to retain and attract these skills, there is a continual investment in the health and wellbeing of employees through training and support programs. The provision of technology and communication facilities allows employees the ability to work periodically from any location, which in turn allows for the employment of specific skill sets outside the location of Group offices.

Cash flow/ liquidity risk

There is a risk that the Company does not have sufficient cash reserves to continue its' trade or cover its liabilities. The Company has sufficient funds to cover liabilities as they fall due. The Group, of which the Company belongs to, has access to a £26,000k revolving credit facility ("RCF") and £52,000k acquisition credit facility ("ACF"), which is reasonably expected to be made available to the Company, if required. As at 31 August 2023, there was £18,000k RCF and £25,000k ACF drawn down by the Group meaning that there was £8,000k RCF and £27,000k ACF funds available for use in the future.

Credit risk

The Group ensures that appropriate credit checks are made on potential customers before sales are made. Management regularly reviews outstanding receivables and debtor recovery plans, together with credit limits across most of our largest customers. The Group's policy is to deposit surplus cash with internally approved banks. These banks are reviewed at least annually to ensure that appropriate credit ratings are maintained.

Price risk

Future turnover remains sensitive to overall market dynamics. The Group performs periodic market reviews to ensure that all rates remain competitive.

Renewal risk

Future revenue will be impacted by subscription renewal rates as the proportion of our revenue generated from such arrangements continues to grow. The Group continues to invest in a range of areas to ensure renewal rates improve including account management capabilities and technology facilitating the overall customer service we offer our customers.

Approved for issue on behalf of the board on 30 November 2023

Mr P Simpson
Director

Caribou Bidco Limited

Directors' report

The directors present their annual report and the audited consolidated financial statements of the Group and the Company for the year ended 31 August 2023.

Principal activities
The principal activity of Caribou Bidco Limited is that of a holding company for the trading activities of Tes Global Limited and its subsidiaries.

Dividends
The directors do not recommend a dividend for the year ended 31 August 2023 (2022: £nil).

Political donations
The Group did not make any political donations during the year (2022: £nil).

Directors
The Directors of the Company who were in office during the year and up to the date of signing the financial statements are as follows:

Name	Title	
Mr R Williams	CEO	Appointed 2 February 2022
Mr P Simpson	CFO	Appointed 2 February 2022

Rod Williams is the CEO of Tes Global Limited having joined the Company in July 2020. Previously, Rod was the CEO of Autodata Limited. Prior to Autodata, he was the CEO of Adfero, a leading online news publishing business. He holds a bachelor's degree in Business Studies from the University of Hertfordshire.

Paul Simpson is the CFO of Tes Global Limited. Prior to joining Tes in May 2018, Paul was the Group CFO of KCOM PLC, a UK-listed provider of telecommunications and IT services, for 12 years. Before this he worked in transaction services with Ernst & Young LLP in the UK and PricewaterhouseCoopers LLP in the UK and Italy. He qualified as a chartered accountant with Price Waterhouse LLP in 1994 and is an Economics graduate from Coventry University.

Employment of disabled persons
The Group endeavours to promote and ensure equal opportunities to all its employees, job applicants and former employees irrespective of race (including colour, nationality and ethnic and national origins), religion, belief, disability, gender, marital or civil partnership status, sex or sexual orientation, age or trade union membership. The Group values the individual contribution of all its employees and prospective employees from all sectors of the community. We recognise our social and moral duty to employ people with disabilities and we will do all that is practicable to meet this responsibility and comply with our legal responsibilities under the Equality Act 2010. All those involved in recruitment have the additional responsibility to be open to all candidates based on their skills and expertise. Recruiters can explore any reasonable adjustments that may be required to ensure that disabled candidates are able to compete fairly in the selection process and once they have been appointed. If members of staff become disabled the group continues employment where possible, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employment involvement
The Group and its leadership works hard to communicate its strategy, progress and updates to global staff, while investing in an open and collaborative culture that supports a shared common purpose. Communication is driven through several different channels, including a collaborative global intranet for news and collaboration, staff newsletters, town hall meetings and leadership blogs. Staff associations meet regularly with the management team to ensure the views of our employees are represented and taken into account when making decisions that are likely to affect their interests. The ambition is to ensure that employees understand the contribution they make to the business in achieving its goals both from a social purpose and a financial perspective.

There are a number of schemes to incentivise employees in contributing towards the Group's performance. Sales personnel are incentive through saes achievement commission schemes and Group budget holders through Group financial performance related bonus schemes. Group performance is regularly shared with all personnel through Group-wide broadcasts.

Human rights
The Group is fully committed to respecting the human rights of our employees and to compliance with all applicable laws regarding, among other things:

- prohibition of child, forced, bonded or indentured labour;
- providing compensation and benefits that are competitive and comply with applicable minimum wages, overtime hours, and mandated benefits;
- respecting the cultures, customs and values of the people in communities in which we operate;
- promoting workplace diversity;
- protecting the privacy of employees;
- promoting environmental stewardship;
- promoting health and safety practices; and,
- promoting ethical behaviour, business integrity and fair competition.

The Group seeks to provide consistent and comprehensive guidance to our employees through internal training regarding human rights and employment issues across the Group. As a responsible corporate citizen, the Group operates in accordance with all applicable human rights laws and respects and promotes human rights through our employment policies and practices, through our supply chain and through the responsible provision of our products and services. Through our various efforts to promote human rights, we seek to drive a consistent message that human rights form a part of our corporate culture and principles.

Social and community issues
The Group believes in the power of great teaching and supports the sharing of free classroom resources created by teachers all over the world. Research from Stanford professors has shown that these resources have a positive impact on the standard of teaching in the classroom and on teacher wellbeing.

Other core initiatives that support and celebrate the teaching profession include a number of annual awards to recognise outstanding contributions of learning institutions and individuals in the community. These include the Tes Schools Awards, which were established to celebrate and reward the professionalism and flair of those teams making an outstanding contribution to primary, secondary and special needs schools in both the maintained and independent sectors in the UK.

The Group participates in a number of social and community initiatives through its staff and locations. A 'Matched Giving' scheme matches money raised by employees for charity, with amounts of up to £500 per team per period and £200 for individuals.

Stakeholder interests
The Group recognises the importance of maintaining good relationships with external stakeholders, including customers and suppliers, achieved through regular communications.

Ensuring customers are provided with the best quality products and services is key to the Group's strategy and it continually looks at product development to ensure it is meeting evolving needs.

Directors' report (continued)

Anti-corruption and anti-bribery
The Group upholds its legal and ethical obligations as well as its reputation for honesty and integrity in all business dealings and making or receiving bribes (inducement or facilitation of payments, excessive gifts or hospitality) is strictly prohibited. All gifts accepted or offered are documented and monitored internally.

Environmental measures
The Group is fully committed to reducing its carbon emissions and play its part in the fight to combat climate change and is registered for ESOS ("Energy Saving Opportunities Scheme"). The 'Switch Off' initiative encourages employees at Tes to shut down their computers and switch off their monitors on a daily basis. The Group has an automatic 'Lights Off' function across all Tes floors at Red Lion Square and St Pauls' Place, inclusive of an intelligent lighting system for its meeting rooms. The Group has installed spectrally selective window film across specific glass areas of high solar gain, so as to effectively reduce energy consumption. The Group recycles wastepaper and cardboard on a weekly basis and has recycling bins on each floor for plastic bottles and aluminium cans. The Group's occupied area has an automatic out of hours shut-off for both air conditioning and heating, so as to reduce energy consumption. The Group prints all its publications on Programme for the Endorsement of Forest Certification accredited paper. The Group uses biodegradable film for all of its products.

Streamlined energy and carbon reporting ("SECR")

The Group's SECR disclosure presents the carbon footprint across scopes 1 and 2, together with an appropriate intensity metric and our total energy use of electricity, gas and biomass. We have followed the 2018 UK Government environmental reporting guidance. In preparing the figures below we have used the 2020 UK Government GHG Conversion Factors for Company Reporting and the 2020 UK Government Conversion Factors.

	Unit	UK based Year ended 31 August 2023	UK based 7m period ended 31 August 2022
Energy consumption used to calculate emissions:			
Gas	kWh	6,921	8,294
Electricity	kWh	143,382	160,245
Transport fuel	kWh	196,587	94,614
Total	kWh	346,890	263,152
Emissions from combustion of gas kg CO2e (Scope 1)	kg CO2e	1,263	1,525
Emissions from combustion of fuel for transport purpose kg CO2e (Scope 1)	kg CO2e	44,690	21,429
Emissions from purchased electricity kg CO2e (Scope 2 location-based)	kg CO2e	29,388	37,359
Total gross kg CO2e based on above	kg CO2e	75,341	60,313
Intensity ratio			
Total full time employees (FTE)		481	536
Total kg CO2e per employee		157	113
Total UK revenue £'000	£'000	93,844	110,457
Total kg CO2e per £'000 of revenue		0.8028	0.5460

Streamlined energy and carbon reporting ("SECR") (continued)

See narrative surrounding the energy efficiency action taken in the year within 'Environmental measures' above.

Principal risks and uncertainties

The principal risks and uncertainties, including financial risks, facing the business are set out in the Strategic Report.

Research and development

In the period ended 31 August 2023, the Group spent £5,259k on research and development (7m period ended 31 August 2022 £2,371k), of this £2,848k was development spend which has been capitalised as part of the software and software development additions in the year, see note 14 (7m period ended 31 August 2022 £1,267k). Key projects in the period included the continued development of the staff management product (£827k), digital content evolution (£285k) and Tes Develop content (£210k) (7m period ended 31 August 2022: Key projects in the period included the build of the new staff management product (£280k), evolution to digital magazine (£155k) and Tes Develop content (£132k)).

Future developments

The Group continues in it's pursuit of organic revenue growth through the acquisition of new customers and the cross-sale of its services to existing schools. Learning Pathways was launched in Australia in September 2023.

Directors' and Officers' indemnity

The Group maintains qualifying third-party liability insurance for its Directors and Officers across the Group and had this in place throughout the year and up to the date of signing the financial statements.

Going concern

The directors confirm that having reviewed the Group's cash requirements for the next 12 months from the date of signing the financial statements, they have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as and when they fall due for the foreseeable future, which includes consideration of the Group's net current liabilities position at the year end. The directors have considered their current cash flow projections, financing costs of the term loan and availability of the revolving and acquisition credit facilities. Having due regard to these factors the directors have adopted the going concern basis in preparing these financial statements.

The Group entered into two new incremental term loan facilities in the year, totalling £35,000k. In addition, a second interest rate hedging instrument was entered into in January 2023, which caps the base rate of interest (SONIA) for £100,000k of the term loan at 4.02%. The Group has now hedged £300,000k of the loan balance, totalling £400,000k, which has reduced the exposure of the Group to interest rate increases experienced throughout 2023.

The uncertainty as to the future impact on the Group of the ongoing cost of living crisis in the UK has been considered as part of the Group's adoption of the going concern basis. The most significant impact for the Group comes from inflationary pressures both on Group costs, predominantly staff costs, and also on school budgets. In addition, interest rate increases in reaction to inflationary pressures are an additional factor. The Group has responded to market salary pressures with specific pay review awards and performance related incentives for all staff in the business. Schools continue to value the suite of products available and as retention continues to hold up well. As documented previously, the Group has taken measures to minimise that impact the interest rate volatility could have on the Groups performance by entering into specific interest rate hedging arrangements. After making enquires and considering the above factors, the directors have reasonable expectation that the Group has adequate resources to continue in operational existence. Furthermore, the directors do not believe that there is a scenario that would result in the Group reaching a point where it may breach its existing financial covenants. Accordingly, the Group and company continues to adopt the going concern basis in preparing its financial statements.

Going concern (continued)
After making enquires and considering the above factors, the directors have reasonable expectation that the Group has adequate resources to continue in operational existence. Furthermore, the directors do not believe that there is a scenario that would result in the Group reaching a point where it may breach its existing financial covenants. Accordingly, the Group and company continues to adopt the going concern basis in preparing its financial statements.

Events after the reporting year

After the reporting date on 31 August 2023, there were no events of special significance which may have a material effect on the financial position and performance of the Group.

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards. The directors have chosen to prepare the parent company 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 the parent company 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.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' report (continued)

Directors' confirmations

In the case of each Director in office at the date of the Directors' Report is approved:

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

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditor

Following the Company's incorporation Deloitte LLP were appointed as the Company's auditor. The auditor will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 30 November 2023 and signed on its behalf by:

Mr P Simpson
Director

Independent auditor's report to the members of Caribou Bidco Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Caribou Bidco Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2023 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 34.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the members of Caribou Bidco Limited (continued)

Report on the audit of the financial statements (continued)

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the directors 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 for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities including those that are specific to the business sector.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

Independent auditor's report to the members of Caribou Bidco Limited (continued)

Report on the audit of the financial statements (continued)

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, and relevant pensions and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the UK Bribery Act, the Data Protection Act and UK employment and health and safety law.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Revenue recognition – release of consolidated deferred income. IFRS 3 requires the group to revalue deferred income downwards to fair value as defined by IFRS 3 and subsequently reduce the value of disclosed consolidated revenue. This is a judgemental and manual exercise on large, aggregated figures increasing the risk of error or fraud. In response to this risk, we assessed the processes and relevant controls around this risk and tested management's fair value assessment, performed alongside management's subject matter expert. We assessed the capability of management's subject matter expert. We also then tested management's release of the adjustment calculated against the underlying deferred revenue recognised.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report to the members of Caribou Bidco Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

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

- adequate accounting records have not been kept 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 respect of these matters.

