Study Group Limited

Consolidated annual report and financial statements
for the year ended 31 December 2022

Registered number 02325576

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COMPANY REGISTERED NUMBER

Registered in England No. 02325576

Strategic report

The Directors present their strategic report of Study Group Limited ('the Company') and its subsidiaries, together 'the Group' for the year ended 31 December 2022. The Company is domiciled in the United Kingdom with its registered office at Britannia House 21 Station Street, Brighton, East Sussex, BN1 4DE. The Company is a subsidiary undertaking of SG Global Topco Limited. SG Global Topco Limited and its subsidiaries comprise 'Study Group'. Ardian LBO Fund VI B S.L.P. ('Ardian') is Study Group's ultimate controlling party.

The statutory reporting includes twelve months of trading for the year ended 31 December 2022 and comparative period ended 31 December 2021.

Overview of the year
Study Group's business purpose is to increase student participation and success in global education. Study Group is a leading strategic partner for universities by delivering value through global education.

The Group operates in two main geographic areas, the UK and Europe. Both regions fall into a single 'UK&EU' operating segment. The Group also has a branch in Singapore which provides management services. On 1 September 2022, the Group transferred its trade in Ireland from a branch of the Company to a new entity Study Group Ireland Limited. Therefore this is the first year that consolidated financial statements for the Group have been prepared.

The consolidated results for the year and financial position of the Group are as shown in the financial statements on pages 20-23. Overall New Student Enrolments ('NSE') decreased by 22% to 6,244 (2021: 8,050). The financial outcome for the year was an adjusted EBITDA[1] profit from continuing operations and before exceptional items of £10.9 million compared with £14.2 million in 2021. Profit after tax from continuing operations was £0.2 million compared to £8.4 million profit in 2021. Loss after tax from discontinued operations was £36.8 million (2021: £7.9 million loss) with £32.2 million of this from exceptional costs (2021: £0.1 million cost).

Whilst the 2022 business performance was poor, the results were delivered in the face of significant commercial challenge arising from the continuing impact of Covid-19. Throughout the pandemic, travel restrictions negatively impacted international student recruitment demand, especially from Chinese students, the Group's strongest source market. Restrictions in China were not substantially lifted until early 2023.

In the UK and Europe, the Group was pleased to sign a number of contract renewals including most recently with the University of Surrey and University College Dublin. The Group lost University of Lancaster as a partner in 2022 which, whilst regrettable, will be offset by the rapid development of the Group's successful Cardiff University contract in 2023. The Group has recently expanded its 11-year partnership with Royal Holloway, University of London to include the recruitment and admission of international students directly to Royal Holloway's undergraduate and postgraduate programmes, and to take responsibility for supporting its network of international agents in most of the world, In addition, the Group has also built partnerships, including with Teesside University and Kingston University, focused on vocationally-focused programmes which prepare students for employment. Where the Group does not believe it can best serve the interests of our partners, it has taken steps to address this, including discontinuing our Dutch business going into 2023.

Due to changes in international student demand and following a period of consultation initiated in January 2022, the Directors took the difficult but necessary decision to close Bellerbys Colleges in Brighton and London with effect from the end of the academic year, on 31 August 2022. Results pertaining to Bellerbys are reported as 'discontinued' activities in the Statement of Comprehensive Income. As part of the Bellerbys closure, the Group incurred £1.1 million of exceptional costs, predominantly redundancy payments. In addition, the Group has recognised an exceptional £4.7 million profit in relation to the sale of a freehold property which was used for Bellerbys operations, and an exceptional loss of £31.6 million in relation to the impairment of right-of-use leases and tangible fixed assets previously used for Bellerbys operations

At the time of writing in early 2023, the Group is seeing a return of confidence in the China market and more generally positive indicators of demand. Given sustained high levels of international demand for quality international education and the strength of the Group's partner portfolio and extensive agent networks, the Group is extremely well positioned as the sector returns to growth.

In March 2023, Study Group announced an agreement to sell its shareholding in Study Group Australia Pty Limited and its subsidiaries to Navitas Pty Limited. The sale completed on 12 May 2023. This one-off opportunity has generated significant funds which Study Group has committed to fully reinvest in its U.K., Ireland and North American business as well as taking the opportunity to rebalance its global portfolio.

The Board has considered the Principal Risks and Uncertainties summarised later in this report, and as discussed in the Going Concern section with the positive outlook, strong market position, a refreshed executive team and a clearly defined strategy, has every confidence that the Group will recover strongly.

Strategic report *(continued)*

Strategy
Study Group has a clear purpose: To increase student participation and success in global education. Study Group believes it can achieve this through its mission; to be the leading strategic partner for universities by delivering value through global education solutions. The Group has identified four key strategic intents to help achieve this:

Drive significant partner growth:
Study Group seeks to build multi-layered strategic partnerships that deliver significant value to its partners. Study Group aims to build on its existing strong relationships through better and broader service offerings. It will add new partnerships to our existing regions where opportunities are seen to broaden reach. Study Group will do all of this by leveraging its ability to recruit, teach and progress high levels of quality international students to partner institutions.

Create market-leading solutions:
Looking forward, Study Group aims to develop and deploy novel outcomes-based solutions, embracing new and differentiated thinking and better leveraging existing capabilities as well as making increased use of data and technology.

This can be seen with the pathfinder of its Recruit & Admit solution with University of London, Royal Holloway, where Study Group will recruit and admit international students directly to Royal Holloway's undergraduate and postgraduate programmes and take responsibility for supporting its network of international agents in most of the world.

Deliver with excellence:
Study Group aims to improve its productivity and efficiency by moving to a more cost-effective operating model. Study Group will simplify how it works together to deliver better outcomes for students, partners, agents and people. It will also improve its approach to making full use of the assets at its disposal – especially with regards to people, processes and systems. The success of this will be measured through student progression rates and agent, partner and employee surveys as well as a sustained reduction in our overheads.

Financial success:
Study Group aims to increase the value of its business. Study Group will achieve this through delivering its strategic intents, growing the business with the right organisation and cost base - ensuring sustainable growth and cash generation, allowing for investment in key business drivers and ultimately a solid return for shareholders.

Study Group believes that this strategy will be supportive of long-term revenue and profit growth as well as increasing the number of students who engage with global education through the Group.

Key performance indicators
The financial and non-financial KPIs for the business are as follows. These KPIs are selected for monitoring the Group's medium-term goal of continued revenue and EBITDA[1] growth.

	Year Ended 2022	**Year Ended 2021**	**Change**
New Student Enrolment (NSE)	**6,244**	8,050	**(22%)**
Revenue from continuing operations £m	**119.5**	113.1	**6%**
Adjusted EBITDA from continuing operations £m[1]	**10.9**	14.2	**(23%)**

NSE
Overall, the Group saw a decrease in NSE of 22% from 8,050 to 6,244. Student plans in late 2021 were still significantly affected by Covid-related travel restrictions and closed borders which carried on for most source countries into early 2022. China only reopened its borders early in 2023. This continued to suppress student demand into the UK and required the support of multiple delivery methods, particularly for China and South-East Asia. Students attracted by the favourable Graduate Visa scheme in the UK however, created higher demand in the 2021/2022 academic year intake with certain University Partners which was not repeated in the 2022/2023 academic year intake, causing the decline in NSE year on year.

Revenue from continuing operations
Revenue in 2022 increased by 6% to £119.5 million (2021: £113.1 million). The benefit to revenue in 2022 from teaching the 2021/2022 academic year intake outweighed the adverse in-year revenue impact from lower NSEs starting in the 2022/2023 academic year intake.

[1] Adjusted EBITDA is defined as earnings before tax, interest, depreciation, amortisation and exceptional items.

Strategic report *(continued)*

Key performance indicators *(continued)*

Adjusted EBITDA[1] from continuing operations
Adjusted EBITDA decreased by 23% to £10.9 million (2021: £14.2 million) from a combination of £6.4m higher revenue and £(9.7)m higher costs. The higher demand from students attracted by the favourable Graduate Visa scheme in the UK in the 2021/2022 academic year intake resulted in a lower average price and reduced margins.

Exceptional and other items
Exceptional items are those which are material in size and are non-recurring in nature. Other items are not necessarily non-recurring in nature, but the Directors believe that it is helpful to show these amounts separately as they are not directly linked to the recurring trading operations of the business.

Total exceptional costs and other items increased in 2022 to £33.1 million (2021: £0.9 million). Of this, exceptional costs of £32.2 million (2021: £0.1 million) relate to discontinued operations and comprise £1.1 million restructuring costs including redundancies, £31.6 million in respect impairments of right of use assets and tangible fixed assets, £4.2 million attributable to tax expense and offset by £4.7 million gain on the sale of the Group's freehold property. Exceptional costs relating to continuing operations total £0.9 million (2021: £0.8 million) and comprise £0.8 million (2021: £0.9 million) redundancy costs and consultancy fees in relation to a global reorganisation and £0.1 million (2021: £0.2 million) leasehold property impairment in relation to an office building no longer in use. The prior year also included £0.2 million on disposal of right of use assets, £0.2 million credit in relation to the release of an aged balance sheet items and £0.3 million credit related to a right of use asset impairment release.

Depreciation and amortisation from continuing operations
Depreciation and amortisation for the year to 31 December 2022 was £8.4 million (2021: £5.6 million) with the increase as a result of four months of depreciation and amortisation of Bellerbys right of use assets and tangible fixed assets included in continuing operations in the current year compared to none in the prior year.

Interest payable and similar charges from continuing operations
Interest payable for the year to 31 December 2022 was £1.3 million (2021: £0.4 million) with the increase as a result of four months of interest on lease liabilities related to Bellerbys right of use assets included in continuing operations in the current year compared to none in the prior year.

Balance sheet position
Net assets were £18.6 million at 31 December 2022 (2021: £55.1 million). The main driver of the decrease in net assets over the prior year is the impairment of right of use asset and tangible fixed assets of £31.6 million as a result of the closure of the Bellerbys colleges.

Cash flow
The Group generated a cash outflow of £17.7 million in the year compared to an outflow of £1.0 million in the prior year. The largest drivers of the outflow were a £13.4 million outflow from operating activities (2021: £27.1 million inflow) and £11.9 million outflow from the repayment of lease liabilities (2021: £11.0 million outflow) offset by £8.4 million proceeds from the sale of the freehold property (2021: £nil). The prior year included the payment of dividends of £15.0 million. The £13.4 million outflow from operating activities was driven by movements related to working capital as a result of lower number of NSEs starting their courses in the second half of 2022 compared with the same period in 2021 (including the impact of the closure of the Bellerbys Colleges of £8.3 million outflow from operating activities).

[1] Adjusted EBITDA is defined as earnings before tax, interest, depreciation, amortisation and exceptional items.

Strategic report *(continued)*

Going concern
Due to Group wide financing facilities, going concern is assessed at a consolidated Study Group level for SG Global Topco Limited and its subsidiaries ('Study Group').

The Directors of SG Global Topco Limited with the support of its shareholders and investors have taken timely action to ensure that Study Group remains in compliance with its Senior Facilities Agreement and has sufficient committed facilities to meet liabilities as they fall due for a period of 12 months from signing these financial statements.

Positive cash headroom on committed facilities is projected throughout the going concern assessment period and the Directors continue to adopt the going concern basis in the financial statements. This basis is adopted after consideration of the positive growth prospects within the business, including the recovery anticipated within the UK & Europe indicated by increased offer volume seen in 2023, the easing of China travel restrictions and continued growth in North America, along with the ongoing support received to date from Study Group's majority shareholder Ardian and the net cash proceeds received from the Australia and New Zealand sale.

On 7 February 2023, Study Group signed an amendment to its Senior Facilities Agreement with its lenders to amend the minimum liquidity covenant, permit all interest to be capitalised instead of cash paid until at least April 2025 and extend the period without the leverage covenant until June 2025. The agreement included a condition for Ardian to provide shareholder funding of £20.0 million, half of which was received in February 2023, with the remaining half in March 2023. This is in addition to the investment of £17.0 million made in February 2021 and £40.0 million in February 2022 by Ardian.

Following this amendment, the only financial covenant in place during the going concern period is a minimum liquidity covenant, requiring Study Group's total liquidity to remain above £30.0 million on the last working day of each month (with a lower minimum threshold of £20.0 million in March, April and May in 2024 which is Study Group's seasonal liquidity low point).

As at 15 May 2023, Study Group had total liquidity of £73.1 million. This is following completion of the Australia and New Zealand transaction on 12 May 2023.

Looking ahead to June 2024, management have run a number of sensitivities including a base case and an illustrative "flat case" to model the impact on minimum liquidity in each scenario. The base case reflects the Board-approved Budget and has an expected level of student volume growth built in whereas the flat case holds volumes from current centres flat against the prior comparative period for H2 2023 and H1 2024, with a 25% reduction compared to the base case for new partners. In both scenarios, Study Group continues to maintain liquidity above our minimum liquidity covenant.

The latest pipeline and volumes achieved so far in 2023 are above the base case, therefore the base case is expected to be achieved and the flat case scenario is considered unlikely. In any reasonably possible downside scenario where volumes are lower than Budget but higher than the flat case scenario, Study Group would therefore still have sufficient committed facilities to meet its liabilities as they fall due.

Based on the above considerations and the scenarios modelled, the Directors believe Study Group has sufficient committed facilities to meet liabilities as they fall due for a period of 12 months from signing these financial statements. Accordingly, the Directors continue to adopt the going concern basis in the financial statements.