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

Matthew Hughes

Matthew Hughes BSc (Hons) ACA

(Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

30 November 2023

Caribou Bidco Limited

Registered number 13472680

Consolidated income statement

For the period ended 31 August 2023

	Note	12 month period ended 31st August 2023 £000	*7 month period ended 31st August 2022 restated (note 34) £000*
Revenue	3,4	**117,277**	*41,936*
Cost of sales		**(7,634)**	*(3,490)*
Gross profit	3	**109,643**	*38,446*
Other income	3	**267**	*261*
Administrative expenses		**(95,503)**	*(58,722)*
Impairment of intangible assets	2	**(1,373)**	*(3,500)*
Operating profit / (loss)	2	**13,034**	*(23,515)*
Finance income	9	**172**	*17*
Finance costs	9	**(33,140)**	*(7,899)*
Loss before taxation		**(19,934)**	*(31,397)*
Income tax credit	10	**2,358**	*3,038*
Loss for the period		**(17,576)**	*(28,359)*
Consolidated statement of comprehensive income			
Loss attributable to:			
- The owners of Caribou Bidco Limited		**(17,576)**	*(27,923)*
- Non-controlling interest	28	**-**	*(436)*
Total comprehensive expense		**(17,576)**	*(28,359)*

All amounts relate to continuing operations.

The notes on pages 31 to 85 are an integral part of these consolidated financial statements.

Caribou Bidco Limited

Registered number 13472680

Consolidated statement of financial position

As at 31 August 2023

	Note	2023 £000	*2022 £000*
Assets			
Non-current assets			
Property plant and equipment	12	**1,366**	*1,430*
Right of use assets	13	**4,340**	*2,502*
Intangible assets	14	**808,215**	*800,988*
Investments	15	-	-
Deferred tax asset	18	-	*1,343*
		813,921	*806,263*
Current assets			
Trade and other receivables	16	**27,818**	*22,222*
Derivative financial asset	16	**12,946**	*9,369*
Deferred tax asset	18	-	*222*
Cash and cash equivalents	17	**4,321**	*8,131*
		45,085	*39,944*
Total assets		**859,006**	*846,207*
Equity and liabilities			
Current liabilities			
Borrowings	20	**18,000**	*17,000*
Trade and other payables	21	**64,112**	*52,938*
Provisions	22	**5,850**	*15,233*
Lease liabilities	23	**1,329**	*1,083*
		89,291	*86,254*
Net current liabilities		**(44,206)**	**(46,310)**
Non-current liabilities			
Borrowings	20	**389,910**	*355,257*
Lease liabilities	23	**3,099**	*1,759*
Deferred income tax liabilities	18	**136,096**	*144,740*
Provisions	22	**7,037**	*9,446*
		536,142	*511,202*
Net assets		**233,573**	*248,751*

Consolidated statement of financial position (continued)

As at 31 August 2023

	Note	2023 £000	*2022 £000*
Capital and reserves			
Share capital	19	**2,754**	*2,754*
Share premium	19	**272,640**	*272,640*
Accumulated losses		**(41,821)**	*(26,643)*
Total equity		**233,573**	*248,751*

The notes on pages 31 to 85 are an integral part of these consolidated financial statements.

The financial statements on 23 to 85 were authorised for issue by the board of directors on 30 November 2023 and were signed on its behalf by:

Mr P Simpson
Director

Consolidated statement of changes in equity for the period ended 31 August 2023

	Share capital	Share premium	Accumulated losses	Non-controlling interest	Total equity
	£000	£000	£000	£000	£000
At 1 September 2022	**2,754**	**272,640**	**(26,643)**	**-**	**248,751**
Comprehensive expense for the year					
Loss for the year	-	-	(17,576)	-	(17,576)
Total comprehensive expense for the year	**-**	**-**	**(17,576)**	**-**	**(17,576)**
Share based payment (note 11)	-	-	2,398	-	2,398
At 31 August 2023	**2,754**	**272,640**	**(41,821)**	**-**	**233,573**

	Share capital	Share premium	Accumulated losses	Non-controlling interest	Total equity
	£000	£000	£000	£000	£000
At incorporation at 22 November 2021	**-**	**-**	**-**	**-**	**-**
Share issue on the acquisition of Tes Topco Limited	2,754	272,640	-	-	275,394
Non-controlling interest on acquisition	-	-	-	436	436
Loss for the period	-	-	(27,923)	(436)	(28,359)
Total comprehensive expense for the period	**-**	**-**	**(27,923)**	**(436)**	**(28,359)**
Share based payment (note 11)	-	-	1,280	-	1,280
At 31 August 2022	**2,754**	**272,640**	**(26,643)**	**-**	**248,751**

The notes on pages 31 to 85 are an integral part of these consolidated financial statements.

Caribou Bidco Limited

Registered number 13472680

Company statement of financial position

As at 31 August 2023

	Note	2023 £000	*2022 £000*
Assets			
Non-current assets			
Investments	15	**430,002**	*427,604*
Trade and other receivables	16	**225,933**	*223,119*
		655,935	*650,723*
Current assets			
Derivative financial asset	16	**12,946**	*9,369*
		12,946	*9,369*
Total assets		**668,881**	*660,092*
Equity and liabilities			
Current liabilities			
Borrowings	20	**18,000**	*17,000*
Trade and other payables	21	**11,981**	*10,924*
Provisions	22	**718**	-
		30,699	*27,924*
Non-current liabilities			
Borrowings	20	**389,910**	*355,257*
Provisions	22	**7,037**	*8,071*
		396,947	*363,328*
Net current liabilities		**(17,753)**	*(18,555)*
Net assets		**241,235**	*268,840*
Equity attributable to owners of the company			
Share capital	19	**2,754**	*2,754*
Share premium	19	**272,640**	*272,640*
Accumulated reserves		**(34,159)**	*(6,554)*
Total equity		**241,235**	*268,840*

Company statement of financial position (continued)

As at 31 August 2023

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company income statement.

The comprehensive expense for the Company for the period was £30,003k (2022: £7,834k).

The notes on pages 31 to 85 are an integral part of these financial statements.

The financial statements on pages 23 to 85 were authorised for issue by the board of directors on 30 November 2023 and were signed on its behalf by:

Mr P Simpson
Director

Company statement of changes in equity for the period ended 31 August 2023

	Share capital £000	Share premium £000	Accumulated losses £000	Total equity £000
At 1 September 2022	**2,754**	**272,640**	**(6,554)**	**268,840**
Comprehensive expense for the year				
Loss for the year	-	-	(30,003)	(30,003)
Total comprehensive expense for the year	**-**	**-**	**(30,003)**	**(30,003)**
Share based payment (note 11)	-	-	2,398	2,398
At 31 August 2023	**2,754**	**272,640**	**(34,159)**	**241,235**

	Share capital £000	Share premium £000	Accumulated losses £000	Total equity £000
At incorporation at 23 June 2021	**-**	**-**	**-**	**-**
Share issue on the acquisition of Tes Topco Limited	2,754	272,640	-	275,394
Loss for the year	-	-	(7,834)	(7,834)
Total comprehensive expense for the year	**-**	**-**	**(7,834)**	**(7,834)**
Share based payment (note 11)	-	-	1,280	1,280
At 31 August 2022	**2,754**	**272,640**	**(6,554)**	**268,840**

The notes on pages 31 to 85 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the period ended 31 August 2023

	Note	2023	2022
		£000	£000
Cash flows from operating activities			
Cash generated from operations	25	**39,033**	*14,053*
Income tax paid		**(4,106)**	*(2,627)*
Net cash generated from operating activities		**34,927**	*11,426*
Cash flows used in investing activities			
Purchase of property, plant and equipment	12	**(923)**	*(216)*
Disposal of property, plant and equipment	12	**-**	*3*
Intangible asset additions	14	**(2,848)**	*(2,730)*
Interest received	9	**172**	*17*
Cash paid for acquisitions, net of cash acquired	30	**(34,270)**	*(42,399)*
Cash paid for the acquisition of Tes Topco Limited, net of cash acquired		**-**	*(383,783)*
Net cash used in investing activities		**(37,869)**	*(429,108)*
Cash flows from financing activities			
Proceeds from the issue of Term Loan	26	**35,000**	*340,000*
Term loan financing expenses		**(1,050)**	*(9,821)*
Settlement of Tes Topco Limited indebtedness on acquisition		**-**	*(208,384)*
Proceeds from loans and borrowings	26	**37,500**	*59,000*
Repayment of loans and borrowings	26	**(36,500)**	*(17,000)*
Proceeds from the issue of shares		**-**	*275,305*
Interest paid	26	**(36,732)**	*(12,197)*
Proceeds from interest hedging		**2,265**	*-*
Payment of lease liabilities	26	**(1,351)**	*(1,090)*
Net cash generated from financing activities		**(868)**	*425,813*
Net increase in cash and cash equivalents		**(3,810)**	*8,131*
Cash and cash equivalents at start of the period		**8,131**	*-*
Cash and cash equivalents at end of the period	17	**4,321**	*8,131*

The notes on pages 31 to 85 are an integral part of these consolidated financial statements.

Notes to the financial statements for the period ended 31 August 2023

1 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all periods presented, unless otherwise stated.

1.1 Basis of preparation

The consolidated and single entity financial statements of Caribou Bidco Limited have been prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006, as applicable to companies reporting under IFRS. Caribou Bidco Limited is a private company limited by shares incorporated in the United Kingdom and domiciled in England and Wales. The consolidated financial statements have been prepared under the historical cost convention as modified by financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.32. Amounts are rounded to the nearest thousands and are suffixed with a "k", "m" or "millions" in certain disclosure paragraphs, unless otherwise stated.

The Company has not generated any cash movements, nor does it carry any cash or cash equivalents at the year end. Therefore, a cash flow statement for the Company has not been provided.

The Company was incorporated on 23 June 2021 and acquired the Tes Topco Limited group on 2 February 2022. The results presented in these consolidated financial statements represent the trade for the period from incorporation to 31 August 2023. This is predominantly trading activity from 2 February 2022.

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

Where required, equivalent disclosures are given in the consolidated financial statements.

1.2 Going concern

The directors confirm that having reviewed the Group's cash requirements for the next 12 months from the date of signing the financial statements, they have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as and when they fall due for the foreseeable future, which includes consideration of the Group's net current liabilities position at the year end. The directors have considered their current cash flow projections, financing costs of the term loan and availability of the revolving and acquisition credit facilities. Having due regard to these factors the directors have adopted the going concern basis in preparing these financial statements.

The uncertainty as to the future impact on the Group of the ongoing cost of living crisis in the UK has been considered as part of the Group's adoption of the going concern basis. The most significant impact for the Group comes from inflationary pressures both on Group costs, predominantly staff costs, and also on school budgets. In addition, interest rate increases in reaction to inflationary pressures are an additional factor. The Group has responded to market salary pressures with specific pay review awards and performance related incentives for all staff in the business. Schools continue to value the suite of products available and as retention continues to hold up well. The Group have an interest rate swap in place fixing SONIA at 2% for £200m of the £340m facility, reducing exposure to higher rates. Post year end the Group has also committed to an interest rate cap for £100m of the remaining facility for capping SONIA at 4.5%. All of these factors have been considered when performed detailed downside sensitivity and stress tests on the Group's base forecasts.

Notes to the financial statements for the period ended 31 August 2023 (continued)

1 Significant accounting policies (continued)

1.2 Going concern (continued)

After making enquires and considering the above factors, the directors have reasonable expectation that the Group has adequate resources to continue in operational existence. Furthermore, the directors do not believe that there is a scenario that would result in the Group reaching a point where it may breach its existing financial covenants. Accordingly, the Group and company continues to adopt the going concern basis in preparing its financial statements.

1.3 New accounting standards adopted by the Group

There were no new accounting standards adopted for the reporting year commencing 1 September 2022.

The following new accounting standard and interpretations have been published that are not mandatory for reporting periods ending 31 August 2023 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

- IFRS 17 *Insurance Contracts*
- IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*
- Amendments to IFRS 3 *Reference to the Conceptual Framework*
- Amendments to IAS 16 *Property, Plant and Equipment—Proceeds before Intended Use*
- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to IFRS Standards 2018 – 2020 *Cycle Amendments to IFRS 1First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*

1.5 Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the sum of the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in an acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Where control changes any excess in fair value over consideration may result in recognition of a gain on previously held equity interest. Changes in the non-controlling interest, which do not result in a change in control, are accounted for as equity transactions.

Inter-company transactions and balances between Group companies are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Notes to the financial statements for the period ended 31 August 2023 (continued)

1 Significant accounting policies (continued)

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use.

Group assets are depreciated over their expected useful lives less estimated residual value, based on original cost, rather than acquired fair values. The principal rates, using the straight-line basis, are as follows:

Category	Rates of Depreciation
Computer equipment	25% per annum
Furniture and office equipment	20% to 25% per annum

Assets in the course of construction are transferred into an asset category at the point of completion of construction. As assets are transferred upon completion there is no depreciation charged against this category of asset.