Strategic report *(continued)*

Principal risks and uncertainties
A risk management framework, which is managed at a consolidated SG Global Topco level, is in place consisting of divisional compliance, risk and assurance boards that report monthly to a Global Enterprise Risk Committee ("ERM"). The Global ERM has as its key objectives the following:

- Assess risk and trends at a macro level to inform strategy and resource allocation as needed to address risks that could impair Group performance.
- Ensure alignment across the Group on priorities, as they relate to risk management.
- Monitor and assess risk mitigation activities for effectiveness.
- Coordinate with the SG Global Topco Board, as appropriate, on risk management strategies.

The SG Global Topco Board is responsible for overseeing the framework. The most significant risks are described below.

Economic, market and trading risks
Industry and political risks
If economic growth in emerging markets were to slow down or there were to be political uncertainty in source markets, demand for a foreign-educated, English-speaking workforce may decline. The Group's students are recruited from over 100 countries worldwide into multiple destinations, which provides a degree of mitigation against these risks. The Group constantly reviews the location of its destination markets and University Partnerships to ensure that it can respond and adapt to market changes and demands.

The Group has assessed the situation in regard to the conflict in Ukraine. This has a minimal impact on the Group's activities as neither Russia, Belarus, or Ukraine are key source markets for students nor does the Group place significant reliance on these regions for staff or other business resources.

Competitors
The Group operates in a relatively limited market space with a small number of sophisticated and established providers. Due to the global nature of operations, the industry has relatively expensive barriers of entry and it is unlikely that a number of new competitors would enter. The Group ensures that through its strong relationships with high quality, highly ranked university partners and the addition of new products and services, its partnerships are long lasting and high value.

Contract risks
University partners
The Group maintains relationships in the form of contractual agreements with its university partners. It works closely with these university partners to ensure that it maintains a good relationship and adheres to the terms of its contractual arrangements. Strategic decisions are made to seek to effectively meet the current needs of partners, and to successfully anticipate their future needs. These all minimise the risk of loss of partnerships.

Agent relationships
The Group works with a global network of education agents to recruit its international students and market its programmes. The Group's agent management process is designed to ensure the effective management of these relationships and is constantly reviewed to continuously improve in this area. The Group works with over 4,000 agents in over 100 countries which provides a significant degree of mitigation against the risk of overreliance and subsequent loss of any one agent relationship, which otherwise could restrict the Group's ability to successfully recruit students in particular source markets.

Regulatory oversight
The majority of the Group's partnerships are subject to regulatory compliance and are overseen by independent regulators. This risk of the withdrawal of a licence to operate in any one region is mitigated by the Group's commitment to assuring adherence to its regulatory obligations and, beyond that, achieving top grade compliance. All of our centres, colleges, and campuses are operated by appropriately qualified personnel and, where deemed appropriate, central staff, including internal audit, are employed to review compliance with regulatory requirements and, where possible, drive continual improvement.

Financial position
The Directors with the support of its shareholders and investors have taken timely action to ensure that the Group remains in a sound financial position, with sufficient available liquidity, as discussed in detail in the going concern section of this Strategic Review.

The Group monitors its covenant requirements on a regular basis to ensure that it has time to take mitigating action in the event of a projected liquidity reduction. The Directors' going concern assessment is detailed in the Strategic Report on page 5.

Refer to the Directors' Report for discussion on the Group's foreign currency and liquidity risk.

Business systems risk
The Group relies on information technology systems and its online platform to operate its websites, facilitate student enrolment online, deliver its programmes and maintain cost-efficient operations. In common with all businesses, the Group's information technology systems and online platform could be impacted by interruption from both internal and external threats. In order to mitigate these risks, the Group's Production IT systems are housed and backed up appropriately to minimise the risk of catastrophic failure. All systems are monitored for environmental factors and system performance by a dedicated team of professionals.

Strategic report *(continued)*

Reputational risk
The Group's reputation could be adversely affected by its ability to adequately update and expand the content of its existing programmes and develop new programmes, as well as the quality and integrity of its curricula, the compliance of its teaching staff with those programmes and general student well-being along with high quality delivery of the curricula and programme facilities. The Group continuously reviews its operations to ensure that it is able to respond to and mitigate any reputational risks.

The Group takes its student welfare and safeguarding requirements seriously and has policies and procedures in all of its destination territories to ensure full compliance with applicable local law and best practice.

Litigation risk
In common with most other businesses, from time to time, the Group is subject to litigation. The occurrence of material litigation could have an adverse effect on its reputation and financial results in the event of an unfavourable outcome. The Group employs internal counsel and retains outside counsel to provide advice in the event of any litigation.

Our People

Culture
As a significant employer across a number of locations, the Directors recognise that our people make us who we are, and that education is primarily enabled by human interaction. We value our teams' ability to adjust and adapt to the challenges that they face every day, and to deliver a high standard of education to our students wherever and however they are studying.

The Group vision is "a better world through education". The Group articulates how this can be achieved by having a One Team Approach, with key behaviours of Pace with Purpose, Valuing Everyone's Voice, Collaborate to Innovate, and Learn and Grow. See "Strategy" above for a description of the Group's key strategic pillars. The Group measures its success in achieving its goals using targeted "Strategic Intents".

The celebration of success underpins the Group's desire to recognise achievements in all areas of the business. This is done via the One Team Awards which runs across the whole organisation, awarded monthly, and recognises particular achievement against the Group's behaviours and goals.

The ExCo continue to recognise the importance of career progression and personal development and run a management development programme. The Group also offers a wide range of E-learning and development opportunities and access to a mentoring programme. The Individual Contribution and Development planning process ensure that everyone's objectives are clear and linked to the overall Group's Strategic Intents and Priorities.

Employee consultation
The Board ensures there is effective dialogue with employees about the Group's vision through communications such as regular townhalls, social media posts (Workplace) and presentations by members of the ExCo and Senior Leadership Teams.

Employee reward
The Group remunerates its employees fairly in line with the various markets in which it operates, and also offers a variety of employee benefits tailored to the particular location and market in which those employees are working.

Employee health and safety
Whilst the guidelines vary depending on the region in which employees are engaged, the Group complies with all local safety requirements. The Group seeks to go beyond minimum compliance and regularly runs online training updates for employees covering the safeguarding of both staff and students. The Group operates a global whistleblowing hotline which is operated by third party experts.

Diversity and Inclusion (including the employment of disabled persons)
A commitment to equal opportunities in the workplace is not only good management practice, but it also makes sound business sense. We encourage a working environment which is free of discrimination, harassment, and victimisation. We aim to ensure that our people achieve their full potential and that all employment decisions are taken without reference to irrelevant or discriminatory criteria.

We are committed to working within the framework of the law and ensuring that our workplaces are free from unlawful discrimination on the grounds of colour, race, nationality, ethnic or national origin, sex, gender (including gender reassignment), religion, religious belief or philosophical belief, sexual orientation, sexuality, marital status, disability or age. In relation to diversity and inclusion, the Group has both an executive steering committee which comprises members of the ExCo and a Steering Committee of employees with diverse backgrounds from all areas of the business. These committees oversee both Inclusion Workshops and Ambassador Groups.

Strategic report *(continued)*

Our People *(continued)*

Human Rights and Social Responsibility
The Group wishes to promote the highest standards in relation to respecting everyone's human rights. This extends beyond its direct employees but also encompasses the students in its care and those working in its representative offices.

- Details of the Study Group's charitable activities in conjunction with Plan International are set out in the Directors report of SG Global Topco Limited.
- Study Group has significantly expanded its team in India and maintains a local presence either directly or via a representative office in China, Singapore, United Arab Emirates, South Korea, Indonesia, Taiwan, Hong Kong, Vietnam, and Thailand.
- Study Group publishes annually its statement on Modern Slavery pursuant to section 54(1) of the Modern Slavery Act 2015.

Section 172 of the Companies Act 2006
The Board is fully aware of its duty to promote the success of the Company pursuant to Section 172 of the Companies Act 2006. Consequently, each Director must act in a way s/he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. This statement demonstrates how the directors have complied with the requirements of this section throughout 2022, and in doing so have had particular regard for these matters although not exclusively to:

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

The Board's principal responsibility is to promote the long term success of the Group through creating shareholder value and contributing to a healthy society and a sustainable environment. The Board understands the business can only grow and prosper if it respects the views of students, University Partners, suppliers, and shareholders to whom the Board is accountable.

The Board has safeguards in place to ensure the long term implications of decisions are being considered. Periodic multi-year planning allows the Group and Company to preserve the value of the business over the long term and there are internal teams who have delegated authority to manage the day to day business, the most important one of these being the Executive Committee who are also charged with reviewing long term consequences of their decisions. The Board conducts an appropriate level of due diligence where required. All Board meetings have been documented and minutes formally approved at the following meeting. The ERM, as defined on page 6, maintains a dashboard that indicates a rating for various sectors of the business.

Sustainable Group development
The development of the Group's strategy under the Board's direction (as stated on page 3) sets the Group's Mission to be the leading strategic partner for universities by delivering value through global education solutions. The Board ensures there is clear dialogue with employees and other stakeholders about the Group's vision through communications such as newsletters, social media posts (Workplace) and presentations by members of the Senior Leadership Teams. The Directors consider feedback from employees and other stakeholders in reviewing progress of and aiding principal decisions in relation to future strategy.

The discussion in the going concern section on page 5 outlines the changes to the conditions relating to the long-term borrowing and the 2022 developments including the ongoing development of remote education.

As outlined on Page 2 in the Strategic Report, the Directors took the difficult but necessary decision to close Bellerbys College in Brighton and London on 31 August 2022. This was due to changes in international student demand and consideration of its longer term strategy for the business to support the delivery of long-term value for our shareholders. For students enrolled at Bellerbys College, the Study Group supported them to help them to transition to an alternative route or provider of their choice.

At the start of 2022, Study Group changed its organisation structure as part of its transition towards becoming a global organisation of specialist, collaborative teams. It believes becoming an integrated global organisation able to draw on specialist expertise across its network will better support the driving of success for partners and students. The Group supported all impacted colleagues throughout the process, seeking to identify alternative roles across the network where suitable opportunities were available.

The Board recognises that whilst promoting the success of the Company for the benefit of the shareholders is paramount, the interests of other stakeholders including the workforce, students, agents and partners is also crucial. The Board continues to engage with the workforce and has taken into consideration their interests through annual policy reviews, engagement surveys, and an online HR service portal. Also refer to the employment policies section within the Directors' report on page 11. Students are encouraged to provide feedback to the Company and also have a role on sub-committees that ultimately provide input to the Board. Agents are surveyed for their feedback. The relationships with university partners are maintained through frequent steering/management meetings.

Strategic report *(continued)*

Section 172 of the Companies Act 2006 *(continued)*

The Board is committed to high standards of ethical conduct, social responsibility, community engagement and environmental sustainability. It currently achieves this through its implementation of Group policies, training and by ensuring the welfare of students and staff is maintained. The Board reviews further ways to address these commitments on a regular basis. The Board has continued to create a positive environmental and social impact with the "Building Futures" initiative which this year contributed to major funding focussed on safer schools for children in Ethiopia. Refer to 'Charitable contributions' on page 8 for further detail on this initiative.

Approved / authorised on behalf of the Board of Directors.

N Williams, *Director*
Date: 31 May 2023

J Pitman, *Director*
Date: 31 May 2023

Directors' report

Study Group Limited ('the Company') is a company registered in England and Wales with the Company number 02325576. The Directors present their report and the audited consolidated financial statements for the Company and its subsidiaries, together 'the Group', for the year ended 31 December 2022.

Principal activities
The principal activity of the Group in the year under review was that of a provider of international education preparing students for entry to university in the United Kingdom, Netherlands and Ireland. The Group also has a branch in Singapore which provides management services. On 1 September 2022 the Group transferred its trade in Ireland from a branch of the Company to a new entity Study Group Ireland Limited, therefore this is the first year that consolidated financial statements for the Group have been prepared.

Ultimate parent company
The ultimate parent undertaking and controlling party is Ardian LBO Fund VI B S.L.P., a French Special Limited Partnership.

Results and dividends
The Group loss for continuing and discontinued operations in the year after taxation and including exceptional items amounted to £36.6 million (2021: £0.5 million profit). Discontinued operations relate to Bellerbys Colleges which ceased trading in August 2022. During the year and up to the date of the financial statements were authorised, no dividends were paid (2021: £15.0 million).

Business review and future developments
The information contained in the Strategic Review constitutes the review of the Group's business. It also contains details of expected future developments in the business of the Group, information about expenditure and key performance indicators used by management.

Directors
The persons who were directors at any time during or since the end of the financial year are listed below:

A Allden
K Burnett, Sir
M Cunnington
E Griffin (appointed 27 January 2023)
N Hall (resigned 27 January 2023)
R Morgan
J Pitman
N Williams

Directors' indemnities
The Group maintains liability insurance for its Directors and officers. The Group has also provided an indemnity for its Directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This indemnity has been in place throughout the financial year and is in place as at the date of this report.

Financial instruments
The Group's financial instruments comprise borrowings, cash and liquid resources, and various items, such as trade debtors and trade creditors that arise directly from its operations. The Group's financial liabilities comprise amounts owed to Study Group undertakings, trade creditors and other creditors.. The Group also has financial assets comprising cash, trade and other debtors.

It is, and has been throughout the year under review, the Group's policy that no speculative trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have been reviewed and remain unchanged.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's two largest creditors are students and sponsors. This risk is mainly mitigated by students paying a large portion of tuition fees prior to the commencement of the course. As such, with events such as the Russian invasion of Ukraine, there is minimal bad debt from impacted students. Government Sponsors paying student tuition fees, whilst not paid in advance, are usually paid late in the first term or early in the student's second term. The timing of this payment and the good standing of these government organisations mitigates against any material bad debt risk.

Liquidity risk
Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of Study Group's short, medium and long-term funding and liquidity management requirements. Study Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Study Group actively monitors compliance with its minimum liquidity covenant relating to the term loans. Refer to the Going Concern section of the Strategic report on page 5 for further details.

Directors' report *(continued)*

Foreign currency risk
The Group undertakes transactions denominated in foreign currencies, hence experiences translational and transactional exchange rate exposures. Transactions denominated in foreign currencies relate to revenue and operational costs of the Group's International Study Centres based in Europe, and operational costs of the Group's branch based in Singapore. The risk is mitigated by revenues being billed in the currency where the services/operating costs are delivered/incurred. During the year, the Group did not actively hedge foreign currency exposure but it continues to monitor whether a hedging strategy would be beneficial.

Employment policies
The Group's employment policies are regularly reviewed and updated to ensure that they remain effective. The policies are designed to promote a collaborative working environment, free from discrimination which supports the recruitment and retention of effective employees. Study Group promotes equal opportunity and the avoidance of discrimination, by treating individuals equally and with fairness at all times when making employment decisions. The Group achieves this by reaching objective solutions based on merit and ensuring that any unjustifiable barriers are removed. Staff are encouraged to raise any matters that are important to them within the workplace, in order to ensure that they are provided with appropriate levels of support.

It is the policy of the Group to follow equal opportunity employment practices and these include the full consideration of employment prospects for the disabled. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes. The Group places importance on the contributions to be made by all employees to the progress of the Group and aims to keep them informed by the use of formal and informal communications as well as the Group's intranet site, email, employee forums and newsletters. Via these mediums, employees are made aware of the financial and economic factors affecting the performance of the Group, as well as encouraging our individuals to fulfil their potential and to build positive working relationships within a flourishing and dynamic environment. The Group also incentivises certain roles' performance through various bonus and other reward systems relevant to their level and role. All views are welcomed, and it routinely celebrates diversity across our global workforce, students and partners. Refer to the s172 report on page 8 for details on how the Board of Directors engage with employees and take into account their interest when making key business decisions.

Political Contributions
The Group has not made any political donations or incurred any political expenditure during the year or prior year.

Business relationships
The Directors have had regard to the need to foster the Group's business relationships with suppliers, customers and others as discussed in the Section 172 report on page 8.

Going concern
Refer to the Going Concern review on page 5 of the Strategic Report.

Energy and carbon reporting
The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 covering the reporting of Green House Gas (GHG) emissions came into operation for the Group from 2020. The reporting requirements for the Group are included within the Strategic Report and consolidated financial statements of SG Global Topco Limited.

Events after the balance sheet date
There are no events between the balance sheet date and the date the financial statements were issued that require disclosure.

Disclosure of information to auditor
Each of the persons who is a Director at the date of approval of this annual report confirms that:
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Reappointment of auditor
The auditor, Deloitte LLP, have indicated their willingness to continue in office and appropriate arrangements have been put in place concerning their re-appointment in the absence of an annual general meeting.

Approved / authorised on behalf of the Board of Directors

N.Williams

N Williams, *Director*
Date: 31 May 2023

J Pitman*, Director*
Date: 31 May 2023

Statement of corporate governance and internal control

This Statement of Corporate Governance and Internal Control has been written to outline Study Group Limited's governance and internal control arrangements. This Statement covers the financial year ending 31 December 2022 as well as the period up to the approval of these financial statements.

Study Group Limited ('the Company') is a subsidiary undertaking of SG Global Topco Limited. SG Global Topco Limited and its subsidiaries comprise 'Study Group'.

Corporate governance

Study Group Limited Board

The Study Group Limited Board ('the Board') is responsible for overseeing the legal and regulatory responsibilities for Study Group's operation within the UK and Europe as the provider of Study Group's International Study Centres ('ISCs') in the UK and Europe and former proprietor of Bellerbys College in the UK. Bellerbys College closed at the end of August 2022.

The responsibilities for which the Board provides oversight of includes, but is not limited to:

- Governance;
- Academic quality and assurance;
- Student experience;
- Student welfare;
- Safeguarding and protection; and
- Inspections and regulatory reviews.

The Board is composed of the Directors of Study Group Limited:

- Sir Keith Burnett, Non-Executive Chairman;
- Alison Allden, Non-Executive Director;
- Ed Griffin, Executive Director, Organisational Effectiveness (appointed 27 January 2023);
- Nikki Hall, Chief People and Transformation Officer (resigned 27 January 2023);
- Robert Morgan, Non-Executive Director;
- James Pitman, Manager Director, UK & Europe;
- Dr Mark Cunnington, Managing Director, University Partnerships (formerly Chief Learning Experience Officer); and
- Nick Williams, Chief Financial Officer.

Prior to appointment to the Board, members are required to undergo and successfully pass the internal fit and proper persons test; this is conducted in line with Study Group Limited's obligations under the Office for Students.

In addition, Board meetings are attended by key personnel from the organisation as required, including, but not limited to, the:

- Executive Director, Legal & Compliance;
- Director, Compliance & Risk;
- Executive Director, Organisational Effectiveness;
- University Partnerships Directors;
- Global Director of Safeguarding and Welfare;
- Chief Product Officer; and
- Academic Registrar/Director of Quality.

The Board retains ultimate responsibility for ensuring compliance with applicable statutory and regulatory responsibilities, oversight of which is achieved via delegation through the committee structure and regular reporting. Ongoing conditions that are applicable to Study Group Limited as a result of its registration with the Office for Students have been mapped to its governance processes and are included within board/committee terms of reference. The Board meets quarterly; additional meetings may be convened if required.

To ensure transparency, Study Group Limited publishes information relating to its corporate governance arrangements on its website www.studygroup.com.

The Board conducts its business through a number of committees. Terms of Reference for each committee are reviewed annually and approved by the Board.

Academic Board
The senior academic body that is responsible for the academic quality assurance and enhancement framework. Academic Board provides assurance to the Board of the effectiveness of academic governance.

Academic Board's governance framework includes the Student Advisory Board; an advisory forum of student representatives from across the ISC network that provides an opportunity for the student voice to be heard directly by Academic Board and by the Board. Academic Board meets four times a year; additional meetings may be convened if required.

Bellerbys College Advisory Board
Established to provide expertise and to advise the Board in its role as proprietor of Bellerbys College, the Bellerbys College Advisory Board advised the proprietor on matters including educational standards, safeguarding and wellbeing, policies and procedures and the governance framework. Following the closure of Bellerbys College, the final meeting of the Bellerbys College Advisory Board took place in October 2022.

Statement of corporate governance and internal control *(continued)*

UK/EU Compliance, Risk and Assurance Board ('UKEUCRAB')
Responsible for ensuring top grade compliance in key areas, the UKEUCRAB provides a forum for key stakeholders to report on matters relating to risk and compliance. Material compliance matters are escalated, as warranted, to the global Enterprise Risk Management (ERM) committee, which is part of the Group's governance network. UKEUCRAB meets monthly.

Student Experience Committee ('SEC')
The Student Experience Committee has historically been responsible for overseeing the management, monitoring and operationalisation of activity contributing to student success. The committee also oversaw aspects of student success relating to points of admission and exit, campus experience and student satisfaction. Following a review, the responsibilities of SEC have been absorbed into management groups and Academic Board and will therefore not appear in future statements.

SG Global Topco Board

In addition to the bodies described above, there are a number of Study Group wide boards and committees that also provide functional oversight to Study Group Limited's activities. These include:

Audit Committee
The SG Global Topco Board ('the Study Group Board') delegates responsibility to the Audit Committee to review the work done by the internal finance team and external auditors, and matters relating the selection of appropriate accounting policies and the appointment and remuneration of the external auditor. The Audit Committee is informed by the ERM Committee on matters of global risk and compliance. Audit Committee meets at least two times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

Global Enterprise Risk Management Committee ('ERM')
Reporting to the Audit Committee, the Global ERM Committee is responsible for monitoring, evaluating and addressing operational risk, including regulatory compliance, for Study Group. The ERM Committee is comprised of senior Study Group executives who regularly review performance against compliance and other operational performance metrics. The Committee is informed by regional boards and risk committees, including the UKEUCRAB. ERM meets quarterly; additional meetings may be convened if required.

SG Global Topco Management

Following the appointment of SG Global Topco's new Chief Executive Officer in September 2022, there has been a restructure of senior management and responsibility within Study Group. Resultant relevant changes to role and committee titles are identified below.

Executive Committee (Global Executive Team prior to December 2022)
The Executive Committee ('ExCo') is responsible for the day-to-day management of Study Group's affairs. It is led by Study Group's CEO, Ian Crichton who was appointed in September 2022 (prior to this the CEO was Emma Lancaster). All members of the team have extensive experience in, and in-depth knowledge of, the education sector or the function that they lead.
The current members of the ExCo are as follows:

- Ian Crichton, Chief Executive Officer;
- Alison Alfers, Executive Director, Legal & Compliance;
- Ruth Arnold, Executive Director, External Affairs;
- July Behl, Executive Director, Partner Acquisition and Development;
- Anthony Claridge, Executive Director, Partner Management & Operations, RoW;
- Dr Mark Cunnington, Managing Director, University Partnerships;
- Steve Goh, Chief Revenue Officer;
- Ed Griffin, Executive Director, Organisational Effectiveness;
- Steve Pinches, Chief Product Officer;
- James Pitman, Managing Director, UK & Europe; and
- Simon Belfer, Chief Financial Officer.

UK/EU Executive Leadership
Leadership responsibility for UK/EU operations is primarily vested with the Managing Director, University Partnerships (Chief Learning Experience Officer prior to December 2022), who is a Director of the Study Group Limited Board and a member of the Executive Committee. Reporting to the Managing Director, University Partnerships are a team of senior executives with deep expertise in the education sector who are responsible for the day-to-day performance of all operations related to academic performance, and student experience and success. In addition, UK/EU operations are the beneficiary of Study Group support for all finance, legal and compliance, human resources, and IT matters.

Statement of corporate governance and internal control *(continued)*

Accountable Officer

Study Group Limited's designated Accountable Officer for the Office for Students is James Pitman, Manging Director, UK & Europe. James Pitman is a member of the Executive Committee and a Director of Study Group Limited.

Internal control

The Study Group Board ensures Study Group Limited adheres to relevant control frameworks in all the regions in which it operates. Risk is identified and managed on an ongoing basis as delegated to boards/committees described above, in line with their terms of reference, and reported back to Study Group Limited Board (the governing body) who retains responsibility.

Study Group maintains and monitors a system of internal controls at a functional level, including financial, legal and regulatory controls. For the UK/EU operations, the UKEUCRAB, described above, meets monthly and monitors the internal controls for Study Group Limited and other Group companies in the UKEU region. The UKEUCRAB includes a RAG rating of both the likelihood and impact of an identified potential area risk, reports up to the Global ERM Committee, as appropriate, and submits a report to each Study Group Limited Board meeting.

Study Group Limited's governance arrangements are regularly reviewed by the Board, with external input from independent consultants as required.

Study Group's anti-fraud and anti-bribery policies are regularly reviewed, and training is provided to all staff to include refresher training at set frequencies.

Study Group's Audit Committee is responsible for:

- Reviewing and monitoring the Study Group's financial control framework;
- Reviewing Study Group's enterprise risk profile as provided by the ERM Committee;
- Reviewing the performance and independence of the external auditors and making recommendations in terms of appointment, remuneration and scope of the auditors;
- Monitoring and reviewing the integrity of financial statements;
- Reviewing suitability of accounting policies adopted by Study Group and any recommended changes; and
- Reviewing and approving the audited Financial Statements for Study Group and its subsidiaries.

Activity conducted by the Global ERM Committee includes:

- Assessing risk and trends at a macro level to inform strategy and resource allocation as needed to address risks that could impair Group performance;
- Ensuring alignment across the Group on priorities, as they relate to risk management;
- Monitoring and assessing risk mitigation activities for effectiveness; and
- Coordinating with the Study Group Board, as appropriate, on risk management strategies.

Study Group's system of financial controls includes:

- Financial authorisation responsibilities assigned within Delegation of Authority policy;
- Established annual budget and quarterly rolling forecast process which is reviewed monthly against actual performance and reviewed at all levels where responsibility for financial management has been assigned;
- Regular balance sheet reconciliation and review processes;
- Monthly rolling cash flow forecasting and rolling weekly 12-week liquidity projections;
- Regular review and forecasting to ensure compliance with Study Group's banking covenants;
- Appropriate capital investment control guidelines and formal project management disciplines;
- Formal procedures established for reporting significant control failures and ensuring appropriate corrective action; and
- Appropriate action taken on any control weaknesses or recommendations identified by Study Group's auditor and reported to the Audit Committee.

The external auditors report to the Audit Committee at least twice a year. There are no significant internal control weaknesses or failures that have arisen during the financial year ending 31 December 2022, as well as the period up to the approval of these financial statements.

Statement of Directors' responsibilities in respect of the annual report and 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 International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006 and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 in IFRSs 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.

On behalf of the Board of Directors

Independent auditor's report to the members of Study Group Limited
Report on the audit of the financial statements

Opinion
In our opinion:
- the financial statements of Study Group 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 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- 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 statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes to the consolidated financial statements 1 to 31; and
- the related notes to the parent company financial statements 1 to 16.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. 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".

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.

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 contained 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.