1.7 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating units.

Customer relationships

Customer relationships acquired as part of a business combination are shown at fair value at the date of acquisition and subsequently less accumulated amortisation. Identifiable intangible assets are those which can be sold separately, or which arise from legal rights. Amortisation is charged to the income statement for the financial year using the straight-line method over their estimated useful lives.

Trade names

Trade names acquired as part of a business combination are shown at fair value at the date of acquisition and subsequently less accumulated amortisation. Identifiable intangible assets are those which can be sold separately, or which arise from legal rights. Amortisation is charged to the income statement for the financial year using the straight-line method over their estimated useful lives.

Internally developed software cost

The Group capitalises expenditure that is directly attributable to the development of the intangible asset which is amortised on a straight-line basis over 2 to 5 years from the point the asset is available for use. The assets are valued at cost less accumulated amortisation, except those identifiable intangible assets acquired as part of a business combination which are shown at fair value at the date of acquisition, and subsequently less accumulated amortisation.

Notes to the financial statements for the period ended 31 August 2023 (continued)

1 Significant accounting policies (continued)

1.7 Intangible assets (continued)

Category	Estimated Useful Lives
Customer relationships	Straight line over periods ranging from 7 to 16 years
Software and software development	2 to 5 years
Trade name and customer relationships	Straight line over 25 years
Technology assets	Straight line over 5 years

The development cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

Assets in the course of construction are transferred into an asset category at the point of completion of construction. As assets are transferred upon completion there is no depreciation charged against this category of asset.

1.8 Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and is recognised immediately as an expense. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Group tests annually whether goodwill has suffered any impairment. Any impairment is recognised immediately as an expense and is not subsequently reversed. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, except where fair value less cost to sell is more representative of the maturities and growth stages of the business.

1.9 Financial assets

1.9.1 Classification

Financial assets include trade receivables, derivative financial assets and cash and cash equivalents. Management determines the classification of its financial assets at initial recognition.

Trade receivables and cash and cash equivalents

Trade receivables and cash and cash equivalents are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting year. These are classified as non-current assets. The Group's financial assets comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Notes to the financial statements for the period ended 31 August 2023 (continued)

1 Significant accounting policies (continued)

1.9 Financial assets (continued)

1.9.2 Recognition and measurement

Financial assets are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method less provision for impairment except in the case of derivative financial assets, which are subsequently recognised at fair value. The Group holds only one level 2 financial instrument, The Group uses third party subject matter experts to advise the Company as to the appropriate valuation of its derivative financial instruments. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The valuation technique is based upon expectations of future cash flows based on forward interest rates (from observable interest rates at the end of the reporting period), discounted at a rate that reflects the credit risk of various counterparties.

1.10 Financial liabilities

1.10.1 Classification

Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss for the financial year.

1.10.2 Recognition and measurement

The Group's financial liabilities at fair value through profit or loss comprise 'put/call options on non-controlling interest'. All other financial liabilities are recognised at fair value, net of transaction costs incurred, and subsequently carried at amortised cost using the effective interest method.

1.10.3 Term loan

The term loan was recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, net of any transaction costs incurred. Borrowings are classified as current liabilities to the extent that amounts fall due within 12 months of the balance sheet date, otherwise amounts are held as non-current liabilities. Interest is recognised in the consolidated income statement over the period of the borrowing.

1.11 Put/call options

The call options give the Group a contractual right to purchase the equity instruments owned by non-controlling interests which gives rise to a financial liability for the present value of the redemption amount. The financial liability is recognised initially at the present value of the redemption amount with the corresponding debit recognised directly in equity. Subsequent fair value re-measurements of the liability at future balance sheet dates have been taken to the income statement.

1.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, current balances and other short-term highly liquid investments with banks and similar institutions.

1.13 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Appropriate provisions for impairment are recognised as per note 1.9. When a trade receivable is uncollectable, it is written off. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

Notes to the financial statements for the period ended 31 August 2023 (continued)

1 Significant accounting policies (continued)

1.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.15 Non-recurring and separately reported items

Items which are material either because of their size or their nature, and which are non-recurring, are presented within their relevant income statement category, but disclosed separately in note 2 to the financial statements. Such items include costs related to acquisitions, restructuring and transactions of the business. The additional information provided in Note 2 of these non-recurring items helps to provide a better understanding of the Group's financial statements.

1.16 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the financial statements for the period ended 31 August 2023 (continued)

1 Significant accounting policies (continued)

1.17 IFRS 15 Revenue from contracts with customers

In recognising revenue under IFRS 15, the Group have followed the five step model and considered identification of the contract with a customer, identification of performance obligation of each contract, transaction price, allocation of transaction price to performance obligation and recognition of revenue at the point the performance obligation has been satisfied.

1.18 Revenue recognition

Revenue comprises the fair value of the consideration receivable by the Group for the sale of goods and services in the ordinary course of its business. Revenue is shown net of value added tax, returns and trade discounts. Revenue is recognised depending on the nature of the good or service supplied, as follows:

- Transactional advertising revenue is generated from recruitment adverts placed outside of a recruitment subscription. Revenue is recognised over the period in which the advert is live;
- Advertising and software subscription revenue raised under a subscription contract is recognised on a straight line basis over the period that the subscription runs;
- Magazine subscription revenues are recognised on a straight line basis over the period in which the subscription runs. Refunds from circulation returns are debited to revenue;
- Permanent recruitment revenue is recognised when the service to the customer has been fulfilled;
- Premium resources revenue is recognised depending on the service provided. One off sales are recognised immediately, while subscription revenue is recognised on a straight line basis over the period that the subscription runs;
- Events and summit income are recognised on a straight line basis over the period when the event or summit occurs. Amounts received in advance of an event or summit are deferred until the period when the event or summit occurs;
- Training revenue is recognised on a straight line basis over the period of delivery of a training course; and
- Other advertising (display) revenues are recognised in line with the performance of the service related to each element of the package.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

Notes to the financial statements for the period ended 31 August 2023 (continued)

1 Significant accounting policies (continued)

1.19 Cost of sales
Cost of sales includes print and paper costs, distribution costs, premium resources author royalties and any other costs associated directly with the revenue generating activities of the Group.

1.20 Staff Costs

Staff costs comprise salary, employment related taxes, pension costs, commission and bonus. Staff costs are included in administrative expenses.

1.21 Finance costs
Finance costs are accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

1.22 Investments in subsidiary undertakings
Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment. Cost is defined as the fair value of the consideration transferred, excluding acquisition related costs.

1.23 Segmental analysis
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors has been identified as the chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments.

1.24 Functional currency
The functional currency is pounds sterling, and the financial statements are presented in pounds sterling, which the directors consider is the appropriate presentational currency of the Group.

Transactions in currencies other than the functional currency of the Group are recorded at the rates of exchange prevailing on the dates of the transactions.

At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Gains or losses arising on retranslation of monetary items are included in net profit or loss for the year.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

The Group's results, financial position and cash flows are translated into the presentational currency as follows:
- equity items other than net profit at the rate of transaction;
- assets and liabilities at the closing rate;
- income, expenses and cash flows at the average exchange rate; and
- resulting exchange differences are included in equity.

Notes to the financial statements for the period ended 31 August 2023 (continued)

1 Significant accounting policies (continued)

1.25 Group as lessee

The Group assess whether a contract contains a lease at inception of a contract. For all lease agreements with a contractual length exceeding 12 months, a right of use asset is recognised and a corresponding lease liability. The Group recognises lease payments as an operating expense on a straight line basis over the lease term.

The right of use asset is recognised as a non-current asset, with the lease liability presented separately as liability. The liability is recognised as current to the extent of payments due within 12 month of the balance sheet date, anything due thereafter is recognised as a non-current liability (note 23).

The lease liability is initially measured at the present value of the lease payments, discounted at a rate implicit in the lease, where this cannot be readily determined, the incremental borrowing rate is applied.

Lease payments comprise:
- fixed lease payments, less lease incentives; and
- onerous lease provision releases.

The lease liability is subsequently measured by increasing the carrying value to reflect interest on the lease liability and reducing carrying value in line with lease payments made. Interest is charged using the effective interest method.

The Group re-measures the lease liability and a corresponding adjustment to the right of use asset, when a change in lease term arises, as such the lease liability is re-measured by discounting the revised lease payments at a revised discounting rate.

The right of use asset comprises the initial measurement of the corresponding lease liability made at or before the commencement date, plus any directly attributable costs. The assets are subequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the shorter of the period of the lease term and the useful life of the asset. Depreciation is charged at commencement of the lease.

Right of use assets are subject to impairment reviews in line with the Group's impairment policy (see 1.8).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement, the Group has not applied this practical expedient.

1.26 IFRS 9 Expected credit loss

The Group has applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The current and forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables are also considered. The Group have assessed that no material adjustment to provisions is required to reflect the lifetime expected loss.

Notes to the financial statements for the period ended 31 August 2023 (continued)

1 Significant accounting policies (continued)

1.27 Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease. Otherwise, it is classified as a finance lease.

If the sublease is classified as a finance lease, the original lessee derecognises the right-of-use asset on the head lease at the sublease commencement date and continues to account for the original lease liability in accordance with the lessee accounting policy (see 1.25). The original lessee, as the sublessor, recognises a net investment in the sublease and evaluates for impairment regularly by applying the derecognition and impairment requirements in IFRS 9 Financial Instruments.

The lessor shall use the interest rate implicit in the lease to measure the net investment in the lease. In the case of a sublease, if the interest rate implicit in the sublease cannot be readily determined, an intermediate lessor may use the discount rate used for the head lease, adjusted for any initial direct costs associated with the sublease, to measure the net investment in the sublease.

The difference between the right-of-use asset and net investment in the sublease is recognised in the profit or loss. During the term of the sublease, the intermediate lessor recognises both finance income on the sublease and interest expense on the head lease.

If the sublease is classified as an operating lease, the intermediate lessor continues to recognise the right-of-use asset and lease liability in accordance with the lessee accounting policy (see 1.25). Revenue from the sublease is recognised over the term of the sublease.

1.28 Pensions

The Group operates a defined contribution Group Personal Pension Plan, which receives fixed contributions. The Group's legal or constructive obligation for this plan is limited to the contributions. Pension contributions are charged to the income statement as incurred. These contributions are invested separately from the Group's assets.

1.29 Share based payments

At acquisition of the Tes Topco Limited group on 2 February 2022, senior management were given the opportunity to acquire shares in the Group. These shares cannot be traded and must be sold back to the Group in the scenario that employment ceases. The shares are redeemable only upon a future sale of the Group.

Such schemes are recognised as an employee benefits expense, with a corresponding increase in equity over the period in which the benefits are expected to be incurred. The total amount to be expensed is determined by reference to the fair value of the options granted, based on the terminal value of the Group.

At the end of each period, the Group revises its estimates of the period to which the benefit relates and recognises the impact of changes to the original estimate, if any, in profit or loss, with a corresponding adjustment to equity.

Notes to the financial statements for the period ended 31 August 2023 (continued)

1 Significant accounting policies (continued)

1.30 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.31 Alternative performance measures

The Group uses alternative performance measures ("APMs"), which are not defined or specified under IFRS. These APMs, which are not considered to be a substitute for IFRS measures, provide additional helpful information. APMs are consistent with how the business performance is planned and assessed internally by Management, the Board and the Banks and provide comparable information across the Group.

Adjusted EBITDA

Adjusted EBITDA is operating profit before depreciation, amortisation, impairment, non-recurring items and the impact of IFRS 16. Adjusted EBITDA is used to assess the performance of the Group.

Pro-forma Adjusted EBITDA

Pro-forma Adjusted EBITDA is Adjusted EBITDA, as defined above, with the benefit of the full year impact of acquisitions made.

A reconciliation of statutory operating profit to the various EBITDA measures is provided below:

Notes to the financial statements for the period ended 31 August 2023 (continued)

1 Significant accounting policies (continued)

1.31 Alternative performance measures (continued)

	2023 £'000	2022 Restated £'000
Operating profit/(loss)	**13,034**	**(23,515)**
Depreciation and amortisation (note 2)	33,363	17,528
Impairment (note 2)	1,373	3,500
EBITDA	**47,770**	**(2,487)**
Non-recurring and separately reported costs (note 2)	14,406	16,501
Central costs incurred [1]	-	(150)
Deferred revenue on consolidation release[3]	9,705	22,229
Exclusion of benefit of IFRS16 accounting[4]	(910)	(1,441)
Management FY22 adjusted EBITDA	**70,971**	**34,652**
Pro-forma adjustment for Tes Topco Limited acquisition by Onex:		
Tes Topco pre-acquisition (1 Sep 2021 – 1 Feb 2022) [2]	-	24,378
Management FY21 adjusted EBITDA	**70,971**	**59,030**
Pro-forma adjustments for FY22 Group acquisitions:		
Orovia (1 September 2021 – 29 April 2022) [2]	-	1,832
Standards Tracker (1 September 2021 – 15 April 2022) [2]	-	210
The Safeguarding Company (1 September 2022 – 5 March 2023) [2]	927	-
TeachStarter (1 September 2022 – 21 February 2023) [2]	194	-
Pro-forma Management Adjusted EBITDA	**72,092**	**61,072**

Net debt

Net debt comprises cash and cash equivalents and bank loan facilities payable, excluding amortised debt cost. Net debt excludes lease liabilities to remain consistent with Management Adjusted EBITDA, therefore, references to Net Debt exclude lease liabilities unless otherwise stated. Net debt is a good indicator of the strength of the Group's balance sheet position and is used by the Group's providers of financing.