Independent auditor's report to the members of Study Group Limited
Report on the audit of the financial statements *(continued)*

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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, in-house legal counsel and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

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. This included UK Companies Act; 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 UK Companies Act 2006, HMRC tax legislation, General Data Protection Regulations ("GDPR") and the Office for Students Regulatory framework.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and IT specialists 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 areas, and our procedures performed to address them are described below:

- manual journals posted to revenue within the accounting system: we obtained an understanding of the various revenue streams across the Group and the operational processes in accounting for revenue transactions, and we profiled all manual journals to revenue and selected a risk focussed sample to agree to supporting documentation, assessing whether the entries showed sensible business rationale and were not indicative of fraud;
- the classification of exceptional items: we audited the nature of the costs classified as exceptional and other costs during the year; we challenged management on whether cost meets the definition in IAS 1 for any exceptional or other costs which are also classified as separately disclosed items, on whether they meet the internal definition of exceptional and other costs and on whether the exceptional costs are consistent with those costs classified as exceptional and other within the wider market place as well as the treatment in the prior year. We performed a test of detail on the exceptional and other costs balance by agreeing a sample to supporting documentation.

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 and in-house and external legal counsel 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 Study Group Limited
Report on the audit of the financial statements *(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.

Opinions on other matters prescribed by the Office for Students (OfS) "Regulatory Advice 9: Accounts Direction"
No funds have been provided to the Company by the OfS and UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department of Education. In our opinion, in all material respects:

- the requirements of the OfS's accounts direction applicable to companies that are not in receipt of funds by the OfS and Research England have been met.

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

- adequate accounting records have not been kept 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.

Helen Burridge

Helen Burridge (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
31 May 2023

Consolidated statement of comprehensive income
for the year ended 31 December 2022

	Note	**Before Exceptional and Other Items 2022 £000**	**Exceptional and Other Items (note 7) 2022 £000**	**Total 2022 £000**	Before Exceptional and Other Items 2021 £000	Exceptional and Other Items (note 7) 2021 Restated* £000	Total 2021 £000
Revenue	*2*	**119,484**	**-**	**119,484**	113,100	-	113,100
Cost of sales		**(53,126)**	**-**	**(53,126)**	(48,587)	-	(48,587)
Gross profit		**66,358**		**66,358**	64,513	-	64,513
Administrative expenses		**(55,443)**	**(806)**	**(56,249)**	(50,308)	(671)	(50,979)
Earnings before depreciation, amortisation, net financing costs and taxation (EBITDA)		**10,915**	**(806)**	**10,109**	14,205	(671)	13,354
Impairment		**-**	**(68)**	**(68)**	-	(151)	(151)
Depreciation and amortisation		**(8,413)**	**-**	**(8,413)**	(5,606)	-	(5,606)
Operating profit/(loss)	*4*	**2,502**	**(874)**	**1,628**	8,599	(822)	7,777
Interest receivable and similar income	*8*	**83**	**-**	**83**	30	-	30
Interest payable and similar charges	*9*	**(1,326)**	**-**	**(1,326)**	(410)	-	(410)
Profit/(loss) before taxation		**1,259**	**(874)**	**385**	8,219	(822)	7,397
Taxation	*10*	**(188)**	**-**	**(188)**	1,060	-	1,060
Profit/(loss) for the year after taxation from continuing operations		**1,071**	**(874)**	**197**	9,279	(822)	8,457
Discontinued operations:							
Loss after tax for the period from discontinued operations, net of tax	*11*	**(4,551)**	**(32,211)**	**(36,762)**	(7,826)	(101)	(7,927)
Total comprehensive income for the financial year		**(3,480)**	**(33,085)**	**(36,565)**	1,453	(923)	530

The Group incurred no other comprehensive income or expense in the year.
The accompanying notes on pages 23 to 50 form an integral part of these financial statements.
* The Group has restated comparative amounts to reflect newly classified discontinued operations under IFRS 5 (refer to Note 11).

Consolidated statement of financial position
As at 31 December 2022

	Note	2022 £000	2021 £000
Non-current assets			
Intangible assets	*12*	**3,969**	3,768
Property, plant and equipment	*13*	**3,361**	10,888
Right-of-use assets	*14*	**31,224**	67,630
Finance lease receivables	*16*	**4,746**	5,215
Deferred tax assets	*17*	**-**	4,185
Trade and other receivables	*18*	**151,965**	134,776
		195,265	226,462
Current assets			
Trade and other receivables	*18*	**35,079**	43,724
Cash and cash equivalents		**9,846**	29,139
Finance lease receivables	*16*	**963**	876
		45,888	73,739
Current liabilities			
Deferred income		**57,381**	84,398
Trade and other payables	*19*	**92,086**	80,650
Current tax liabilities		**553**	906
Provisions	*20*	**339**	7
Obligations under lease liabilities	*21*	**9,185**	8,163
		159,544	174,124
Net current liabilities		**(113,656)**	(100,385)
Non-current liabilities			
Provisions	*20*	**2,293**	3,886
Obligations under lease liabilities	*21*	**60,736**	67,046
		63,029	70,932
Net assets		**18,580**	55,145
Equity			
Share capital	*23*	**2,040**	2,040
Retained earnings		**16,540**	53,105
Total equity		**18,580**	55,145

The financial statements and notes on pages 23 to 50 were approved by the Board of Directors and authorised for issue on 31 May 2023 and were signed on its behalf by N Williams and J Pitman.

The accompanying notes form an integral part of these financial statements.

N.Williams

N Williams
Director
Study Group Limited, Registered no. 02325576

J Pitman
Director
Study Group Limited, Registered no. 02325576

Consolidated statement of changes in equity
for the year ended 31 December 2022

2022	*Note*	**Ordinary share capital £000**	**Retained earnings £000**	**Total equity £000**
Balance at 1 January 2022		2,040	53,105	55,145
Loss and total comprehensive income		-	(36,565)	(36,565)
Balance at 31 December 2022		**2,040**	**16,540**	**18,580**

2021		**Ordinary share capital £000**	**Retained earnings £000**	**Total equity £000**
Balance at 1 January 2021		2,040	67,575	69,615
Profit and total comprehensive income		-	-	530
Dividend paid	*24*	-	-	(15,000)
Balance at 31 December 2021		**2,040**	**53,105**	**55,145**

The accompanying notes on pages 23 to 50 form an integral part of these financial statements.

Consolidated cash flow statement
for the year ended 31 December 2022

	Notes	2022 £000	2021 £000
Operating activities			
Cash (outflow)/inflow generated from operations (below)		**(13,235)**	27,089
Interest received	*8*	**2**	-
Interest paid and financing costs	*9*	**(6)**	-
Tax (paid)/refunded		**(171)**	39
Net cash (outflow)/inflow generated from operating activities		**(13,410)**	27,128
Investing activities			
Proceeds on disposal of fixed assets		**8,372**	-
Purchase of intangible assets	*12*	**(1,625)**	(2,841)
Purchase of property, plant and equipment	*13*	**(756)**	(807)
Interest income on lease receivables	*8*	**248**	279
Net inflow/(outflow) from investing activities		**6,239**	(3,369)
Financing activities			
Repayment of principal portion of lease liabilities		**(8,566)**	(7,557)
Interest element of lease payments	*9*	**(3,290)**	(3,446)
Cash received from the principal portion of lease receivables		**897**	849
Cash inflow from impaired lease assets		**420**	409
Equity dividends paid	*24*	**-**	(15,000)
Net outflow from financing activities		**(10,539)**	(24,745)
Net decrease in cash and cash equivalents		**(17,710)**	(986)
Cash and cash equivalents at the beginning of the financial year		**29,139**	30,512
Effect of exchange rate movements		**(1,583)**	(387)
Cash and cash equivalents at 31 December		**9,846**	29,139

	Notes	2022 £000	2021 £000
Cash outflow generated from operating activities			
(Loss)/profit on ordinary activities before taxation		**(32,192)**	(530)
Adjustment for:			
Interest expense	*9*	**3,290**	3,446
Amortisation and depreciation	*4*	**11,980**	10,916
Unrealised foreign exchange loss/(gain)	*4*	**1,333**	141
Impairment/(reversal) of fixed assets	*4*	**31,545**	(79)
Profit on disposal of fixed assets	*4*	**(4,675)**	(168)
Interest income	*8*	**(248)**	(309)
(Increase)/decrease in trade and other receivables	*18*	**(8,544)**	5,077
(Decrease)/increase in deferred income		**(27,017)**	23,764
Increase/(decrease) in trade and other payables	*19*	**11,293**	(15,169)
Cash inflow generated from operations		**(13,235)**	27,089

The accompanying notes on pages 23 to 50 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2022

1 Accounting policies

1.1 General information

Study Group Limited was incorporated on 6 December 1988 and is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The registered number is 02325576 and the registered address is Britannia House, 21 Station Street, Brighton, BN1 4DE, UK. The Group financial statements were authorised for issue by the Board of Directors on 31 May 2023.

Accounting policies for the year ended 31 December 2022

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

1.2 Basis of preparation

These financial statements of the Group, which comprise the Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes thereto, have been prepared in accordance with the UK-adopted International Accounting Standards (UK-IAS) with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. 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 1.20.

The Company's parent undertaking, SG Global Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of SG Global Topco Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU, are available to the public and may be obtained from Britannia House, 21 Station Street, Brighton, BN1 4DE, UK.

Going concern

Due to Group wide financing facilities, going concern is assessed at a consolidated Study Group level for SG Global Topco Limited and its subsidiaries ('Study Group').

The Directors of SG Global Topco Limited with the support of its shareholders and investors have taken timely action to ensure that Study Group remains in compliance with its Senior Facilities Agreement and has sufficient committed facilities to meet liabilities as they fall due for a period of 12 months from signing these financial statements.

Positive cash headroom on committed facilities is projected throughout the going concern assessment period and the Directors continue to adopt the going concern basis in the financial statements. This basis is adopted after consideration of the positive growth prospects within the business, including the recovery anticipated within the UK & Europe indicated by increased offer volume seen in 2023, the easing of China travel restrictions and continued growth in North America, along with the ongoing support received to date from Study Group's majority shareholder Ardian and the net cash proceeds received from the Australia and New Zealand sale.

On 7 February 2023, Study Group signed an amendment to its Senior Facilities Agreement with its lenders to amend the minimum liquidity covenant, permit all interest to be capitalised instead of cash paid until at least April 2025 and extend the period without the leverage covenant until June 2025. The agreement included a condition for Ardian to provide shareholder funding of £20.0 million, half of which was received in February 2023, with the remaining half in March 2023. This is in addition to the investment of £17.0 million made in February 2021 and £40.0 million in February 2022 by Ardian.

Following this amendment, the only financial covenant in place during the going concern period is a minimum liquidity covenant, requiring Study Group's total liquidity to remain above £30.0 million on the last working day of each month (with a lower minimum threshold of £20.0 million in March, April and May in 2024 which is Study Group's seasonal liquidity low point).

As at 15 May 2023, Study Group had total liquidity of £73.1 million. This is following completion of the Australia and New Zealand transaction on 12 May 2023.

Looking ahead to June 2024, management have run a number of sensitivities including a base case and an illustrative "flat case" to model the impact on minimum liquidity in each scenario. The base case reflects the Board-approved Budget and has an expected level of student volume growth built in whereas the flat case holds volumes from current centres flat against the prior comparative period for H2 2023 and H1 2024, with a 25% reduction compared to the base case for new partners. In both scenarios, Study Group continues to maintain liquidity above our minimum liquidity covenant.

The latest pipeline and volumes achieved so far in 2023 are above the base case, therefore the base case is expected to be achieved and the flat case scenario is considered unlikely. In any reasonably possible downside scenario where volumes are lower than Budget but higher than the flat case scenario, Study Group would therefore still have sufficient committed facilities to meet its liabilities as they fall due.

Based on the above considerations and the scenarios modelled, the Directors believe Study Group has sufficient committed facilities to meet liabilities as they fall due for a period of 12 months from signing these financial statements. Accordingly, the Directors continue to adopt the going concern basis in the financial statements.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

1. Accounting policies *(continued)*

1.2 Basis of preparation (continued)

Basis of consolidation

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intra-group transactions, balances, income and expenses are eliminated on consolidation. On 1 September 2022 the Group transferred its trade in Ireland from a branch of the Company to a new entity Study Group Ireland Limited. Therefore, this is the first year that consolidated financial statements for the Group have been prepared with the prior year representing the Company which include the Ireland branch.

1.3 Foreign currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pound Sterling, which is the Company's functional and the Group's presentation currency.

Transactions denominated in foreign currencies are recorded in Pound Sterling at the exchange rates ruling at the date of the transaction. Foreign exchange gains and losses resulting from such transactions are recognised in the Statement of Comprehensive Income, except when deferred in equity as qualifying cash flow hedges. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date and any exchange differences are taken to the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to foreign currency loans and other foreign exchange adjustments are included within finance income and expenses.

On consolidation, incomes and cash flows of foreign subsidiaries are translated into Pound Sterling using average rates that existed during the accounting year. The balance sheets of foreign subsidiaries are translated into Pound Sterling at the rates of exchange ruling at the balance sheet date. Gains or losses arising on the re-translation of opening and closing net assets are recognised in the Statement of Comprehensive Income and accumulated in a foreign exchange translation reserve.

1.4 Non-derivative financial instruments

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

Financial assets
All financial assets are normally recognised and de-recognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value. On de-recognition, however, where a specific transaction is entered into with a counterparty that is judged to carry a high credit or liquidity risk, then the Directors may determine that de-recognition of the financial asset shall be based on settlement date rather than trade date, with any realised gain or loss taken to the income statement on date of settlement.

Financial assets that are within the scope of IFRS 9 are required to be classified and measured subsequently at amortised cost, fair value through other comprehensive income ('FVTOCI') or fair value through profit and loss ('FVTPL') on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:
- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at FVTOCI; and
- all other debt investments and equity investments are measured subsequently at FVTPL.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

1 Accounting policies *(continued)*

1.4 Non-derivative financial instruments (continued)

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Classes of financial asset
The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified at amortised cost. Trade and other receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets at FVTOCI are stated at fair value, with any gains or losses arising on re-measurement recognised in other comprehensive income.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the income statement. The net gain or loss recognised in the income statement incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the income statement.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. In accordance with IFRS 9 impairment of financial assets is based on an expected credit loss ('ECL') model. The ECL model requires the Group to account for ECLs and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected, IFRS 9 also requires current and future events to be considered when making an impairment assessment.

IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECLs if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

For all financial assets, including finance lease receivables, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

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

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

1 Accounting policies *(continued)*

1.4 Non-derivative financial instruments (continued)

Financial liabilities and equity

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

Financial liabilities
Financial liabilities are classified as either "financial liabilities at FVTPL" or "other financial liabilities".

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:
- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and IFRS 9 Financial Instruments permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the income statement. The net gain or loss recognised in the income statement incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in the statement of comprehensive income.

Other financial liabiliites
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The Group de-recognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

1.5 Property, plant and equipment

Fixed assets are shown at historical cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Repairs and maintenance are expensed as incurred, while major renovations and improvements are capitalised as fixed assets and depreciated over their estimated useful lives.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- buildings — 50 years
- leasehold property improvements — over life of lease
- computer equipment — 3 years
- motor vehicles — 4 years
- fixtures and fittings — 5 years

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

1.6 Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally-generated intangible assets

An internally-generated intangible asset arising from software and course development is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The Group expenses implementation, configuration and customisation costs incurred in instances where it does not have control over the software code. Customisation costs where the Group has control over the software code continues to be capitalised and amortised over its useful life.

Where control can be demonstrated, the amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The following useful lives have been determined for internally generated intangible assets:

- Course Development — Life of centre contract
- Software Development — 3-5 years
- Centre Contracts — Life of centre contract

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

1 Accounting policies *(continued)*

1.7 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as laptops, photocopiers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. At the end of each reporting period, the Group assesses whether there is any indication that a right-of-use asset may be impaired under IAS 36. If there is an indication of impairment, the asset will be written down to its recoverable amount.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the balance sheet.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Administrative expenses" in profit or loss.

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 elected to apply this to leases of student accommodation and motor vehicles only. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

1 Accounting policies *(continued)*

1.7 Leases (continued)

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Covid-19 related rent concessions amendment

In response to the Covid-19 coronavirus pandemic, the International Accounting Standards Board has issued amendments to IFRS 16 Leases to allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of Covid-19 and the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

The Group has chosen to apply the practical expedient to all rent concessions that meet the conditions in the amendment.

1.8 Impairment of non-current assets

Assets that are subject to amortisation are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount, which is considered to be the higher of value in use and fair value less costs to sell. In order to assess impairment, assets are grouped into the lowest levels for which there are separately identifiable cash flows (cash-generating units). Cash flows used to assess impairment are discounted using appropriate rates taking into account the cost of capital and any risks relevant to those assets.

1.9 Provisions

Provisions are measured at the value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If material, provisions are determined by discounting the expected future cash flows of the Group at rates that reflect current market assessments of the time value of money.

Provisions for onerous contracts are recognised when the Group believes that the unavoidable costs of meeting or exiting the contractual obligations exceed the economic benefits expected to be received under the contract.

1.10 Taxation

Corporation tax, where payable, is provided on taxable profits at the current rate.

Deferred tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Deferred tax assets and liabilities have not been discounted.

1.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits at all banks, other liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts or loans where there is no right of set off are shown within borrowings in current or non-current liabilities on the balance sheet as appropriate.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

1 Accounting policies *(continued)*

1.12 Employee benefits

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

1.13 Share capital and share premium

Ordinary shares issued are shown as share capital at nominal value. The premium received on the issuance of shares in excess of the nominal value is shown as share premium within shareholders' equity.

1.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of sales taxes and discounts. Revenue is recognised as follows, in accordance with the principles of IFRS 15:

- Tuition revenue is generated from education courses provided to students and is recognised over time as the courses are provided, with performance obligations being satisfied as the course is delivered. Discounts and bursaries given to students are netted against tuition revenue. Payments from students are due in accordance with agreed payment terms for that particular course and education provider. Pre-payments for courses are treated as deferred revenue and amortised over the duration of the course. Refunds will be granted to students in accordance with the agreed refund policies for each University partner.
- Accommodation revenue is generated from accommodation provided to students and is recognised over time as it is provided. Payments from students are due in accordance with agreed payment terms for the accommodation provided. Prepayments for accommodation are treated as deferred revenue and amortised over the duration of stay. Refunds will be granted to students in accordance with the agreed refund policies for each University partner.
- Matriculation or placement revenue from University Partners is recognised when the Group's performance obligations are met, which is the point at which matriculation or placement of the student is confirmed. The revenue is recognised for all semesters and years, with an estimate of subsequent year amounts being made by taking into account average progression rates. Payment is due in accordance with agreed payment terms with that particular University. Study Group is entitled to payment once the student enrols on their course, and there is no obligation for a refund should the student fail to complete the course.
- Other revenue is recognised in line with IFRS 15 and when the performance obligations have been met.

1.15 Student acquisition costs

Commission and bonuses paid to third party agents, where the Group has a right to claw back the payments in the event the student leaves before completion of their course, are deferred on the balance sheet and recognised over the same period as the related student revenue. Payments made where the Group has no recourse to claw them back are expensed as they are earned by the third party.

1.16 Expenses

Interest receivable and interest payable
Interest payable and similar charges include interest payable, finance charges on finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss.

1.17 Exceptional and other items

Due to their material nature, certain exceptional and other non-trading or non-recurring items have been classified separately in order to aid the understanding of the reader. Exceptional items comprise, inter alia, impairment charges, restructuring costs and costs associated with material financing, acquisition, or disposal transactions. Other items include strategic investments which comprise upfront investments for the benefit of future years, non-executive Director fees and unrealised foreign exchange gains or losses that the Directors believe are beneficial to strip out when analysing the underlying trading result for the year.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

1 Accounting policies *(continued)*

1.18 Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risk and its liquidity position. The Group has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Group which is outlined in the Directors' report. The fair values of short-term deposits, loans and overdrafts with a maturity of less than one year are assumed to be approximate to their book values.

1.19 Accounting for government grants

In various circumstances the Group can be entitled to and has been in receipt of a number of different grants and financial support packages from various government bodies across the territories in which it operates. The Group looks to apply IAS 20 accounting for government grants. Accordingly the Group has reviewed the conditions of each of these schemes individually and has interpreted the conditions in accordance with IAS 20. Broadly the grants fall into one of the following categories:

- In the circumstances where the Group acts as an agent on behalf of the local government and is distributing financial support to its employees whilst they are unable to undertake their normal duties, the timing of receipts and payments are flowed through the Statement of Financial Position and there is no impact to the Statement of Comprehensive Income.
- In the situation where the Group receives support from the relevant government in terms of a wage or other cost subsidy for which there is no requirement, contingent or otherwise, to repay such financial support at a later stage, the Group treats the grant as revenue in the Statement of Comprehensive Income to the extent that it becomes permanently entitled to that revenue, and such that it is matched against the relevant costs incurred. Otherwise the liability is held on the Statement of Financial Position.

1.20 Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described above, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key areas of judgement

Going concern
Judgements made relating to the Directors' going concern assessment is detailed in the Strategic Report on page 5. This is considered a critical accounting judgement due to the level of uncertainty around future forecasts.

Exceptional and other items
Judgements are required as to whether items are disclosed as exceptional or other items, with consideration given to both quantitative and qualitative factors. Further information about the determination of exceptional and other items in the year ended 31 December 2022 is included in Note 7.

Key sources of estimation uncertainty

Right of use assets
Annually the Group tests whether right of use assets have suffered any impairment, in accordance with the accounting policy stated in Note 1.7. The recoverable amounts of right of use assets have been determined based on value-in-use calculations. These calculations require management to make an estimate of the expected future cash flows from cash-generating leases. During the course of any impairment review the Directors carry out sensitivity analysis and disclose their findings on the possible effect of a change in assumed values for the items selected to be assessed as part of this analysis as set out in Note 14. The closure of Bellerbys Colleges in Brighton and London in August 2022 represented an impairment indicator for the annual impairment assessment, resulting in impairment charges being recognised in 2022. Further detail, including key estimates and assumptions, is provided in Note 14.

1.21 Revisions to IFRS not applicable in 2022

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

Effective date 1 January 2023

- IFRS 17 - Insurance contracts
- IAS 1 - Amendment - Disclosure initiative – Accounting policies
- IAS 8 - Definition of accounting estimates
- IAS 12 - Amendment Deferred tax related to Assets and liabilities arising from a single transaction

The Directors do not expect that the adoption of the amendments to the existing Standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

1 Accounting policies *(continued)*

1.22 Discontinued operations

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of comprehensive income.

Additional disclosures are provided in Note 11. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

2 Revenue

All revenue in current and prior year relates to the provision of educational services and arises in the UK and Europe and is recognised over time.

Additional disclosure required by Office for Students:

The Company is registered with the Office for Students ('OfS') in regards to its University Pathways (International Study Centres) offering. As part of the ongoing requirements of registration the following disclosures are required in respect of grant and fee income:

	2022	2021
	£000	£000
Continuing operations		
Fee income for taught awards	**41,234**	40,140
Fee income from non-qualifying courses	**55,992**	55,923
Other income	**22,258**	17,037
	119,484	113,100
Discontinued operations		
Fee income for taught awards	**949**	263
Fee income from non-qualifying courses	**5,452**	9,773
Other income	**3,937**	4,576
	10,338	14,612
Total revenue	**129,822**	127,712

3 Segmental analysis

The Group's results all relate to one operating segment and no segmental analysis is included. This is in line with the internal reporting of the Group's performance to the Chief Operating Decision Maker, ('CODM') identified as Study Group's CEO, Ian Crichton.

4 Operating profit / (loss)

Included in the statement of comprehensive income in respect of the continuing business are the following:

	2022	2021
	£000	£000
Depreciation of tangible assets	**1,351**	1,361
Depreciation of right-of-use-assets	**5,590**	3,359
Amortisation of intangible assets	**1,484**	886
Impairment of tangible assets	**68**	219
Impairment reversal / (impairment) of right-of-use assets	**(100)**	100
Loss / (gain) on disposal of right-of-use assets	**100**	(168)
Unrealised foreign exchange loss	**1,333**	141
Allowance for bad debt	**701**	801

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

4 Operating profit / (loss) *(continued)*

Auditor's remuneration
Fees payable to the Company's auditor Deloitte LLP for the audit of the parent and consolidated accounts were £0.2 million (2021: £0.1 million). Fees payable for the audit of the subsidiaries were £0.03 million (2021: nil). Amounts receivable by the Group's auditor and its associates in respect of services to the Group and its associates, other than the audit of the Group's financial statements, were £nil (2021: £nil).

Government grants
Government grant income was received in Singapore of £0.1 million (2021: £0.2 million) and the UK £nil (2021: £0.3 million) in relation to Covid-19 support schemes. Income received in Singapore is included within revenue, whilst income received in the UK has been netted off within payroll costs in accordance with IAS 20, as disclosed in Note 1.19.

5 Staff numbers and costs

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

	Number of employees	
	2022	2021
Teaching	**722**	778
Administration	**310**	299
	1,032	1,077

The aggregate payroll costs of these persons were as follows:	**2022**	2021
	£000	£000
Wages and salaries	**34,247**	34,029
Social security costs	**2,641**	2,706
Contributions to defined contribution plans (Note 22)	**1,402**	1,499
	38,290	38,234

Additional disclosure required by Office for Students:

The Company is registered with the Office for Students ('OfS') in regards to its University Pathways (International Study Centres) offering. As part of the ongoing requirements of registration the following disclosures are required in respect of the Head of Provider.

The total remuneration package received by the Head of Provider was as follows:

	2022	2021
	£000	£000
Salary	**144**	144
Pension	**39**	39
Bonus	**-**	26
	183	209

The Head of Provider is remunerated through another Study Group company and in addition to services provided in relation to the International Study Centres subject to OfS registration their services also include those in relation to other lines of business and Study Group companies. Due to the subjectivity involved it is impossible to accurately allocate their costs relating to the International Study Centres. The Head of Provider's remuneration package is based on a number of factors. As well as a portfolio of 18 different Study Centres in the UK, Netherlands and the Republic of Ireland, they are also the primary head of business development building and maintaining relationships with partner universities and potential partners in the UK and Europe. They also play a key role in working closely with Government, Industry and Commercial leaders, helping to shape the future of Higher Education in the UK and Europe for International students. The Head of Provider is a member of the Executive Committee ("ExCo") of Study Group globally, which sets the strategy and direction of the Group over the medium and long term. The remuneration includes compensation typical of that for an equivalent senior role in the private sector in which Study Group operates. Study Group operates a remuneration committee which reviews and approves compensation levels for senior members of staff.