	2023 **£000**	*2022* *£000*
Senior loan facility	(340,000)	*(340,000)*
Incremental loan facility	(35,000)	-
Acquisition credit facility	(25,000)	*(25,000)*
Revolving credit facility	(18,000)	*(17,000)*
Total borrowings	**(418,000)**	*(382,000)*
Less: cash	4,321	*8,131*
Net debt	**(413,679)**	*(373,869)*

Notes to the financial statements for the period ended 31 August 2023 (continued)

1 Significant accounting policies (continued)

1.32 Critical accounting estimates and judgements

The preparation of the Group's lowest consolidated financial statements in accordance with IFRS requires decisions and estimates for some items, which might have an effect on their recognition and measurement in the balance sheet and income statement. The actual amounts realised may differ from these estimates.

Key accounting judgements comprise:

Impairment of goodwill and intangible assets
Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Following acquisition, the Group engages external advisors to support with purchase price allocation calculations supporting intangible asset valuations. This valuation exercise was undertaken following the acquisition of Teach Starter in February 2023 and following the March 2023 acquisition of The Safeguarding Company. The Group tests annually whether goodwill and intangible assets have suffered any impairment, in accordance with the Group's accounting policy. In determining the recoverable amount of all CGUs, it is necessary to make a series of assumptions to estimate the present value of future cash flows. In each case, these key assumptions have been made by management reflecting past experience and future expectations.

The main critical accounting judgement is the weighted average cost of capital (WACC) rate used. Various inputs into the calculation of an appropriate WACC rate are judgemental and based on data sources for market information, which vary depending on the source used, potential changing the WACC rate. Small changes in WACC can result in large changes to the present value of forecast future cashflows.

Key sources of estimation uncertainty are summarised as follows:

Impairment of intangibles
Determining whether intangible assets are impaired requires an estimation of the value-in-use of the cash-generating units to which these assets have been allocated and that of the fair value less cost sell of the asset, with the higher of the two taken in order to determine impairment. The value-in-use calculation requires estimation of future cash flows expected to arise for the cash-generating unit, such as the estimation of short and long-term growth rates. The fair value less cost to sell calculation requires estimation of market conditions determining sale values. As determining such assumptions under both calculations is inherently uncertain and subject to future factors, there is the potential these may differ in subsequent periods and therefore materially change the conclusions reached. In light of this, consideration is made each year as to whether sensitivity disclosures are required for reasonably possible changes to assumptions. Due to the fact that there is uncertainty in future cash flows, this is a key source of estimation uncertainty.

Deferred consideration of Orovia Group Limited
In respect of the acquisition of Orovia Group Limited the Company is required to pay to the previous owners of Orovia Group Limited additional earn-out payment based on post sale results in tranches up to June 2024. To date, £9.1m has been paid and a further £2.8m agreed.

In order to determine the year end liability of the deferred element of consideration, management has considered the amount payable, based on known post sale performance and forecast results for the earn-out period. This forecast is subject to significant estimates involved in calculating the future forecast revenue growth rate for the earn-out period, dependent on the future performance of Orovia, the potential future earn-out and cash outflow for the Group is between £11.9m and £29.0m.

Notes to the financial statements for the period ended 31 August 2023 (continued)

1 Significant accounting policies (continued)

1.32 Critical accounting estimates and judgements (continued)

Acquisition accounting – The Safeguarding Company Limited and Teachstarter PTY Limited
Determining the fair value of intangibles on acquisition requires estimation of future cash flows expected to arise for each of the identified cash-generating units, the selection of suitable discount rates and the estimation of short and long-term growth rates. As determining such assumptions is inherently uncertain and subject to future factors, there is the potential these may differ in subsequent periods and therefore materially change the conclusions reached. The Group uses subject matter experts to advise the Group's accounting in such areas where appropriate. Due to the fact that there is uncertainty in future cash flows, which may lead to impairment in future periods if the calculations or forecast cash flows were inappropriate, this is a key source of estimation uncertainty.

Deferred revenue on consolidation
Determining the fair value of deferred revenue on acquisition requires estimation of the future revenue expected to arise in future periods, for contracts existing and paid for, at the date of completion, adjusted for the cost to deliver such contracts. This also includes estimation of the cost of service to the Group of acquiring deferred revenue representing the fair value of ongoing contracts acquired. The Group uses subject matter experts to advise the Group's accounting in such areas where appropriate. Subsequent release unwind of this adjustment is based on management's estimates of the timing of recognition.

The directors are of the view that there are no other critical accounting judgements or key sources of estimation uncertainty affecting these financial statements.

2 Operating profit/(loss)

	12 month period ended 31st August 2023	*7 month period ended 31st August 2022 Restated (note 34)*
	£000	*£000*
Depreciation and amortisation		
Depreciation of tangible fixed assets (note 12)	**724**	*733*
Depreciation of right of use assets (note 13)	**870**	*694*
Amortisation of intangible assets (note 14)	**31,769**	*16,100*
	33,363	*17,528*
IFRS 3 fair value accounting		
Release of deferred revenue acquired on consolidation (note 4)	**9,705**	*22,229*
Impairment		
Impairment of investments (note 15)	**1,001**	-
Impairment of intangible assets (note 14)	**372**	*3,500*
Other operating expenses		
Foreign exchange gain	**(305)**	*(791)*
Loss on sale of tangible assets (note 12)	**612**	*2*
Research and development	**2,411**	*1,104*
	47,159	*43,572*

Notes to the financial statements for the period ended 31 August 2023 (continued)

2 Operating profit/(loss) (continued)

	12 month period ended 31st August 2023 £000	*7 month period ended 31st August 2022 Restated (note 34) £000*
Separately reported costs		
M&A and disposal costs	**8,436**	*11,910*
Restructuring costs	**1,519**	*1,969*
Management incentive plan (note 11)	**2,398**	*1,280*
One-off cost of living payment	**-**	*1,113*
Minority interest credit (note 28)	**-**	*(436)*
Other separately reported costs	**2,053**	*665*
Total non-recurring and separately reported costs	**14,406**	*16,501*

The Group incurs some costs which in the view of the Directors, are worthy of separate disclosure in this note to better explain the performance of the Group in the year. These costs are aligned with the Group's loan reporting requirements in reporting the adjusted EBITDA of the Group.

The Group incurred mergers and acquisitions related costs in the year of £8,436k (2022: £11,910k), comprising third party advisory fees incurred in respect of completed, potential and aborted acquisitions and disposals in the period.

Non-recurring restructuring costs incurred in the year of £1,519k (2022: £1,969k) comprise business restructuring costs, including changes in senior management and redundancies, including fees associated with this.

The management share-based scheme was reviewed in order to assess its fair value at the period end, this resulted in a cost of £2,398k (2022: £1,280k) (note 11).

A one-off cost of living award of £nil (2022: £1,113k) was paid as a result of cost of living concerns in the UK.

Other separately reported costs of £2,053k (2022: £655k) includes £50k of onerous property costs (service charges and rates costs for buildings not in use) (2022: £52k), £180k of Onex Management fees (2022: £67k) and £1,769k (2022: £603k) of one-off transformational costs.

Notes to the financial statements for the period ended 31 August 2023 (continued)

3 Segmental analysis

The Group has adopted the provisions as set out under IFRS 8.

Tes is a global digital education technology business, providing a range of services to schools and teachers through a number of different market-facing brands. measures revenue generation under the following categories: Staff Management (recruitment services and well-being tools), Pupil and Learning Management (classroom and learning plans and timetabling tools), Safeguarding (safeguarding, duty of care training and compliance services), Tes Institute (teacher training and professional studies) and business to consumer ("B2C") & Other (marketplace, magazine and events).

The Tes Group also has centralised services that have not been split out by CGU, therefore, allocation does not represent assets and liabilities per segment.

Group segmental analysis:

	Note	**12 month period ended 31st August 2023 £000**	*7 month period ended 31st August 2022 Restated (note 34) £000*
Group			
Staff management		**74,225**	*28,839*
Pupil and learning management		**25,816**	*4,770*
Safeguarding		**3,810**	*839*
Tes Institute		**7,517**	*4,061*
B2C and other		**5,909**	*3,427*
Total revenue	4	**117,277**	*41,936*
Staff management		**72,703**	*28,772*
Pupil and learning management		**26,042**	*4,722*
Safeguarding		**3,754**	*806*
Tes Institute		**4,734**	*2,498*
B2C and other		**2,410**	*1,648*
Total gross margin		**109,643**	*38,446*
Other income		**267**	*261*
Staff costs	6	**(34,077)**	*(16,220)*
Other administrative costs		**(61,426)**	*(42,502)*
Impairment charges	14,15	**(1,373)**	*(3,500)*
Total administrative expenses		**(96,876)**	*(62,222)*
Operating profit / (loss)		**13,034**	*(23,515)*

Notes to the financial statements for the period ended 31 August 2023 (continued)

3 Segmental analysis (continued)

Group segmental analysis (continued):

	Note	12 month period ended 31st August 2023 £000	*7 month period ended 31st August 2022 Restated (note 34) £000*
Group			
Separately reported costs (1)	2	**14,406**	*16,501*
Fair value on consolidated deferred revenue (2)	4	**9,705**	*22,229*
Group central costs (3)		**-**	*(150)*
Pro-forma adjustment for acquired subsidiaries (4)		**1,121**	*2,042*
Pro-forma adjustment for Group result pre-acquisition (4)		**-**	*24,378*
Reverse impact of IFRS 16 accounting (5)		**(910)**	*(1,441)*
Total adjusted EBITDA		**72,092**	*61,072*

Net revenue and adjusted EBITDA are the key segmental performance measures used by the Group in assessing performance for loan covenant reporting purposes, the Group present results on a 12 month (full year) basis and therefore, adjusted EBITDA is presented on this basis. The reconciliation of non-GAAP adjusted EBITDA to IFRS statutory loss for the year is shown on page 5.

(1) Represents costs considered to be non-recurring, these costs are detailed in Note 2

(2) For management reporting purposes, revenue is based on sales generated and therefore adjustments in respect of IFRS 3 are not included in management reports

(3) Costs related to debt service are not included in EBITDA, these include legal fees incurred as they are not directly attributable to the trade of the Group

(4) For the purpose of covenant reporting on a 12 month basis, pre-acquisition results are permitted to be adjusted for in reporting adjusted EBITDA

(5) Adjusted EBITDA is reported on the basis of incurring rental operating expense and therefore, for reporting adjusted EBITDA, the impact of IFRS 16 is reversed, to eliminate the benefit of removing replacing operating cost with interest and depreciation

Other income includes £204k of income generated from the recharge of ancillary services to sub-lessors of RLS, including service charges, insurance and utilities. In additional income from a transitional services agreement entered into with Supply upon disposal of the business, generated income of £57k.

Notes to the financial statements for the period ended 31 August 2023 (continued)

4 Revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over a specified contract length and at a point in time, across the reporting segments:

12 month period ended 31 August 2023	Revenue generated £000	Fair value release £000	Reported revenue £000
Staff management	76,984	(2,759)	**74,225**
Pupil and learning management	29,302	(3,486)	**25,816**
Safeguarding	6,056	(2,246)	**3,810**
Tes Institute	7,517	-	**7,517**
B2C and other	7,123	(1,214)	**5,909**
	126,982	**(9,705)**	**117,277**

7 month period ended 31 August 2022	Revenue generated £000	Fair value release £000	Reported revenue £000
Staff management	38,864	(10,025)	**28,839**
Pupil and learning management	14,714	(9,944)	**4,770**
Safeguarding	3,099	(2,260)	**839**
Tes Institute	4,061	-	**4,061**
B2C and other	3,427	-	**3,427**
	64,165	**(22,229)**	**41,936**

Year ended 31 August 2023	Over a specified contract £000	At a point in time £000	Total £000
Staff management	72,430	1,795	**74,225**
Pupil and learning management	25,125	691	**25,816**
Safeguarding	3,644	166	**3,810**
Tes Institute	7,517	-	**7,517**
B2C and other	1,242	4,667	**5,909**
	109,958	**7,319**	**117,277**

Notes to the financial statements for the period ended 31 August 2023 (continued)

4 Revenue from contracts with customers (continued)

7 month period ended 31 August 2022	Over a specified contract £000	At a point in time £000	Total £000
Staff management	28,244	595	**28,839**
Pupil and learning management	4,322	448	**4,770**
Safeguarding	834	5	**839**
Tes Institute	4,061	-	**4,061**
B2C and other	978	2,449	**3,427**
	38,439	**3,497**	**41,936**

The Group has subsidiaries domiciled in England, Wales (United Kingdom), Australia and India. Group revenue is generated worldwide and presented below is a split by customer location:

	12 month period ended 31st August 2023	*7 month period ended 31st August 2022*
	£000	*£000*
United Kingdom	**93,844**	*32,120*
Europe	**3,279**	*1,846*
Australia	**9,062**	*4,319*
Rest of the world	**11,092**	*3,651*
	117,277	*41,936*