The Head of the Provider's basic salary is 4.4 (2021: 4.7) times the mean pay of staff, where the mean pay is calculated on an absolute headcount basis for the salaries paid by the Group to its staff. The Head of Provider's total remuneration is 5.3 (2021: 6.5) times the mean total remuneration of staff, where the mean total remuneration is calculated on an absolute headcount basis for the total remuneration by the Group of its staff. It is not possible for the Group to report on a median pay basis by reference to full time equivalent pay, as the Group does not record information at this level of detail.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

5 Staff numbers and costs *(continued)*

The number of staff with a basic salary of over £100,000 per annum was as follows:

	2022 **£000**	2021 £000
£100,000 - £104,499	**3**	2
£105,000 - £109,999	**-**	1
£110,000 - £114,999	**-**	1
£115,000 - £119,999	**-**	1
£120,000 - £124,999	**1**	1
£125,000 - £129,999	**1**	-
£130,000 - £134,999	**1**	-
£135,000 - £139,999	**-**	1
£140,000 - £144,999	**1**	1
£155,000 - £159,999	**-**	1
£165,000 - £169,999	**1**	-
£180,000 - £184,499	**-**	1
£190,000 - £194,999	**1**	-
£195,000 - £199,999	**1**	-
£220,000 - £224,999	**1**	-
£355,000 - £359,999	**-**	1

The total amount of compensation paid for loss of office was as follows:

	2022 **£000**	2021 £000
Total amount paid across the Group in respect of compensation for loss of office	**1,692**	985
Number of employees to which this relates	**188**	102

None of the amounts paid in respect of compensation for loss of office relate to the Head of Provider.

Numbers stated in respect of staff with a basic salary over £100,000 and amounts paid across the Group in respect of compensation for loss of office covers all staff employed by the Group, which includes other lines of business in addition to the International Study Centres subject to OfS registration.

6 Directors' remuneration

The Directors of the Company, as members of the Executive Committee ("ExCo"), are considered to be key management personnel. The ExCo is responsible for the day-to-day management of Study Group's affairs and its members perform services across Study Group. The Group has undertaken an assessment of Directors' qualifying services across Study Group and has noted that the Company's Directors are not specifically remunerated for their services to the Company. Accordingly, Directors' remuneration is deemed to be £nil (2021: £nil). Total Directors' remuneration and key management compensation is disclosed in the consolidated Group accounts of SG Global Topco Limited.

Key management compensation:

Key management are defined as the members of the ExCo. The ExCo are remunerated through a number of Group companies. Due to the number of appointments and the subjectivity involved it is not practical or meaningful to allocate their costs relating to Study Group Limited.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

7 Exceptional and other items included within operating profit

	Exceptional items		Other items		Total	
	2022	2021	**2022**	2021	**2022**	2021
	£000	£000	**£000**	£000	**£000**	£000
Administrative expenses						
Restructuring costs	**812**	901	**-**	-	**812**	901
Shareholder and management fees	**-**	-	**(6)**	-	**(6)**	-
Other	**-**	(230)	**-**	-	**-**	(230)
Impairment						
Right-of-use property asset impairment	**-**	(285)	**-**	-	**-**	(285)
Property asset impairment	**68**	206	**-**	-	**68**	206
Loss on disposal of right-of-use assets	**-**	230	**-**	-	**-**	230
Loss after tax for the year from discontinued operations						
Costs relating to discontinued operations (Note 11)	**32,211**	95	**-**	6	**32,211**	101
Total exceptional cost	**33,091**	917	**(6)**	6	**33,085**	923

Exceptional items are those which are material in size or are non-recurring in nature. Other items are not necessarily non-recurring in nature, but the Directors believe that it is helpful to show these amounts separately as they are not directly linked to the recurring trading operations of the business.

- Restructuring costs of £0.8 million (2021: £0.9 million) primarily relate to redundancy costs and consultancy fees as a result of the global reorganisation
- Right-of-use property asset impairment credit in the prior year of £0.3 million in relation to impaired right-of-use leases in Oxford and Cambridge
- Leasehold property improvements impairment £0.1 million (2021: £0.2 million) in relation to an office building which is no longer in use
- Loss on disposal of right-of-use assets in the prior year of £0.2 million in relation to right-of-use leases in Oxford and Cambridge
- Other exceptional credit of £0.2 million in the prior year related to the release of aged items on the balance sheet.

Other items include non-executive Director fees, restructuring costs and Covid-19 incremental costs that the Directors believe are beneficial to strip out when analysing the underlying trading result for the year.

8 Interest receivable and similar income

	2022	2021
	£000	£000
Bank interest and other interest receivable	**2**	-
Finance lease receivables	**81**	-
Effect of changes in discount rate on provisions (note 20)	**-**	30
	83	30

9 Interest payable and similar charges

	2022	2021
	£000	£000
Other interest payable	**7**	4
Interest on lease liabilities	**1,319**	406
Total interest payable and similar income	**1,326**	410

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

10 Taxation

Recognised in the statement of comprehensive income

	2022	**2022**	2021	2021
	£000	**£000**	£000	£000
Foreign tax:				
Current tax on income for the year	**95**		91	
Adjustments in respect of prior periods	**93**		25	
Total current tax		**188**		116
Deferred tax (see note 17):				
Deferred tax charge / (credit) for the year	**4,185**		(1,176)	
Total deferred tax		**4,185**		(1,176)
Tax charge / (credit) on ordinary activities		**4,373**		(1,060)
Relating to the continuing business		**188**		(1,060)
Relating to the discontinued operation (Note 11)		**4,185**		-

Reconciliation of effective tax rate

	2022	2021
	£000	£000
Loss before taxation	**(32,192)**	(530)
Tax using the UK corporation tax rate of 19% (2021: 19%)	**(6,117)**	(101)
Change in tax rate	**-**	(932)
Effect of tax rates in foreign jurisdictions	**(11)**	(31)
Items not taxable or deductible	**(142)**	339
Group relief surrendered for nil consideration	**6,365**	(75)
Change in deferred tax recognition	**4,185**	(588)
Over provided in prior years	**93**	328
Total tax charge / (credit)	**4,373**	(1,060)

The Company tax rate is the standard rate of corporation tax in the UK at 19% (2021: 19%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The UK corporate tax rate will go up from the current 19% to 25% with effect from 1 April 2023. The impact on the accounting for Deferred Tax is set out in Note 17.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

11 Discontinued operations

Bellerbys Colleges

Study Group has historically run Bellerbys Colleges from sites in Brighton, Oxford, Cambridge, and London. The former site in Cambridge closed in 2020, while the site in Oxford closed in 2017.

Due to changes in international student demand and after a period of consultation which was initiated in January 2022, the Directors took the difficult but necessary decision to close the remaining Bellerbys Colleges in Brighton and London on 31 August 2022.

Bellerbys is considered a separate major line of business for the Group, and therefore has been treated as a discontinued operation within these financial statements, with comparatives restated on the face of the Statement of Comprehensive Income, in accordance with IFRS 5.

The results of the discontinued operation, which have been included in the profit for the year, were as follows:

	2022	2021
	£000	£000
Revenue	**10,338**	14,612
Operating expenses	**(41,111)**	(19,778)
Operating loss	**(30,773)**	(5,166)
Finance costs	**(1,804)**	(2,761)
Loss before tax	**(32,577)**	(7,927)
Attributable tax expense	**(4,185)**	-
Loss for the year from the discontinued operation	**(36,762)**	(7,927)
Presented as:		
Earnings before interest, tax, depreciation and amortisation	**801**	222
Exceptional and Other Items including attributable tax	**(32,211)**	(101)
Depreciation, amortisation, and net finance costs	**(5,352)**	(8,048)
	(36,762)	(7,927)

Exceptional items included within 2022 operating loss:

Bellerbys exceptional costs of £32.2 million comprised:

- £1.1 million incurred for restructuring costs associated with the closure of the colleges, including redundancies and other fees.
- £31.6 million in respect of impairments comprising tangible fixed assets of £2.6 million (see Note 13) and right-of-use assets of £29.0 million (see Note 14).
- £4.2 million attributable tax expense on exceptional and other items.
- Partially offset by £4.7 million gain on disposal of the Group's Freehold Property in London during the year (see Note 13).

Exceptional items included within 2021 operating loss:

Bellerbys exceptional costs of £0.1 million predominantly related to restructuring costs.

The net cash flows incurred by the discontinued operation are as follows:

	2022	2021
	£000	£000
Net cash used in operating activities	**(8,296)**	(3,779)
Net cash generated from / (used in) investing activities	**8,102**	(345)
Net cash used in financing activities	**(3,787)**	(7,418)
Net cash outflow	**(3,981)**	(11,542)

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

12 Intangible assets

2022	Course development £000	Software costs £000	Centre contracts £000	Total £000
Cost				
Balance at 1 January 2022	4,011	969	1,245	6,225
Additions	455	1,181	(11)	1,625
Foreign currency translation	6	82	-	88
Balance at 31 December 2022	4,472	2,232	1,234	7,938
Amortisation				
Balance at 1 January 2022	1,069	862	526	2,457
Amortisation for the year	1,165	114	205	1,484
Foreign currency translation	2	26	-	28
Balance at 31 December 2022	2,236	1,002	731	3,969
Net book value				
At 31 December 2021	2,942	107	719	3,768
At 31 December 2022	**2,236**	**1,230**	**503**	**3,969**

2021	Course development £000	Software costs £000	Centre contracts £000	Total £000
Cost				
Balance at 1 January 2021	1,438	962	1,205	3,605
Additions	2,547	254	40	2,841
Disposal	-	(221)	-	(221)
Transfer	26	(26)	-	-
Balance at 31 December 2021	4,011	969	1,245	6,225
Amortisation				
Balance at 1 January 2021	413	791	358	1,562
Amortisation for the year	656	71	168	895
Balance at 31 December 2021	1,069	862	526	2,457
Net book value				
At 31 December 2020	1,025	171	847	2,043
At 31 December 2021	**2,942**	**107**	**719**	**3,768**

Intangible assets include Course Development for offline or online courses developed for specific centres, as well as Centre Contract assets comprising mainly of launch costs recognised in line with IFRS 15. Software includes any software purchased or developed internally from which future economic benefits are expected.

Amortisation is included within 'depreciation and amortisation' in the statement of comprehensive income.

Intangible fixed assets are reviewed for impairment once indicators of impairment are identified. Based on the review performed, no additional impairment has been recorded in 2022.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

13 Property, plant and equipment

2022	**Land and buildings £000**	**Leasehold property improvements £000**	**Computer equipment £000**	**Fixtures & fittings £000**	**Total £000**
Cost					
Balance at 1 January 2022	5,164	11,405	5,988	7,426	29,983
Additions	-	624	106	26	756
Disposals	(5,164)	(312)	(45)	(151)	(5,672)
Foreign currency translation	-	26	52	47	125
Balance at 31 December 2022	-	11,743	6,101	7,348	25,192
Depreciation					
Balance at 1 January 2022	1,699	6,406	4,589	6,401	19,095
Depreciation charge for the year	70	916	640	399	2,025
Depreciation on disposals	(1,769)	(114)	(35)	(77)	(1,995)
Impairment	-	2,608	-	-	2,608
Foreign currency translation	-	17	34	47	98
Balance at 31 December 2022	-	9,833	5,228	6,770	21,831
Net book value					
At 31 December 2021	3,465	4,999	1,399	1,025	10,888
At 31 December 2022	**-**	**1,910**	**873**	**578**	**3,361**

2021	**Land and buildings £000**	**Leasehold property improvements £000**	**Computer equipment £000**	**Fixtures & fittings £000**	**Total £000**
Cost					
Balance at 1 January 2021	5,164	11,169	5,718	7,282	29,333
Additions	-	236	281	290	807
Disposals	-	-	(11)	(146)	(157)
Balance at 31 December 2021	5,164	11,405	5,988	7,426	29,983
Depreciation					
Balance at 1 January 2021	1,601	5,107	3,776	6,047	16,531
Depreciation charge for the year	98	1,093	823	490	2,504
Depreciation on disposals	-	-	(10)	(136)	(146)
Impairment	-	206	-	-	206
Balance at 31 December 2021	1,699	6,406	4,589	6,401	19,095
Net book value					
At 31 December 2020	3,563	6,062	1,942	1,235	12,802
At 31 December 2021	**3,465**	**4,999**	**1,399**	**1,025**	**10,888**

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

13 Property, plant and equipment *(continued)*

The current year disposal of freehold land and buildings related to the Group's Freehold Property in London, which was sold during the year, resulting in a net gain on disposal of £4.7 million. Up until the point of sale, land and buildings included freehold land of £0.3 million (2020: £0.3 million) which was not depreciated.

Depreciation is included within 'depreciation and amortisation' in the statement of comprehensive income.

Tangible fixed assets are reviewed for impairment once indicators of impairment are identified. Based on the review performed, an impairment of £2.6 million (2021: £0.2 million) was recognised in relation to Voyager House, Brighton (£2.3 million), Student McMillan Village, London (£0.2 million), and Paris House, Brighton (£0.1 million) which are all sites previously used by Bellerbys colleges.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

14 Right-of-use assets

2022	Land and buildings £000	Total £000
Cost		
Balance at 1 January 2022	90,191	90,191
Additions	1,429	1,429
Disposals	(1,248)	(1,248)
Revaluation	(22)	(22)
Foreign currency translation	145	145
Balance at 31 December 2022	90,495	90,495
Depreciation		
Balance at 1 January 2022	22,561	22,561
Depreciation for the year	8,471	8,471
Disposals	(1,248)	(1,248)
Impairment	29,386	29,386
Foreign currency translation	101	101
Balance at 31 December 2022	59,271	59,271
Net book value		
At 31 December 2021	67,630	67,630
At 31 December 2022	**31,224**	**31,224**

2021	Land and buildings £000	Total £000
Cost		
Balance at 1 January 2021	85,233	85,233
Additions	2,218	2,218
Disposals	(1,239)	(1,239)
Revaluation	3,979	3,979
Balance at 31 December 2021	90,191	90,191
Depreciation		
Balance at 1 January 2021	16,159	16,159
Depreciation for the year	7,517	7,517
Disposals	(1,239)	(1,239)
Impairment	124	124
Balance at 31 December 2021	22,561	22,561
Net book value		
At 31 December 2020	69,074	69,074
At 31 December 2021	**67,630**	**67,630**

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

14 Right-of-use assets *(continued)*

The majority of the Group's right-of-use assets relate to property in relation to student accommodation, schools, classrooms and office buildings, predominately located in the UK. The maturity analysis of lease liabilities is presented in note 21.

Land and buildings additions of £1.4 million in the year related to a number of new lease agreements and contract renewals across the portfolio.

Right-of-use assets relating to lease contracts for sites which are closed or discontinued are considered standalone CGUs as they generate cash inflows independent from the rest of the Group. At the financial year-end, where indicators of impairment existed, a reassessment of the value-in-use of such assets has been performed, with the net impairment charge of £29.4 million (2021: £1.2 million) reflecting the lower net present value of future cash flows forecast for Voyager House, Brighton (£24.6 million), McMillan Student Village, London (£4.4 million) and St Ebbes, Oxford (£0.4 million), which are all sites previously used by Bellerbys colleges.

The value-in-use was calculated using separate cash flow forecasts for each property, determined by fixed rents and other charges under the terms of the head-lease, and sub-lease agreements where applicable. The forecasts also included an annual inflationary increase of 2.0%. These calculations were discounted at the risk-free rate of 4.1%.

The impairment for Voyager House and McMillan Student Village is sensitive to the cash flow assumptions. The leases related to McMillan Student Village, London end in 2034 and are currently sublet as student accommodation for the academic year 2022/2023. The leases related to Voyager House, Brighton end in 2032 and the site is used for student accommodation and teaching. A letter of intent is in place to sublet the accommodation block for the academic year 2023/2024. Impairment assumptions for McMillan Student Village are based around the current arrangement for the let of the accommodation to the end of the lease. Impairment assumptions for Voyager House include the let of the accommodation block until the end of the lease on the same terms as the letter of intent and the assumption that the teaching block will be let from September 2024 at the same net income as the accommodation block adjusted for floor area. The impairment is sensitive to the achievement of income assumptions relating to the teaching block. The maximum additional impairment in future years related to the Voyager House if the teaching block income is not achieved is £8.1 million.

Amounts recognised in the profit and loss

	2022	2021
	£000	£000
Depreciation expense on right-of-use assets	**8,471**	7,517
Interest expense on lease liabilities	**3,290**	3,446
Expense relating to short term leases	**871**	824
Expense relating to leases of low value assets	**15**	33
Expense relating to variable lease payments not included in the measurement of the lease liability	**883**	-
Interest income from sub-leasing right-of-use assets	**(248)**	(279)

At 31 December 2022 the Group is committed to £0.7 million (2021: £0.5 million) for short-term leases (note 26).

The majority of the UK property leases contain rent review clauses within the lease contract, the majority of which are subject to indexation increases. Indexation price increases in 2022 were 7.9% on average (2021: 2.4%) and the impact of expected future rent increases is not considered to present a significant liquidity risk to the Group.

The total cash outflow for lease liabilities in the year amounted to £11.9 million (2021: £11.0 million).

15 Investments

	Shares in group undertaking
Cost	
Additions in the year and cost at 31 December 2022	**€100**

Details of the subsidiary undertaking of the Company, which is included in the consolidated financial statements, are set out in the following table.

Name of entity	**Country of incorporation**	**Ownership interest**	**Method**	**Nature**
Study Group Ireland Limited	Ireland	100	Indirect	Trading

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

16 Finance lease receivables

Maturity of lease payments receivable:

	2022 £000	2021 £000
Amount receivable under finance leases		
Year 1	**1,190**	1,119
Year 2	**1,189**	1,119
Year 3	**744**	1,119
Year 4	**1,173**	673
Year 5	**617**	1,103
Onwards	**1,669**	1,977
Undiscounted lease payments receivable	**6,582**	7,110
Less: unearned finance income	**(873)**	(1,019)
	5,709	6,091
Maturity analysis		
Undiscounted lease payments receivable		
Current	**5,393**	5,991
Non-current	**1,189**	1,119
	6,582	7,110
Net investment in leases receivable		
Current	**963**	876
Non-current	**4,746**	5,215
	5,709	6,091

The finance lease receivable is in relation to two properties at a discontinued site in the UK which are being sublet.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

17 Deferred tax assets

Deferred tax is calculated in full on temporary differences under the liability method. The movement on the deferred tax assets and liabilities is as shown below:

	2022	2021
	£000	£000
Balance at 1 January	**4,185**	3,009
(Charge) / credit to Statement of comprehensive income:		
Fixed assets	**(3,868)**	1,058
Accruals and provisions	**(317)**	138
Tax losses	**-**	(20)
Balance at 31 December	**-**	4,185
Deferred tax assets relate to the following:		
Fixed assets	**-**	3,868
Accruals and provisions	**-**	317
	-	4,185
Presented in the Statement of financial position as follows:		
Deferred tax assets	**-**	4,185

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The UK corporate tax rate will go up from the current 19% to 25% from 1 April 2023. As the deferred tax balances as at 31 December 2022 are likely to reverse after 1 April 2023, these balances are being recognised at 25%.

18 Trade and other receivables

	2022	2021
	£000	£000
Current		
Trade receivables	**21,493**	28,885
Loss allowance	**(4,946)**	(3,779)
Trade receivables - net	**16,547**	25,106
Other debtors	**566**	590
Prepayments	**10,720**	14,519
Accrued income	**1,160**	1,084
Amounts owed by fellow group undertakings	**6,086**	2,425
	35,079	43,724

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

18 Trade and other receivables *(continued)*

	2022	2021
	£000	£000
The following table shows the movement in the loss allowance that has been recognised for trade receivables:		
Balance as at 1 January	**3,779**	2,905
Loss allowance recognised on receivables	**1,167**	1,098
Loss allowance reversed	**-**	(224)
Balance at 31 December	**4,946**	3,779

	2022	2021
	£000	£000
Ageing of trade receivables net of loss allowance:		
Current	**8,417**	12,373
30-60 Days	**3,972**	5,200
60-90 Days	**2,532**	4,827
90-120 Days	**258**	920
120+ Days	**1,368**	1,786
Total	**16,547**	25,106

	2022	2021
	£000	£000
Ageing of loss allowance:		
30-60 Days	**172**	773
120+ Days	**4,774**	3,006
Total	**4,946**	3,779

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. The net charge relating to the increase in the loss allowance has been included in 'administrative expenses' in the statement of comprehensive income. The nature of other receivables and prepayments has been determined not to be appropriate to be considered for determining an Expected Credit Loss provision.

Trade receivables represent amounts due from students and university partners or, in some cases, their agents.

	2022	2021
	£000	£000
Non-current		
Amounts owed by holding undertakings	**151,965**	134,776

Amounts owed by parent and fellow group undertakings are unsecured, non-interest bearing and repayable on demand.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

19 Trade and other payables

	2022	2021
	£000	£000
Current		
Trade creditors	**25,358**	22,693
Other creditors	**8,233**	14,724
Accruals	**14,337**	20,392
Amounts owed to fellow group undertakings	**6,315**	6,005
Amounts owed to holding undertakings	**37,843**	16,836
	92,086	80,650

Amounts owed to parent and fellow Group undertakings are unsecured, non-interest bearing and repayable on demand.

20 Provisions

	Property		**Employee benefit**		**Total**	
	2022	2021	**2022**	2021	**2022**	2021
	£000	£000	**£000**	£000	**£000**	£000
Balance at 1 January	**3,852**	2,863	**41**	41	**3,893**	2,904
Provisions (released)/made during the year	**(1,269)**	1,019	**(11)**	-	**(1,280)**	1,019
Unwinding of discount and changes in the discount rate	**-**	(30)	**-**	-	**-**	(30)
Foreign currency translation	**14**	-	**5**	-	**19**	-
Balance at 31 December	**2,597**	3,852	**35**	41	**2,632**	3,893
Current	**339**	7	**-**	-	**339**	7
Non-current	**2,258**	3,845	**35**	41	**2,293**	3,886
	2,597	3,852	**35**	41	**2,632**	3,893

Property provisions relate to dilapidation provisions expected on leased properties. Property provisions will be utilised as the respective leases expire across a variety of dates, ranging from one to 25 years. Employee benefit provisions relate to long term incentive plan benefits for Directors.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

21 Lease liabilities

Maturity of lease liabilities:

	2022	2021
	£000	£000
Maturity analysis		
Year 1	**12,100**	11,402
Year 2	**10,922**	10,147
Year 3	**9,365**	9,718
Year 4	**8,306**	8,568
Year 5	**7,754**	7,559
Onwards	**36,690**	50,815
Undiscounted lease payments	**85,137**	98,209
Less: unearned interest	**(15,216)**	(23,000)
	69,921	75,209

	2022	2021
Maturity analysis	**£000**	£000
Current	**9,185**	8,163
Non-current	**60,736**	67,046
	69,921	75,209

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease contracts are managed by Study Group's property and operations departments, and the impact of lease liabilities on future forecast cash flows are monitored within Study Group's treasury function.

22 Employee benefits

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £1.4 million (2021: £1.5 million).

23 Capital and reserves

Share capital

	2022	2021
	£000	£000
Authorised, allotted, called up and fully paid		
2,000,122 (2021: 2,000,122) Ordinary shares of £1 each	**2,000**	2,000
40,000 (2021: 40,000) Preference shares of £1 each	**40**	40
	2,040	2,040

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The preference shares have a preference over the ordinary shares in the event of a winding up of the Company up to the nominal value of the shares. In all other respects the shares rank pari passu.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

24 Dividends paid and proposed

	2022	2021
	£000	£000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Interim for 2022: £7.50p per share	**-**	15,000
Dividends paid	**-**	15,000

25 Operating leases

Some properties are let under operating leases with the Group as a lessor. The future minimum lease receipts under non-cancellable leases are as follows:

	2022	2021
	£000	£000
Year 1	**447**	360
Year 2	**298**	360
Year 3	**-**	225
	745	945

During the year £410,000 (2021: £360,000) was recognised as rental income by the Group.

26 Commitments

The Group had the following commitments in respect of land and buildings which are payable as follows:

	2022	2021
	£000	£000
Less than one year	**303**	503
Later than one year but not more than five years	**396**	-
	699	503

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

27 Contingent liabilities

The Group is, from time to time, party to legal proceedings and claims, which arise in the ordinary course of business. The Directors do not expect there to be a material cash outflow on any items known at the period end.

No other contingent liabilities noted in current or prior year.

28 Financial commitments

The Group's assets have been pledged as security for borrowings undertaken by Study Group in its Senior Facilities Agreement. The Parent of this agreement is fellow Group company SG Global Bidco Limited. As at 31 December 2022, the borrowings under this agreement amounted to £292.7 million (2021: £257.7 million).

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies within Study Group, the Group considers these to be insurance arrangements, and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

29 Related parties

Trading transactions

During the year the Group entered into transactions with related parties who were members of Study Group:

	Sales to		**Administrative expenses incurred from**		**Amounts owed by/(owed to) related parties**	
	2022	2021	**2022**	2021	**2022**	2021
	£000	£000	**£000**	£000	**£000**	£000
EDU UK Management Services Ltd	**-**	-	**874**	563	**136,155**	119,811
EDU UK Topco Ltd	**-**	-	**-**	-	**14,855**	14,854
Insendi Limited	**15**	10	**-**	-	**2,033**	185
SG Global Bidco Limited	**-**	-	**1,505**	764	**(37,536)**	(15,041)
SG Global Midco Limited	**-**	-	**-**	-	**398**	-
SG Global Finco Limited	**-**	-	**-**	-	**(149)**	-
SG Global Topco Limited	**-**	-	**-**	-	**(159)**	112
SG Study Group Malaysia SDN. BND.	**-**	-	**99**	157	**(120)**	29
SGI Consulting Services Nigeria	**-**	13	**-**	29	**-**	(12)
SGIL Study Group India Private Limited	**19**	7	**3,925**	1,119	**(625)**	(1,815)
Study Group Australia Pty Ltd	**1,911**	2,852	**447**	463	**(261)**	534
Study Group Canada Higher Education Inc	**26**	88	**38**	80	**(18)**	3
Study Group do Brazil Agenciamentoe Participacoes	**-**	7	**-**	161	**-**	(26)
Study Group Finance Pty Ltd	**-**	-	**5,111**	3,982	**(5,292)**	(4,091)
Study Group NZ Ltd	**398**	446	**50**	61	**327**	(61)
Study Group UK Ltd	**1,606**	2,193	**26,764**	26,282	**556**	(1,795)
Study Group USA Higher Education LLC	**2,771**	1,067	**444**	589	**2,535**	483
Xueji Education Information (Beijing) Ltd	**-**	4	**3,749**	3,805	**1,192**	1,190

Transactions that took place between companies within Study Group were for transfer pricing and management charges.

Consideration was in the form of intercompany loans.

During the year the Group did not enter into transactions with related parties who were not members of Study Group.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

30 Ultimate parent company and parent company of larger group

The immediate parent undertaking is Study Group UK Limited, registered office Britannia House, 21 Station Street, Brighton, BN1 4DE, UK.

The ultimate parent undertaking and controlling party is Ardian LBO Fund VI B S.L.P., a French Special Limited Partnership.

The largest and smallest group in which the results of the Company are consolidated is that headed by SG Global Topco Limited. Copies of the publicly available financial statements of SG Global Topco Limited are available from the registered office Britannia House, 21 Station Street, Brighton, BN1 4DE, UK.

31 Events after the balance sheet date

There are no reportable events after the balance sheet date.