The Group has recognised the following contract liabilities related to customers with contracts:

Year ended 31 August 2023	Book value liability £000	Fair value adjustment b/fwd £000	Fair value adjustment on acquisition £000	Fair value release £000	Fair value at 31 August 2023 £000
Staff management	16,332	(2,709)	-	2,759	**16,382**
Pupil and learning management	15,600	(3,618)	-	3,486	**15,468**
Safeguarding	3,871	(423)	(2,323)	2,246	**3,371**
Tes Institute	1,310	-	-	-	**1,310**
Other	2,284	-	(1,852)	1,214	**1,646**
Contract liability	**39,397**	**(6,750)**	**(4,175)**	**9,705**	**38,177**

Notes to the financial statements for the period 31 August 2023 (continued)

4 Revenue from contracts with customers (continued)

The Group has recognised the following contract liabilities related to customers with contracts:

	Book value liability	Fair value adjustment on acquisition	Fair value release	Fair value at 31 August 2022
Period ended 31 August 2022	**£000**	**£000**	**£000**	**£000**
Staff management	13,396	(12,734)	10,025	**10,687**
Pupil and learning management	15,285	(13,562)	9,944	**11,667**
Safeguarding	1,946	(2,683)	2,260	**1,523**
Tes Institute	1,561	-	-	**1,561**
Other	468	-	-	**468**
Contract liability	**32,656**	**(28,979)**	**22,229**	**25,906**

5 Auditor's remuneration

During the year the Group obtained the following services from the Company's auditor:

	12 month period ended 31st August 2023 £000	*7 month period ended 31st August 2022 £000*
Group		
Fees payable to the Company's auditor for the audit of Group financial statements	**490**	*364*
Fees payable to the Company's auditor for other services:		
- Taxation services	**212**	*260*
	702	*624*

Of the audit fees payable to the Company's auditor, £475k (7 month period ended 31 August 2022: £353k) was for the audit of the Company's subsidiaries.

Notes to the financial statements for the period ended 31 August 2023 (continued)

6 Employee benefit expense

	12 month period ended 31st August 2023 £000	*7 month period ended 31st August 2022 £000*
Wages and salaries	**32,007**	*16,320*
Social security costs	**3,142**	*1,713*
Other pension costs	**1,776**	*917*
Capitalised staff costs	**(2,848)**	*(2,730)*
	34,077	*16,220*

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

	12 month period ended 31st August 2023 £000	*7 month period ended 31st August 2022 £000*
Editorial	**24**	*24*
Sales and marketing	**203**	*263*
Product	**25**	*26*
Technology	**158**	*105*
Operations	**52**	*53*
Administration	**179**	*65*
	641	*536*

The Company had 2 employees for the period ended 31 August 2023 (7 month period ended 31 August 2022: 2), being the Directors. See note 7.

7 Directors' remuneration

	12 month period ended 31st August 2023 £000	*7 month period ended 31st August 2022 £000*
Group		
Short term employee benefits	**1,165**	*664*
	1,165	*664*

Directors are considered the only key management individuals and therefore no separate disclosure of key management remuneration is required.

The above disclosure relates to the emoluments of R Williams and P Simpson, who are remunerated by the Company.

Notes to the financial statements for the period ended 31 August 2023 (continued)

7 Directors' remuneration (continued)

	12 month period ended 31st August 2023 £000	*7 month period ended 31st August 2022 £000*
Highest paid director:		
Total emoluments	**725**	*412*
	725	*412*

The above emoluments include £nil (2022: £nil) of termination benefits.

Following the acquisition of Tes Topco Limited in February 2022, both Directors received preference shares and ordinary A and B shares in Caribou Jersey (Topco) Limited, the Jersey incorporated Parent Company of the Caribou Bidco Limited Group.

8 Pension

The Group operates a defined contribution scheme in the form of a Group Personal Pension Plan for its employees. The assets of the Plan are held separately from those of the Group in an independently administered fund. The Group pays a fixed percentage contribution for each employee who is a member of the Group Personal Pension Plan. Contributions payable by the Group to the fund in respect of the period ended 31 August 2023 amounted to £1,776k (2022: £835k). Of this amount, £182k was accrued at 31 August 2023 (2022: £160k).

9 Finance income and finance costs

	12 month period ended 31st August 2023	*7 month period ended 31st August 2022 Restated (note 34)*
Group	**£000**	*£000*
Finance costs		
Term loan	**36,259**	*15,698*
Gain on derivatives	**(3,577)**	*(9,369)*
Receivable in respect of hedging arrangements	**(2,265)**	-
RCF loan	**999**	*466*
Amortisation of loan issue costs	**703**	*641*
Lease interest	**261**	*73*
Non-utilisation fees	**376**	*334*
Swap fees	**383**	-
Other bank interest	**1**	*56*
Total finance costs	**33,140**	*7,899*

Notes to the financial statements for the period ended 31 August 2023 (continued)

9 Finance income and finance costs (continued)

	12 month period ended 31st August 2023	*7 month period ended 31st August 2022 Restated (note 34)*
Finance income		
Interest income on cash at bank	**(172)**	*(17)*
Total finance income	**(172)**	*(17)*
Net finance costs	**32,968**	*7,882*

10 Income tax credit

	12 month period ended 31st August 2023 £000	*7 month period ended 31st August 2022 £000*
Group		
Current tax:		
Current tax on profits for the year	**5,086**	*2,773*
Adjustments in respect of prior periods	**653**	-
Total current tax charge	**5,739**	*2,773*
Deferred income tax		
Origination and reversal of temporary differences	**(8,097)**	*(5,811)*
Effect of change in UK rate of corporation tax	-	-
Total deferred income tax credit	**(8,097)**	*(5,811)*
Income tax credit	**(2,358)**	*(3,038)*

Notes to the financial statements for the period ended 31 August 2023 (continued)

10 Income tax credit (continued)

Factors affecting current tax charge for the year

The blended rate of UK corporation tax was 21.5% throughout the year ending 31 August 2023 (2022: 19%).

The tax credit in the income statement differs from the blended rate of corporation tax in the UK of 21.5% (2022: 19%). A reconciliation of the tax charge for the period to the loss for the period multiplied by the applicable UK tax rate is shown below:

	12 month period ended 31st August 2023 £000	*7 month period ended 31st August 2022 £000*
Loss before tax	**(19,934)**	*(31,397)*
Profit before tax multiplied by blended rate of corporation tax in the UK of 21.5% (7 month period ended 31st August 2022: 19%)	**(4,286)**	*(5,965)*
Effects of:		
Permanent differences arising in respect of fixed assets	**46**	*17*
Expenses not deductible for tax purposes	**821**	*(1)*
Separately reported costs	**1,668**	*2,715*
Unrecognised losses	**125**	*(43)*
Impact of corporation tax rate change	**(50)**	*537*
Differences in overseas tax rates	**(128)**	*(298)*
Adjustments in respect of prior year	**(554)**	-
Total tax charge for the year	**(2,358)**	*(3,038)*

There is no tax effect on items presented within other comprehensive income.

In the UK, the Finance Act 2021 contained provisions for the increase in the UK corporation tax rate to 25% with effect from 1 April 2023. This change in rate was substantively enacted on 24 May 2021. The effective UK current tax rate for the year ended 31 August 2023 is 21.5%. Deferred tax has been provided in the UK at 25% and in Australia at 30%.

Notes to the financial statements for the period ended 31 August 2023 (continued)

11 Share based payments

On 28 February 2023, Group issued to management 554,032 B shares for £244k. A further 98,255 were issued on 31 August 2023 for £344k. During the course of the year, 71,633 shares were forfeited, these shares were purchased by management as part of the August 2023 issue. Given the proximity to the initial issue, the assessment of share price for the subsequent issue was in line with the initial issue. These shares can be sold only upon cessation of employment, at cost, or on sale of the business. These shares fall under the definition of share based payments and are accounted for under the requirements of IFRS 2.

The fair value of the shares have been calculated using the Monte Carlo model. The inputs to the model and fair value charge are:

	2023	*2022*
	£000	*£000*
Fair value per share on issue	**£24.00 - £25.00**	*£19.70*
Price paid	**£2.75 - £3.50**	*£1.29*
Dividend yield	**0%**	*0%*
Forecast maturity	**December 2026**	*December 2026*
Volatility	**57.0%**	*57.5%*
Fair value of share	**£4,590,000**	*£11,478,895*
Shares brought forward	**582,685**	*554,032*
Granted in year	**187,154**	*28,653*
Forfeited in year	**(71,633)**	*-*
Shares carried forward	**698,206**	*582,685*

The total share-based payment cost charged to the income statement was £2,398k (2022: £1,280k).

Notes to the financial statements for the period ended 31 August 2023 (continued)

12 Property, plant and equipment

	Computer equipment	Furniture and office equipment	Leasehold improvements	Total
Group	**£000**	**£000**	**£000**	**£000**
Cost				
At 1 September 2022	**334**	**1,663**	**160**	**2,157**
Additions	45	878	-	923
Acquired on acquisition of The Safeguarding Company	60	51	-	111
Acquired on acquisition of TeachStarter	-	238	-	238
Disposals	(5)	(1,243)	-	(1,248)
Reclassification	-	160	(160)	-
At 31 August 2023	**434**	**1,747**	**-**	**2,181**
Accumulated depreciation				
At 1 September 2022	**150**	**577**	**-**	**727**
Charge for the period	137	587	-	724
Disposals	(2)	(634)	-	(636)
At 31 August 2023	**285**	**530**	**-**	**815**
Net book value				
At 31 August 2023	**149**	**1,217**	**-**	**1,366**
At 31 August 2022	184	1,086	160	1,430

Depreciation expense of £724k (2022: £733k) has been charged to administrative expenses in the consolidated income statement.

Company

The Company had no property, plant and equipment during the periods under review.

Notes to the financial statements for the period ended 31 August 2023 (continued)

12 Property, plant and equipment (continued)

	Computer equipment	Furniture and office equipment	Leasehold improvements	Total
Group	**£000**	**£000**	**£000**	**£000**
Cost				
At incorporation 22 November 2021	-	-	-	-
Acquired on acquisition of Tes Topco	269	1,666	-	1,935
Acquired on acquisition of Orovia	12	2	-	14
Acquired on acquisition of Standards Tracker	1	-	-	1
Additions	55	1	160	216
Disposals	(3)	(6)	-	(9)
At 31 August 2022	**334**	**1,663**	**160**	**2,157**
Accumulated depreciation				
At incorporation 22 November 2021	-	-	-	-
Charge for the period	152	581	-	733
Eliminated on disposal	(2)	(4)	-	(6)
At 31 August 2022	**150**	**577**	**-**	**727**
Net book value				
At 31 August 2022	**184**	**1,086**	**160**	**1,430**
At 23 June 2021	-	-	-	-

Notes to the financial statements for the period ended 31 August 2023 (continued)

13 Right of use assets

Amounts recognised in the balance sheet

This note provides information for leases where the Group is a lessee:

Group	Property leases £000	Total £000
Cost		
At 1 September 2022	**3,196**	**3,196**
Additions	2,768	2,768
Disposals	(559)	(559)
Lease modification	(60)	(60)
At 31 August 2023	**5,345**	**5,345**
Accumulated depreciation		
At 1 September 2022	**(694)**	**(694)**
Charge for the year	(870)	(870)
Disposals	559	559
At 31 August 2023	**(1,005)**	**(1,005)**
Net book value		
At 31 August 2023	**4,340**	**4,340**
At 31 August 2022	2,502	2,502

IFRS 16 *Leases* was adopted from incorporation of the Group. Right of use assets relate to property leases held by the Group. The interest charge on the lease liabilities of £261k (7 month period ended 31 August 2022: £73k) has been included in finance costs (note 9) and the depreciation charge of £870k (7 month period ended 31 August 2022: £694k) in the year is included within administrative expenses (note 2).