Parent company statement of financial position

As at 31 December 2022

	Note	2022 £000	2021 £000
Non-current assets			
Intangible assets	2	**3,956**	3,768
Property, plant and equipment	3	**3,341**	10,888
Right-of-use assets	4	**31,222**	67,630
Finance lease receivables	5	**4,746**	5,215
Deferred tax assets	6	**-**	4,185
Trade and other receivables	7	**152,166**	134,776
		195,431	226,462
Current assets			
Trade and other receivables	7	**34,561**	43,724
Cash and cash equivalents		**9,351**	29,139
Finance lease receivables	5	**963**	876
		44,875	73,739
Current liabilities			
Deferred income		**56,298**	84,398
Trade and other payables	8	**92,489**	80,650
Current tax liabilities		**207**	906
Provisions	9	**339**	7
Obligations under lease liabilities	10	**9,185**	8,163
		158,518	174,124
Net current liabilities		**(113,643)**	(100,385)
Non-current liabilities			
Provisions	9	**2,293**	3,886
Obligations under lease liabilities	10	**60,737**	67,046
		63,030	70,932
Net assets		**18,758**	55,145
Equity			
Share capital	11	**2,040**	2,040
Retained earnings		**16,718**	53,105
Total equity		**18,758**	55,145

The Company reported a loss for the financial year ended 31 December 2022 of £36.4 million (2021: profit of £0.5 million).

The financial statements and notes on pages 51 to 62 were approved by the Board of Directors and authorised for issue on 31 May 2023 and were signed on its behalf by N Williams and J Pitman.

The accompanying notes form an integral part of these financial statements.

N. Williams

N Williams
Director
Study Group Limited, Registered no. 02325576

J Pitman
Director
Study Group Limited, Registered no. 02325576

Parent company statement of changes in equity
for the year ended 31 December 2022

2022

	Ordinary Share Capital	**Retained earnings**	**Total Equity**
	£000	**£000**	**£000**
At 1 January 2022	2,040	53,105	55,145
Loss for the year	-	(36,387)	(36,387)
At 31 December 2022	**2,040**	**16,718**	**18,758**

2021

	Ordinary Share Capital	**Retained Earnings**	**Total Equity**
	£000	£000	£000
At 1 January 2021	2,040	67,575	69,615
Profit for the year	-	530	530
Dividend paid	-	(15,000)	(15,000)
At 31 December 2021	**2,040**	**53,105**	**55,145**

The accompanying notes form an integral part of these financial statements.

Notes to the parent company financial statements for the year ended 31 December 2022

1 Accounting policies

1.1 General information

Accounting policies for the year ended 31 December 2022

Study Group Limited is a private company incorporated, domiciled and registered in England and Wales. The financial statements were authorised for issue by the Board of Directors on 31 May 2023.

During the year and the prior period, the principal activity of the Company was that of a provider of international education preparing students for entry to university in the United Kingdom, Netherlands and Ireland.

1.2 Basis of preparation

These parent company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') for the first time, and on the historical cost basis. In the transition to FRS 101, the Company has applied IFRS 1 *First-time Adoption of International Financial Reporting Standards*, whilst ensuring that its assets and liabilities are measured in accordance with FRS 101. There is considered to be no financial impact from the adoption of FRS 101.

The financial statements of the Company have been prepared in accordance with UK-adopted international Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

In these financial statements the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- the requirements of IAS 24 Related Party Transactions and has, therefore, not disclosed transactions between the Company and subsidiary undertakings;
- key management personnel remuneration;
- comparative reconciliations for property, plant and equipment, intangible assets and investment property;
- the effect of new but not yet effective IFRSs; and
- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS *7 Financial Instrument Disclosures*

As permitted by Section 408 of the Companies Act 2006, a separate income statement for the Company has not been included in these financial statements. As permitted by the audit fee disclosure regulations, disclosure of non-audit fees information is not included in respect of the Company.

Going concern
In order to satisfy themselves that the Company is a going concern for the reference period of the next 12 months from the date of signing these financial statements, the Directors have reviewed the forecasts for both the Company and the Group for that period. On the basis that the Company's ability to continue as a going concern is primarily linked to Study Group being able to meet its commitments under its borrowing arrangements, the Directors of the Company have determined that it is correct to continue to account for the Company as a going concern, based on the reasons set out on Page 23 of the Group financial statements.

1.3 Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less any impairment.

1.4 Other accounting policies

Refer to Note 1 in the Group financial statements for a full list of accounting policies.

Notes to the parent company financial statements for the year ended 31 December 2022 *(continued)*

2 Intangible assets

2022	Course development £000	Software costs £000	Centre contracts £000	Total £000
Cost				
Balance at 1 January 2022	4,011	969	1,245	6,225
Additions	429	1,181	(11)	1,599
Foreign currency translation	5	82	-	87
Balance at 31 December 2022	4,445	2,232	1,234	7,911
Amortisation				
Balance at 1 January 2022	1,069	862	526	2,457
Amortisation for the year	1,150	114	207	1,471
Foreign currency translation	1	26	-	27
Balance at 31 December 2022	2,220	1,002	733	3,955
Net book value				
At 31 December 2021	2,942	107	719	3,768
At 31 December 2022	**2,225**	**1,230**	**501**	**3,956**

Refer to Note 12 in the Group financial statements for further details.

Notes to the parent company financial statements for the year ended 31 December 2022 *(continued)*

3 Property, plant and equipment

2022	Land and buildings £000	Leasehold property improvements £000	Computer equipment £000	Fixtures & fittings £000	Total £000
Cost					
Balance at 1 January 2022	5,164	11,405	5,988	7,426	29,983
Additions	-	624	86	24	734
Disposals	(5,164)	(312)	(45)	(151)	(5,672)
Foreign currency translation	-	26	51	47	124
Balance at 31 December 2022	-	11,743	6,080	7,346	25,169
Depreciation					
Balance at 1 January 2022	1,699	6,406	4,589	6,401	19,095
Depreciation charge for the year	70	916	639	397	2,022
Depreciation on disposals	(1,769)	(114)	(35)	(77)	(1,995)
Impairment	-	2,608	-	-	2,608
Foreign currency translation	-	17	34	47	98
Balance at 31 December 2022	-	9,833	5,227	6,768	21,828
Net book value					
At 31 December 2021	3,465	4,999	1,399	1,025	10,888
At 31 December 2022	**-**	**1,910**	**853**	**578**	**3,341**

Refer to Note 13 in the Group financial statements for further details.

Notes to the parent company financial statements for the year ended 31 December 2022 *(continued)*

4 Right-of -use assets

2022	**Land and buildings £000**	**Total £000**
Cost		
Balance at 1 January 2022	90,191	90,191
Additions	1,429	1,429
Disposals	(1,248)	(1,248)
Revaluation	(22)	(22)
Foreign currency translation	143	143
Balance at 31 December 2022	90,493	90,493
Depreciation		
Balance at 1 January 2022	22,561	22,561
Depreciation for the year	8,471	8,471
Disposals	(1,248)	(1,248)
Impairment	29,386	29,386
Foreign currency translation	101	101
Balance at 31 December 2022	59,271	59,271
Net book value		
At 31 December 2021	67,630	67,630
At 31 December 2022	**31,222**	**31,222**

Refer to Note 14 in the Group financial statements for further details.

Notes to the parent company financial statements for the year ended 31 December 2022 *(continued)*

5 Finance lease receivables

Maturity of lease payments receivable:

	2022 £000	2021 £000
Amount receivable under finance leases		
Year 1	**1,190**	1,119
Year 2	**1,189**	1,119
Year 3	**744**	1,119
Year 4	**1,173**	673
Year 5	**617**	1,103
Onwards	**1,669**	1,977
Undiscounted lease payments receivable	**6,582**	7,110
Less: unearned finance income	**(873)**	(1,019)
	5,709	6,091
Maturity analysis		
Undiscounted lease payments receivable		
Current	**5,393**	5,991
Non-current	**1,189**	1,119
	6,582	7,110
Net investment in leases receivable		
Current	**963**	876
Non-current	**4,746**	5,215
	5,709	6,091

Refer to Note 16 in the Group financial statements for further details.

6 Deferred tax assets

	2022 £000	2021 £000
Balance at 1 January	**4,185**	3,009
(Charge) / credit to Statement of comprehensive income:		
Fixed assets	**(3,868)**	1,058
Accruals and provisions	**(317)**	138
Tax losses	**-**	(20)
Balance at 31 December	**-**	4,185
Deferred tax assets relate to the following:		
Fixed assets	-	3,868
Accruals and provisions	-	317
	-	4,185

Refer to Note 17 in the Group financial statements for further details.

Notes to the parent company financial statements for the year ended 31 December 2022 *(continued)*

7 Trade and other receivables

	2022 £000	2021 £000
Current		
Trade receivables	**21,038**	28,885
Loss allowance	**(4,923)**	(3,779)
Trade receivables - net	**16,115**	25,106
Other debtors	**560**	590
Prepayments	**10,647**	14,519
Accrued income	**1,160**	1,084
Amounts owed by fellow group undertakings	**6,079**	2,425
	34,561	43,724
The following table shows the movement in the loss allowance that has been recognised for trade receivables:		
Balance as at 1 January	**3,765**	2,905
Loss allowance recognised on receivables	**1,158**	1,098
Loss allowance reversed	**-**	(224)
Balance at 31 December	**4,923**	3,779

	2022 £000	2021 £000
Ageing of trade receivables net of loss allowance:		
Current	**8,300**	12,373
30-60 Days	**3,972**	5,200
60-90 Days	**2,514**	4,827
90-120 Days	**197**	920
120+ Days	**1,132**	1,786
Total	**16,115**	25,106
Ageing of loss allowance:		
30-60 Days	**172**	773
120+ Days	**4,751**	3,006
Total	**4,923**	3,779

Refer to Note 18 in the Group financial statements for further details.

	2022 £000	2021 £000
Non-current		
Amounts owed by holding undertakings	**152,166**	134,776

Amounts owed by parent and fellow group undertakings are unsecured, non-interest bearing and repayable on demand.

Notes to the parent company financial statements for the year ended 31 December 2022 *(continued)*

8 Trade and other payables

	2022 £000	2021 £000
Current		
Trade creditors	**25,040**	22,693
Other creditors	**8,452**	14,724
Accruals	**13,950**	20,392
Amounts owed to fellow group undertakings	**7,329**	6,005
Amounts owed to holding undertakings	**37,718**	16,836
	92,489	80,650

Amounts owed to parent and fellow Group undertakings are unsecured, non-interest bearing and repayable on demand.

9 Provisions

	Property		Employee benefit		Total	
	2022 £000	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000
Balance at 1 January	**3,852**	2,863	**41**	**41**	**3,893**	2,904
Provisions (released)/made during the year	**(1,269)**	1,019	**(11)**	**-**	**(1,280)**	1,019
Unwinding of discount and changes in the discount rate	**-**	(30)	**-**	**-**	**-**	(30)
Foreign currency translation	**14**	-	**5**	**-**	**19**	-
Balance at 31 December	**2,597**	3,852	**35**	41	**2,632**	3,893
Current	**339**	7	**-**	-	**339**	7
Non-current	**2,258**	3,845	**35**	41	**2,293**	3,886
	2,597	3,852	**35**	41	**2,632**	3,893

Refer to Note 20 in the Group financial statements for further details.

Notes to the parent company financial statements for the year ended 31 December 2022 *(continued)*

10 Lease liabilities

Maturity of lease liabilities:

	2022	2021
	£000	£000
Maturity analysis		
Year 1	**12,101**	11,402
Year 2	**10,922**	10,147
Year 3	**9,365**	9,718
Year 4	**8,306**	8,568
Year 5	**7,754**	7,559
Onwards	**36,690**	50,815
Undiscounted lease payments	**85,138**	98,209
Less: unearned interest	**(15,216)**	(23,000)
	69,922	75,209

	2022	2021
Maturity analysis	**£000**	£000
Current	**9,185**	8,163
Non-current	**60,737**	67,046
	69,922	75,209

Refer to Note 21 in the Group financial statements for further details.

11 Share capital

Share capital

	2022	2021
	£000	£000
Authorised, allotted, called up and fully paid		
2,000,122 (2021: 2,000,122) Ordinary shares of £1 each	**2,000**	2,000
40,000 (2021: 40,000) Preference shares of £1 each	**40**	40
	2,040	2,040

Refer to Note 23 to the consolidated statements for details of rights per class of share.

Notes to the parent company financial statements for the year ended 31 December 2022 *(continued)*

12 Operating leases

Some properties are let under operating leases with the Company as a lessor. The future minimum lease receipts under non-cancellable leases are as follows:

	2022	2021
	£000	£000
Year 1	**447**	360
Year 2	**298**	360
Year 3	**-**	225
	745	945

During the year £410,000 (2021: £360,000) was recognised as rental income by the Company.

13 Commitments

The Company had the following commitments in respect of land and buildings which are payable as follows:

	2022	2021
	£000	£000
Less than one year	**303**	503
Later than one year but not more than five years	**396**	-
	699	503

Notes to the parent company financial statements for the year ended 31 December 2022 *(continued)*

14 Contingent liabilities

The Company is, from time to time, party to legal proceedings and claims, which arise in the ordinary course of business. The Directors do not expect there to be a material cash outflow on any items known at the period end.

No other contingent liabilities noted in the current or prior year.

15 Financial commitments

The Company's assets have been pledged as security for borrowings undertaken by Study Group in its Senior Facilities Agreement. The Parent of this agreement is fellow Group company SG Global Bidco Limited. As at 31 December 2022, the borrowings under this agreement amounted to £292.7 million (2021: £257.7 million).

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within Study Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

16 Events after the balance sheet date

Refer to Note 31 in the Group financial statements.