Amounts recognised in the income statement

	12 month period ended 31st August 2023 £000	*7 month period ended 31st August 2022 £000*
Depreciation charge (note 2)	**870**	*694*
Interest expense (note 9)	**261**	*73*
	1,131	*767*

Notes to the financial statements for the period ended 31 August 2023 (continued)

14 Intangible assets

Group	Goodwill £000	Software and development £000	Trade name £000	Customer relationships £000	Technology assets £000	Assets under construction £000	Total £000
Cost							
At 1 September 2022	**224,644**	**1,970**	**550,037**	**1,155**	**42,022**	**760**	**820,588**
On acquisition of The Safeguarding Company	**18,427**	**-**	**3,020**	**1,065**	**3,801**	**-**	**26,313**
On acquisition of TeachStarter	**8,730**	**-**	**786**	**305**	**1,216**	**-**	**11,037**
Additions	**(830)**	**-**	**-**	**-**	**-**	**2,848**	**2,018**
Reclassification	**-**	**2,659**	**-**	**-**	**-**	**(2,659)**	**-**
At 31 August 2023	**250,971**	**4,629**	**553,843**	**2,525**	**47,039**	**949**	**859,956**
Accumulated amortisation							
At 1 September 2022	**-**	**82**	**16,175**	**105**	**3,238**	**-**	**19,600**
Charge for the year	-	2,229	21,998	66	7,476	-	31,769
Impairment	-	372	-	-	-	-	372
At 31 August 2023	**-**	**2,683**	**38,173**	**171**	**10,714**	**-**	**51,741**
Net book value							
At 31 August 2023	**250,971**	**1,946**	**515,670**	**2,354**	**36,325**	**949**	**808,215**
At 31 August 2022	224,644	1,888	533,862	1,050	38,784	760	800,988

Notes to the financial statements for the period ended 31 August 2023 (continued)

14 Intangible assets (continued)

Group	Goodwill £000	Software and develop-ment £000	Trade name £000	Customer relation-ships £000	Tech-nology assets £000	Assets under con-struction £000	Total £000
Cost							
At incorporation 23 June 2021	-	-	-	-	-	-	-
On acquisition of Tes Topco Limited	192,798	-	545,450	-	17,870	-	756,118
On acquisition of Orovia	31,846	-	4,587	1,155	24,152	-	61,740
Additions	-	1,970	-	-	-	760	2,730
At 31 August 2022	224,644	1,970	550,037	1,155	42,022	760	820,588
Accumulated amortisation							
At incorporation 23 June 2021	-	-	-	-	-	-	-
Charge for the year	-	82	12,675	105	3,238	-	16,100
Impairment	-	-	3,500	-	-	-	3,500
At 31 August 2022	-	82	16,175	105	3,238	-	19,600
Net book value							
At 31 August 2022	224,644	1,888	533,862	1,050	38,784	760	800,988
At 21 June 2021	-	-	-	-	-	-	-

Assets under construction of £949k as at 31 August 2023 (2022: £760k), relate to ongoing software development projects, which are not yet ready for their intended use and as such are not being amortised.

The Group continues to research new products to take to market. The total research and development expenses in the year have been capitalised in line with IAS 38.

Management perform an annual impairment review for any intangible asset which is considered to have an indefinite life. This review compares the carrying amount of goodwill, intangible assets and other directly attributable assets and liabilities in the cash generating unit ('CGU') with their recoverable amounts. The recoverable amount of the Tes group has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period, using a pre-tax discount factor of 11.2% and terminal growth increase of 3%.

An impairment review was undertaken by the Directors at the period end and there was considered to be no impairment required.

14 Intangible assets (continued)

The carrying value of goodwill by relevant CGU is shown below:

Goodwill	**2023**	*2022*
	£000	*£000*
Cash Generating Unit		
Tes Global	**187,870**	*187,870*
Orovia Group Limited	**31,016**	*31,846*
Tes Institute	-	-
Tes Australia	**4,928**	*4,928*
TeachStarter	**8,730**	-
The Safeguarding Company	**18,427**	-
	250,971	*224,644*

Sensitivity analysis
The estimate of recoverable value is particularly sensitive to growth rate, discount rate and delays to operating cash flows. Applying 1% across the various assumptions is considered to be reasonable by management due to the impact the change in rate has on the overall numbers. The table below shows the impact of reasonably possible changes in these assumptions and their impact on the recoverable value as stated above:

Goodwill	**Headroom on NPV**	**Long term growth rate**		**Discount rate**		**Operating cash flow**	
		+1%	*-1%*	**+1%**	*-1%*	**+5%**	*-5%*
Cash Generating Unit							
Tes Global	**191,284**	**92,237**	*(72,186)*	**(93,967)**	*120,171*	**44,712**	*(44,712)*
Orovia Group Limited	**36,255**	**10,399**	*(8,139)*	**(10,533)**	*13,485*	**5,006**	*(5,006)*
Tes Institute	**8,259**	**1,189**	*(1,424)*	**(1,854)**	*2,371*	**856**	*(856)*
Tes Australia	**15,816**	**2,664**	*(2,764)*	**(3,417)**	*3,516*	**1,458**	*(1,458)*
TeachStarter	**4,157**	**1,468**	*(1,166)*	**(1,504)**	*1,905*	**784**	*(784)*
The Safeguarding Company	**8,956**	**3,848**	*(3,011)*	**(3,904)**	*4,996*	**1,896**	*(1,896)*

The calculations use cash flow projections based on financial budgets approved by management covering the next financial period. These are based on its expectations of prices, volumes and margins obtained from current products and services. Cash flows after this period have been extrapolated using estimated growth rates based on growth initiatives and/or existing projections. Discount rates have been calculated for each CGU and are considered to reflect the risks specific to the asset as well as the time value of money. Managements key assumptions are based on their past experience and future expectations of the market over the longer term. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to sales and associated costs.

Company
The Company had no intangible assets during the year under review.

Notes to the financial statements for the period ended 31 August 2023 (continued)

15 Investments

	Investments in subsidiary companies
Group	**£000**
Cost	
At 1 September 2022	**-**
Additions	1,001
Impairment	(1,001)
At 31 August 2023	**-**
Net book value	
At 31 August 2023	**-**
At 31 August 2022	-

The Group acquired 37% of the share capital of Tranquiliti on 26 October 2022 for £1,001k. The acquired business did not generate any revenue in the period post acquisition and therefore the Group made the decision to withdraw from future investment and the carrying value of the investment was impaired in full.

15 Investments (continued)

	Investments in subsidiary companies
Company	**£000**
Cost	
At 1 September 2022	**427,604**
Additions	2,398
At 31 August 2023	**430,002**
Net book value	
At 31 August 2023	**430,002**
At 31 August 2022	427,604

	Investments in subsidiary companies
Company	**£000**
Cost	
At incorporation 23 June 2021	-
Acquisition of Tes Topco	426,324
Additions	1,280
At 31 August 2022	**427,604**
Net book value	
At 31 August 2022	**427,604**
At 23 June 2021	-

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid, less any impairment.

In the Company, investments represent investment in Tes Topco Limited of £426,324k (2022: £426,324k) and management incentives in the Group of £3,678k (2022: £1,280k). The Directors believe that the carrying value of the investments is supported by their underlying net assets and therefore no impairment of the assets is required.

Notes to the financial statements for the period ended 31 August 2023 (continued)

15 Investments (continued)

At 31 August 2023 the Company held the equity of the following subsidiary undertakings:

Subsidiaries

Name of undertaking and country of incorporation	Nature of business	Description of shares and proportion of nominal value of that class held
Tes Topco Limited (UK) *	Holding company	Ordinary shares of £0.10 each (100% held)
Tes Midco Limited (UK) *	Holding company	Ordinary shares of £0.10 each (100% held)
Tes Global Finance Limited (UK)	Holding company	Ordinary shares of £0.10 each (100% held)
Tes Acquisition Limited (UK)	Holding company	Ordinary shares of £0.10 each (100% held)
Tes Finance Limited (UK)	Holding company	Ordinary shares of £1 each (100% held)
TSL Education SPV 2 Limited (UK)	Holding company	Ordinary shares of £1 each (100% held)
Tes Global Limited (UK)	Advertising services	Ordinary shares of £1 each (100% held)
TSL Education Limited (UK)	Dormant	Ordinary shares of £1 each (100% held)
Tes Education Resources Limited (UK)	Information provider	Ordinary shares of £1 each (100% held)
TSL Education US Holdings Limited (UK)	Holding company	Ordinary shares of £1 each (100% held)
TSL Education US, Inc (USA)	Holding company	Common stock of US $0.01 each (100% held)
Tangient, LLC (USA)	Software company	Membership capital (100% held)
Tes Aus Global Pty Limited (Australia)	Information provider	Ordinary shares of Aus $1 each (100% held)
Tes Institute Limited (UK)	Training provider	Ordinary shares of £1 each (100% held)
Smart Education (Australia) Pty Limited (Australia)	Recruitment agency	Ordinary shares of Aus $1 each (100% held)

Notes to the financial statements for the period ended 31 August 2023 (continued)

15 Investments (continued)

Name of undertaking and country of incorporation	Nature of business	Description of shares and proportion of nominal value of that class held
Edukey Education Limited (UK)	Software company	Ordinary shares of £1 each (100% held)
Educare Learning Ltd (UK)	Software company	Ordinary shares of £1 each (100% held)
Tes Global Services Limited (UK)	Administrative services	Ordinary shares of £1 each (100% held)
Tes Global Group Limited (UK)	Holding company	Ordinary shares of £1 each (100% held)
Tes Global Holdings Limited (UK)	Holding company	Ordinary shares of £1 each (100% held)
Tes Global Hong Kong Limited (HK)	Information provider	Ordinary shares of HK $1 each (100% held)
Edval Timetables Pty Limited (Australia)	Holding company	Ordinary shares of Aus $1 each (100% held)
Edval Holdings Pty Limited (Australia)	Holding company	Ordinary shares of Aus $1 each (100% held)
Edval Education Pty Limited (Australia)	Software company	Ordinary shares of Aus $1 each (100% held)
Edval Education Limited (UK)	Software company	Ordinary shares of £1 each (100% held)
School Cloud Systems Ltd	Software company	Ordinary shares of £1 each (100% held)
Orovia Group Limited	Software company	Ordinary shares of £1 each (100% held)
Orovia Research Limited	Dormant company	Ordinary shares of £1 each (100% held)
Orovia Software Limited	Dormant company	Ordinary shares of £1 each (100% held)
Orovia Software Private Limited	Software company	Ordinary shares of £1 each (100% held)
Rootdoor Limited	Dormant company	Ordinary shares of £1 each (100% held)
The Safeguarding Company Limited	Software company	Ordinary shares of £1 each (100% held)

Notes to the financial statements for the period ended 31 August 2023 (continued)

15 Investments (continued)

Name of undertaking and country of incorporation	Nature of business	Description of shares and proportion of nominal value of that class held
One Team Property Limited	Property company	Ordinary shares of £1 each (100% held)
The Safeguarding Company Inc	Software Company	Ordinary shares of USD $1 each (100% held)
Buzz Education Pty Ltd	Holding Company	Ordinary shares of Aus $1 each (100% held)
Inspired Classroom Pty Limited	Software Company	Ordinary shares of Aus $1 each (100% held)
Teach Starter Publishing Pty Limited	Software Company	Ordinary shares of Aus $1 each (100% held)
Teach Starter IP Pty Limited	Holding Company	Ordinary shares of Aus $1 each (100% held)
Teach Starter Pty Limited	Software Company	Ordinary shares of Aus $1 each (100% held)
Teach Starter Inc	Software Company	Ordinary shares of USD $1 each (100% held)

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Company do not differ from the proportion of shares held.

* denotes subsidiaries held directly by the Company.

Notes to the financial statements for the period ended 31 August 2023 (continued)

15 Investments (continued)

All companies have a registered office of 3 St Pauls Place, Sheffield, England, S1 2JE with the exception of the following:

Company	Registered office
TSL Education US, Inc (USA)	National Registered Agents Inc, 160 Greentree Drive, Suite 101, Dover, Delaware 19904, USA
Tangient, LLC (USA)	National Registered Agents Inc, 818 West Seventh Street, Suite 930, Los Angeles, CA90017, USA
TES Aus Global Pty Limited (AUS)	250 Bay Street, Brighton, Vic, 3186, Australia
Smart Education (Australia) Pty Limited (AUS)	Level 18, 530 Collins Street, Melbourne VIC 300, Business - Level 3, 127 Creak Street, Brisbane, Australia
Tes Global Hong Kong Limited (HK)	18/F Edinburgh Tower, The Landmark, 15 Queens Road, Central, Hong Kong
Edval Holdings Pty Limited (AUS)	ABN: 19 622 420 802 | ASIC Record Suite 2, 83-97 Kippax St SURRY HILLS NSW 2010
Edval Education Pty Limited (AUS)	ABN: 19 622 420 802 | ASIC Record Suite 2, 83-97 Kippax St SURRY HILLS NSW 2010
Orovia Software Private Limited	No.286/48, 3rd Floor, 8th Main, 11th Cross, Wilson Garden, Bangalore 560 027.

Notes to the financial statements for the period ended 31 August 2023 (continued)

16 Trade, other receivables and derivative financial assets

Group	2023 £000	2022 £000
Current assets		
Trade receivables	13,471	11,193
Less: provision for impairment	(177)	(188)
Net trade receivables	13,294	11,005
Prepayments	4,234	2,432
Other receivables	9,937	7,359
Corporation tax	-	778
Net investment in sub-lease	-	631
Amounts due from Group companies (note 29)	353	17
Total current trade and other receivables	27,818	22,222

Group & Company	2023 £000	2022 £000
Fair value of derivative instrument	12,946	9,369
Total current derivative assets	12,946	9,369

The derivative financial instrument held is an interest rate swap, which swaps the Group's exposure to SONIA on its term loan to a fixed rate. This is a level 2 financial instrument. Valuation techniques are described in the Group's accounting policies.

Company	2023 £000	2022 £000
Amounts due from Group companies	225,933	223,119
Total non-current trade and other receivables	225,933	223,119

The Group had no non-current trade and other receivables in the period under review.

Amounts owed by Group undertakings are unsecured, repayable on demand and bear interest at a rate of 7% (2022: 5%) per annum.

Notes to the financial statements for the period ended 31 August 2023 (continued)

16 Trade, other receivables and derivative financial assets (continued)

The carrying amounts of the Group's receivables are denominated in the following currencies:

Group	2023 £000	2022 £000
UK pounds	26,372	21,863
Australian dollars	1,446	359
	27,818	22,222

Company	2023 £000	2022 £000
UK pounds	225,933	223,119
Australian dollars	-	-
	225,933	223,119

Movements on the Group's provision for impairment of trade receivables are as follows:

Group	2023 £000	2022 £000
At start of the period	188	-
On acquisition of Tes Topco	-	192
Receivables written off during the period as uncollectable	(11)	(4)
At end of the period	177	188

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the consolidated income statement. Amounts charged to the allowance account are generally written off where there is no expectation of recovery of additional cash. Prepayments and other receivables do not contain impaired assets.

The ageing analysis of these trade receivables is as follows:

	2023 £000	2022 £000
Current (up to 30 days)	10,743	6,307
Up to 3 months past due	760	4,459
More than 3 months past due	1,791	239
	13,294	11,005

In determining the recoverability of a trade receivable, the Group considers the ageing of each receivable and any change in circumstances of the individual customer. The Directors believe that there is no further provision required in excess of the allowance for doubtful debts.

Notes to the financial statements for the period ended 31 August 2023 (continued)

16 Trade, other receivables and derivative financial assets (continued)

The creation and release of a provision for impaired receivables have been included in administrative expenses in the income statement. Amounts are written off when there is no expectation of recovering cash.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which use a lifetime loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the historical credit losses experienced. The current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables are also considered. The Group have assessed that there is no material adjustment to provisions required, to reflect the lifetime expected loss.

The maximum exposure to credit risk at the end of the year is the fair value of trade and other receivables. The Directors estimate that the carrying value of receivables is an approximation of their fair value.

The Group write off bad debts at the point there is a high degree of certainty that an amount cannot be recovered. This is reviewed and assessed periodically throughout the financial year.

17 Cash and cash equivalents

Group	2023 £000	*2022* *£000*
Cash at bank and in hand	4,321	*8,131*
	4,321	*8,131*

Company

The Company had no cash and cash equivalents during the year under review.

18 Deferred income tax balance

Group	2023 £000	*2022* *£000*
Deferred tax asset to be recovered after more than 12 months	-	*(1,343)*
Deferred tax asset to be recovered within 12 months	-	*(222)*
Deferred tax liability to reverse after more than 12 months	136,096	*144,740*
Deferred tax liability	136,096	*143,175*

Notes to the financial statements for the period ended 31 August 2023 (continued)

18 Deferred income tax balance (continued)

The gross movement on the deferred income tax account is as follows:

	2023 £000	*2022 £000*
At start of the period	**143,175**	-
Deferred tax on acquisition of Tes Topco Limited	**-**	*141,436*
Deferred tax on acquisition of Orovia Group Limited	**(830)**	*7,550*
Deferred tax on acquisition of TeachStarter	**456**	-
Deferred tax on acquisition of The Safeguarding Company	**1,259**	-
Difference in foreign exchange	**133**	-
Income statement credit	**(8,097)**	*(5,811)*
At end of the period	**136,096**	*143,175*

Group	Decelerated capital allowances £000	Other temporary differences £000	Hedging instrument £000	Contract liabilities £000	Intangible assets £000	Total £000
As at 1 September 2022	(2,430)	(1,476)	2,342	1,794	142,945	**143,175**
Deferred tax on acquisition of The Safeguarding Company	(13)	(1,201)	-	517	1,956	**1,259**
Deferred tax on acquisition of TeachStarter	1	(198)	-	(37)	690	**456**
Deferred tax on acquisition of Orovia Group Ltd	(830)	-	-	-	-	**(830)**
Income statement	(13)	(65)	869	(2,436)	(6,452)	**(8,097)**
Difference in foreign exchange	-	133	-	-	-	**133**
At 31 August 2023	**(3,285)**	**(2,807)**	**3,211**	**(162)**	**139,139**	**136,096**

Group	Decelerated capital allowances £000	Other temporary differences £000	Hedging instrument £000	Contract liabilities £000	Intangible assets £000	Total £000
At incorporation 23 June 2021	-	-	-	-	-	-
Deferred tax on acquisition of Tes Topco Ltd	(2,724)	(1,412)	-	6,022	139,550	**141,436**
Deferred tax on acquisition of Orovia Group Ltd	-	-	-	228	7,322	**7,550**
Income statement charge / (credit)	294	(64)	2,342	(4,456)	(3,927)	**(5,811)**
At 31 August 2022	**(2,430)**	**(1,476)**	**2,342**	**1,794**	**142,945**	**143,175**

Notes to the financial statements for the period ended 31 August 2023 (continued)

18 Deferred income tax balance (continued)

Deferred tax assets have been recognised only to the extent that the directors consider it probable that future taxable profit will be available against which the assets can be utilised.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply when the asset is realised, or the liability is settled, and which have been enacted or substantively enacted by the balance sheet date.

A change in the main UK corporation tax rate, announced in the March 2021 budget, increasing the main rate of corporation tax from 19% to 25%, with effect from 1 April 2023. The Finance Act 2021 contains the provisions for the increase in rate to 25% and was substantively enacted on 24 May 2021. Accordingly deferred tax has been provided at either 19% or 25% depending on when the deferred tax liability/asset is expected to crystallise.

The Group has no unrecognised deferred tax assets or liabilities.

19 Share capital and share premium

		No of shares	Share capital	Share premium	Total
			£000	£000	£000
Group and Company					
At 31 August 2023	A ordinary shares of 1p each	**275,394,014**	**2,754**	**272,640**	**275,394**
At 31 August 2022	A ordinary shares of 1p each	*275,394,014*	*2,754*	*272,640*	*275,394*

All ordinary shares rank pari passu in respect of voting rights, dividends and other distributions.

20 Borrowings

	2023	*2022*
Group and company	**£000**	*£000*
Non-current		
Term loan	**340,000**	*340,000*
Incremental loan	**35,000**	-
Acquisition facility	**25,000**	*25,000*
Capitalised issue costs	**(10,090)**	*(9,743)*
	389,910	*355,257*
Current		
Revolving facility	**18,000**	*17,000*
	18,000	*17,000*
	407,910	*372,257*

Term Loan
A term loan of £340,000k was provided on 2 February 2022 with a termination date of 1 February 2029.

Incremental Loan

Incremental loans of £10,000k and £25,000k were provided in February 2023 and March 2023 respectively to aid with the acquisitions of TeachStarter and The Safeguarding Company. The loan has a termination date of 1 February 2029 in line with the Term Loan.

Acquisition facility

On 2 February 2022, the Company, together with other members of the Group, entered into the Senior Facilities Agreement, which provides for £52,000k of committed financing. As at 31 August 2023, there was £25,000k acquisition facility drawn.

Revolving facility

On 2 February 2022, the Company, together with other members of the Group, entered into the Senior Facilities Agreement, which provides for £26,000k of committed financing. As at 31 August 2023, there was £18,000k RCF drawn.

Capitalised issue costs
Costs incurred in issuing the term loan, ACF and incremental facilities totalled £10,901k. The costs are capitalised and allocated to the income statement over the terms of the related debt facility. At the year end, borrowings are stated net of unamortised issue costs of £10,090k.

All of the above facilities are recognised at amortised cost.

Notes to the financial statements for the period ended 31 August 2023 (continued)

20 Borrowings (continued)

The exposure of the Group's borrowings to interest payments is as follows:

	2023	2022
	£000	£000
6 months or less	22,504	14,551
6-12 months	22,503	14,522
1-5 years	179,835	116,141
5+ years	18,697	40,853
	243,539	186,067

	2023	2022
Group and Company	£000	£000
Term loan	340,000	340,000
Incremental loan	35,000	-
Unamortised loan issue fees	(10,090)	(9,743)
Acquisition facility	25,000	25,000
Revolving facility	18,000	17,000
	407,910	372,257

The Group and Company have access to a revolving credit facility (RCF) of £26,000k and an acquisition facility (ACF) of £52,000k. During the year ended 31 August 2023 the maximum balance outstanding on the RCF facility was £18,000k (2022: £17,000k) and £27,000k (2022: £27,000k) on the ACF. In the prior period, the Group drew down £25,000k of the ACF in order to support the up-front cash consideration of Orovia Group Limited in April 2022.

Notes to the financial statements for the period ended 31 August 2023 (continued)

21 Trade and other payables

Group	2023 £000	2022 £000
Trade payables	1,184	1,898
Social security and other taxes	4,876	2,907
Other liabilities	1,057	4,836
Contract liabilities – deferred revenue	38,177	25,906
Corporation tax	219	-
Accrued expenses	18,599	17,391
Total current trade and other payables	**64,112**	52,938

Company	2023 £000	2022 £000
Amounts due to group undertakings	130	130
Accrued expenses	11,851	10,794
Total current trade and other payables	**11,981**	10,924

Included within other liabilities is £nil (2022: £3,660k) of bonuses due to employees relating to the acquisition of Tes Topco Limited by Onex in February 2022. This was settled in full in 31 December 2022. In addition, other liabilities includes £130k (2022: £317k) of bursary funding payable and £603k (2022: £585k) of royalty liabilities.

Amounts owed to Group undertakings are unsecured, repayable on demand and bear interest at a rate of 7% (2022: 5%) per annum.

Notes to the financial statements for the period ended 31 August 2023 (continued)

22 Provisions

	2023	2022
Group	£000	£000
Non-current		
Deferred consideration	7,037	9,446
	7,037	9,446
Current		
Deferred consideration	5,850	15,233
	5,850	15,233

	2023	2022
Group	£000	£000
Due within 1 year	5,850	15,233
Due between 1-5 years	7,037	9,446
	12,887	24,679

	2023	2022
Company	£000	£000
Non-current		
Deferred consideration	7,037	8,071
	7,037	8,071
Current		
Deferred consideration	718	-
	718	-

	2023	2022
Company	£000	£000
Due within 1 year	718	-
Due between 1-5 years	7,037	8,071
	7,755	8,071

Provisions relate to estimated liabilities relating to deferred consideration. Of the remaining liability held, £5,850k is expected to be paid within 1 year and the remainder due by January 2026.

Notes to the financial statements for the period ended 31 August 2023 (continued)

23 Lease liabilities

	2023	2022
	£000	£000
Non-current		
Lease liabilities	3,099	1,759
	3,099	1,759
Current		
Lease liabilities	1,329	1,083
	1,329	1,083
	4,428	2,842

	2023	2022
	£000	£000
Due within 1 year	1,329	1,083
Due between 1 and 5 years	2,909	1,569
Due after 5 years	190	190
	4,428	2,842

The lease liability is unwound in line with contractual rental payments, with an imputed interest rate of 3.5% (2022: 3.5%).

24 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market risk
Foreign exchange risk
The Group advances intercompany loans to its operating entities denominated in Sterling. While there is no material effect on Group level, currency fluctuations might result in significant adjustments at individual statutory account level.

Exchange differences arising on the retranslation of foreign currency borrowings during the current year are recognised in other comprehensive income.

Both foreign operations and foreign intercompany loans to date are immaterial and no further market risk sensitivity analysis was performed.

Interest rate risk
The Group manages its interest rate risk by regularly reviewing its existing position, refinancing or alternative financing to ensure the Group seeks to borrow at competitive rates. The Group also calculates the impact on loss in the statement of comprehensive income of a defined interest rate shift.

Notes to the financial statements for the period ended 31 August 2023 (continued)

24 Financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)
The Group's interest rate risk arises from the Term Loan and any utilisations of the revolving or acquisition credit facilities. The term loan and the acquisition credit facility attract interest at 5.5% (2022: 6.0%) above SONIA and the revolving credit facility at 3.5% above SONIA.

The Group entered into a hedging relationship for the purposes of reducing the interest rate risk relating to a portion of a £340m term loan agreement, effective 2 February 2022. The instrument is an interest rate swap, from a floating rate to a fixed interest rate. The objective of the instrument is to reduce the interest payable costs of the Company.

The Company have agreed to pay a fixed rate of 2.042% p.a., whilst the counterparty has agreed to pay the greater of (i) GBP-SONIA or (ii) Floor Rate 0.00%. The hedged item is the £200m portion of a £340m loan.

Changes in interest rates affect the finance income or expense of variable interest financial instruments, financial instruments with fixed interest rates have no impact for financial instruments carried at amortised cost. The Group's main exposure to interest rate risk arises from senior secured floating rate notes.

The Group does not consider the interest rate risk for cash and cash equivalents, trade and other receivables, trade and other payables and deferred consideration material as these are considered current and present fair value and initial recognition and subsequent amortised costs and not susceptible to further rate changes.

Other market risks
Changes in the fair values of financial liabilities at fair value through profit or loss are estimated by discounting the future cash flows to net present values using rates prevailing at the year end.

Market risk sensitivity analysis
The following analysis is intended to illustrate the sensitivity of the Group's financial instruments at year end to changes in interest rates. The Group is using a sensitivity analysis technique that measures the estimated impact on the consolidated loss for the financial year of either an instantaneous increase or decrease of 1% (100 basis points) in market interest rates for each class of financial instruments with all other variables remaining constant. Whilst interest rates have risen in the year, recent market information indicates rates have currently peaked and therefore sensitivity applied deemed appropriate.

The sensitivity analysis excludes the impact of market risks on corporate tax payable. This analysis is for illustrative purposes only, as in practice interest and foreign exchange rates rarely change in isolation.

Notes to the financial statements for the period ended 31 August 2023 (continued)

24 Financial risk management (continued)

Market risk (continued)

The sensitivity analysis is based on all losses for the financial year sensitivities also impact equity.

	2023	**2023**	*2022*	*2022*
	Favourable changes	**Unfavourable changes**	*Favourable changes*	*Unfavourable changes*
	£000	**£000**	*£000*	*£000*
Term loan	**3,400**	**(3,400)**	*3,400*	*(3,400)*
Incremental loan	**350**	**(350)**	-	-
Acquisition facility	**250**	**(250)**	*250*	*(250)*
Revolving credit facility	**180**	**(180)**	*170*	*(170)*
At end of period	**4,180**	**(4,180)**	*3,820*	*(3,820)*
Current				
Lease liabilities	**3,099**	**3,099**	*1,759*	*1,760*
	3,099	**3,099**	*1,759*	*1,760*
	7,279	**(7,279)**	*5,579*	*(2,060)*

Management assessed their market risks exposure as limited with no material effect during the period ended 31 August 2023.

Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties with a high credit-rating are accepted. The Group's main banking facilities are provided by Barclays bank, which has a long term credit rating of A2 from Moody's. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and clients. Refer to trade and other receivables (note 16) for further detail on credit risk analysis.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

Notes to the financial statements for the period ended 31 August 2023 (continued)

24 Financial risk management (continued)

Liquidity risk (continued)

Surplus cash held by the operating entities over and above the balance required for working capital management is transferred to the Group finance to meet the obligations of Group debt requirements. At the reporting date, the Group held cash and cash equivalents of £8,132k that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings, based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Trade and other payables	Provisions	Borrowings	Lease liabilities	Total
	£000	£000	£000	£000	£000
Less than 6 months	64,112	5,850	18,000	666	**88,628**
Between 6 months and 1 year	-	-	-	663	**663**
Between 1 and 5 years	-	7,037	-	2,281	**9,318**
Over 5 years	-	-	389,910	818	**390,728**
	64,112	**12,887**	**407,910**	**4,428**	**489,337**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors its financial indebtedness on the basis of its net debt to management adjusted run-rate EBITDA ratio. This ratio is calculated as net debt divided by management adjusted EBITDA for the last twelve months ("LTM"). Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statements of financial position) with financial institutes, excluding preference shares, less cash and cash equivalents.

Management adjusted EBITDA is calculated as profit or loss for the year before tax on ordinary activities, net interest payable and receivable, amortisation, depreciation, non-recurring costs, non-recurring contingent consideration, parent company costs and share of operating profit/(loss) in joint ventures and associates.

Notes to the financial statements for the period ended 31 August 2023 (continued)

24 Financial risk management (continued)

Liquidity risk (continued)

The leverage as at 31 August 2023 was as follows:

	2023 £000	2022 £000
Term loan	**340,000**	*340,000*
Incremental loan	**35,000**	-
Acquisition credit facility drawn	**25,000**	*25,000*
Revolving credit facility drawn	**18,000**	*17,000*
Total borrowings	**418,000**	*382,000*
Less cash and cash equivalents	**(4,321)**	*(8,131)*
Net debt	**413,679**	*37g3,869*

25 Cash generated from operations

Group	**Note**	**2023 £000**	*2022 £000*
Loss before income tax on continuing operations		**(19,934)**	*(31,397)*
Adjustments for:			
Depreciation on plant, property and equipment	12	**724**	*733*
Depreciation on right of use assets	13	**870**	*694*
Amortisation charges	14	**31,769**	*16,100*
Impairment of intangibles assets	14	**372**	*3,500*
Impairment of investments	15	**1,001**	-
Share based payments	11	**2,398**	*1,280*
Fair value on interest hedge		**3,577**	*9,369*
Finance income	9	**(172)**	*(17)*
Finance costs	9	**36,717**	*17,268*
Profit on disposal of assets	12	**612**	*(2)*
Changes in working capital:			
Decrease in trade and other receivables		**(7,204)**	*(14,954)*
Increase in trade and other payables		**(11,697)**	*11,479*
		39,033	*14,053*

Notes to the financial statements for the period ended 31 August 2023 (continued)

26 Changes in liabilities arising from financing activities

	At 1 September 2022	Cash flow	Non-cash flow	At 31 August 2023
	£000	£000	£000	£000
Bank loans	340,000	35,000	-	375,000
Borrowing costs	(9,743)	(1,050)	703	(10,090)
Acquisitions facility	25,000	-	-	25,000
Revolving credit facility	17,000	1,000	-	18,000
Interest accruals	2,532	(34,467)	35,364	3,429
Lease liabilities	2,842	(1,351)	2,936	4,427
	377,631	**(868)**	**39,003**	**415,766**

	At incorporation 23 June 2021	At acquisition of Tes Topco Limited	Cash flow	Non-cash flow	At 31 August 2022
	£000	£000	£000	£000	£000
Bank loans	-	340,000	-	-	340,000
Borrowing costs	-	(10,901)	-	1,158	(9,743)
Acquisitions facility	-	-	25,000	-	25,000
Revolving credit facility	-	-	17,000	-	17,000
Interest accruals	-	-	(12,197)	14,729	2,532
Lease liabilities	-	3,932	(1,163)	73	2,842
	-	**333,031**	**28,640**	**15,960**	**377,631**

27 Commitments

Group

There are no financial commitments which have not been provided for (2022: £nil).

Company

At 31 August 2023, the Company had £nil (2022: £nil) financial commitments under non-cancellable operating leases.

Notes to the financial statements for the period ended 31 August 2023 (continued)

28 Non-controlling interest

Non-controlling interests represent the share of net assets of Edukey Education Limited which at the date of acquisition of Tes Topco Limited was 6%, which was purchased by the Group in July 2022. The movement in the prior year comprises the profit attributable to the entity:

Group	2022 £'000
At 2 February 2022	436
Released on purchase of 6% July 2022	(436)
At 31 August 2022	**-**

29 Related party disclosures

Group

The parent undertaking of the Group is Caribou Midco II Limited. The ultimate parent undertaking of the Group is Caribou Jersey (Topco) Limited, a company registered in Jersey. The Directors consider that the ultimate controlling party of the Group is Onex Partners, headquartered in Canada, on behalf of the funds under its management.

The fees incurred by Caribou Bidco Limited relating to the purchase of Tes Topco Limited in February 2022 were invoiced to and settled by Onex, on behalf of the Group. The buy-side fees incurred and settled by Onex amounted to £8,241k and are held as a liability at 31 August 2023 (note 21). No other transactions were made between Onex and the Caribou Bidco Group in the period ended 31 August 2023.

Loans to group undertakings

Company	2023 £000	*2022* *£000*
At beginning of the period	**17**	-
Recharges from Tes Global Limited	**336**	*17*
At end of the period	**353**	*17*

Amounts owed from group undertakings are unsecured, repayable on demand and bear interest at a rate of 7% (2022: 5%) per annum.

Notes to the financial statements for the period ended 31 August 2023 (continued)

30 Business Combinations

The Safeguarding Company Limited

On 6 March 2023, the group purchased 100% of the ordinary share capital of The Safeguarding Company Limited, for consideration of £23,688k. As a result of this, The Safeguarding Company and its subsidiaries are now consolidated in the group results.

The amounts recognised in respect of the identifiable assets and liabilities acquired are as set out in the table below:

	Note	Book value	Revaluation	Fair value on acquisition
		£000	£000	£000
Assets				
Intangible assets	14	-	7,886	7,886
Property plant and equipment	12	111	-	111
Trade debtors and prepayments		1,401	-	1,401
Cash		286	-	286
		1,798	7,886	9,684
Liabilities				
Trade creditors and accruals		(529)	-	(529)
Contract liabilities - deferred revenues	4	(2,703)	2,322	(381)
VAT		(90)	-	(90)
Deferred tax	18	1	(1,258)	(1,257)
Borrowings		(2,166)	-	(2,166)
		(5,487)	1,064	(4,423)
Total identifiable net assets at fair value		(3,689)	8,950	5,261
Goodwill				18,427
Purchase consideration				23,688
Satisfied by:				
Cash				22,829
Deferred consideration				745
Total consideration				23,574
SPA cash flows				
Add: Stamp duty				114
				23,688

Notes to the financial statements for the period ended 31 August 2023 (continued)

30 Business Combinations (continued)

The Safeguarding Company Limited

Based on management's fair value exercise, goodwill resulting from the acquisition reflects the acquired work force and expected synergies arising from the acquisition which cannot be recognised under the requirements of IFRS 3. None of the goodwill recognised is expected to be deductible for income tax purposes.

TeachStarter

On 21 February 2023, the group purchased 100% of the ordinary share capital of the Buzz Education Group and Inspired Classroom, for consideration of £10,652k (AUS$18,920k). As a result of this, Buzz Education Pty Limited and its subsidiaries and Inspired Classroom Pty Limited are now consolidated in the group results.

The amounts recognised in respect of the identifiable assets and liabilities acquired are as set out in the table below:

	Note	Book value	Revaluation	Fair value on acquisition
		£000	£000	£000
Assets				
Intangible assets	14	1,546	761	2,307
Property plant and equipment	12	238	-	238
Trade debtors and prepayments		162	-	162
Corporation tax		3	-	3
Cash		463	-	463
		2,412	761	3,173
Liabilities				
Trade creditors and accruals		(661)	-	(661)
Contract liabilities - deferred revenues	4	(1,986)	1,852	(134)
Deferred tax	18	655	(1,111)	(456)
		(1,992)	741	(1,251)
Total identifiable net assets at fair value		420	1,502	1,922
Goodwill				8,730
Purchase consideration				10,652
Satisfied by:				
Cash				11,685
Escrow				(1,117)
Deferred consideration				84
Total consideration				10,652

Notes to the financial statements for the period ended 31 August 2023 (continued)

30 Business Combinations (continued)

TeachStarter

Based on management's fair value exercise, goodwill resulting from the acquisition reflects the acquired work force and expected synergies arising from the acquisition which cannot be recognised under the requirements of IFRS 3. None of the goodwill recognised is expected to be deductible for income tax purposes.

31 Events after the reporting year

The Group has considered the impact of post reporting date events up to and including the date of signing.

After the reporting date on 31 August 2023, there were no other events of special significance which may have a material effect on the financial position and performance of the Group.

32 Subsidiary companies audit exemptions

The Group has provided the following subsidiaries with a parental guarantee in accordance with section 479C of the Companies. As such, advantage has been taken of the audit exemption available for the below named subsidiaries only, conferred by section 479A of the Companies Act, relating to the audit of individual financial statements.

The subsidiaries taking advantage of this exemption are:

- Tes Topco Limited (11727093)
- Tes Midco Limited (11726755)
- Tes Global Finance Limited (11726791)
- Tes Acquisition Limited (11726784)
- Tes Global Group Limited (08592544)
- Tes Global Holdings Limited (06141077)
- Tes Finance Limited (09098342)
- Tes Education Resources Limited (0835256)
- TSL Education SPV2 Limited (06141051)
- Educare Learning Ltd (01741045)
- Tes Global Services Limited (10853445)
- TSL Education US Holdings Limited (08659768)
- TSL Education US, Inc (US, Delaware)
- Tangient LLC (US, California)
- School Cloud Systems Ltd (SC366647)
- Edukey Education Limited (05855261)
- TSL Education Limited (01723502)
- Edval Education Ltd (11034872)
- Orovia Group Limited (05154426)
- Orovia Research Limited (07522041)
- Orovia Software Limited (07520853)
- Rootdoor Limited (08576917)
- The Safeguarding Company Limited (09075059)
- One Team Property Limited (11599759)

Notes to the financial statements for the period ended 31 August 2023 (continued)

32 Subsidiary companies audit exemptions (continued)

The directors acknowledge their responsibilities for the above-named companies, for:

- Ensuring the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006; and
- Preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 August 2023 and of its profit or loss for the year then ended in accordance with the requirements of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company.

33 Ultimate Parent Company and Ultimate Controlling Party

The directors consider that the ultimate controlling party of the Company is Onex Corporation, headquartered in Canada, on behalf of the funds under its management. The immediate parent undertaking is Caribou Topco (Jersey) Limited, a company registered in Jersey.

The smallest consolidated financial statements produced for the Group are for Caribou Bidco Limited, which are these financial statements. The largest consolidated financial statements are for Caribou Midco I Limited which can be obtained from the same location as these financial statements.

34 2022 Restatement

It was noted during the preparation of the 2023 financial statements that the gain on the derivative instrument impacting the income statement by £9,369k in 2022 was included as a credit to administrative expenses, reducing the administrative expenses disclosed. The Directors consider that the appropriate treatment of the gain is to record the gain against the finance costs, being the related transaction to which the derivative gain is linked. As such, the prior period comparatives have been restated by increasing administrative costs in 2022 by £9,369k from £49,353k to £58,722k and reducing finance costs by £9,369k from £17,268k to £7,899k in the statement of comprehensive income and related notes 2 and 6. This has the impact of increasing the operating loss by £9,369k from £14,146k to £23,515k. The loss before taxation is unchanged.