REGISTERED NUMBER: 06009965 (England and Wales)

Annual Report and

Consolidated Financial Statements for the Year Ended 30 June 2020

for

Navitas UK Holdings Limited

Contents of the Consolidated Financial Statements
for the Year Ended 30 June 2020

Company Information
for the Year Ended 30 June 2020

DIRECTORS:	S P Jones P D Lovegrove Dr J M Lamie C G Wood
SECRETARY:	Pennsec Limited
REGISTERED OFFICE:	Navitas UK Holdings Ltd Littlemore Park Armstrong Road Oxford OX4 4FY
REGISTERED NUMBER:	06009965 (England and Wales)
AUDITORS:	Deloitte LLP Statutory Auditor Abbots House Abbey Street Reading Berkshire RG1 3BD

Strategic Report
for the Year Ended 30 June 2020

The directors present their strategic report for the year ended 30 June 2020.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activities of the Group during the year were that of providing educational and training services through classroom and online courses. The Directors do not currently anticipate any change in the Group's business or activities for the foreseeable future.

RESULTS AND DIVIDENDS

The trading results for the year ended 30 June 2020 and the financial position at the end of the year are shown in the attached financial statements. No dividends were paid (2019: £nil). The directors do not recommend payment of a final dividend.

KEY PERFORMANCE INDICATORS AND STRATEGIC REVIEW OF BUSINESS

During the year, revenues increased by 14% from £25,087,739 to £28,595,869, this was due to growth in student volumes. Gross profit increased by 28% from £13,378,386 to £17,157,151. The Group has made a profit of £2,345,946 for the year ended 30 June 2020, (2019: loss £5,531,569); as a net result of an increase in revenue, decrease in cost of sales and administrative expenses.

Going forward, the Directors expect the Group to continue trading as normal (classroom/online-social distance teaching) and remain profitable in the next 12 months.

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

Regulatory compliance

A key metric of the Group performance is holding the appropriate regulatory certification and approvals required to deliver its education courses and generate turnover. As at the date of this report the Group continues to meet the ongoing requirements for compliance with the relevant regulatory bodies.

SECTION 172(1) STATEMENT

The board of directors of Navitas UK Holdings Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 30 June 2020. In particular, by reference to the approval of our business plan ('our plan') for the period of 2020-25, supported by the board assurance statement accompanying our plan:

- Our plan was designed to have a long-term beneficial impact on the Group and to contribute to its success in creating life-changing opportunities for learners to realise their education and career ambitions. We have trusted partnerships with leading universities in the United Kingdom, Germany, and the Netherlands, supporting their strategic goals and international ambitions with our global resources, experience, and capabilities. Our success is underpinned by the unparalleled international network, commitment to student experiences and outcomes. We work at the forefront of new learning models and understand what our partners and learners need to succeed both now and in the future.

- Our employees are fundamental to the delivery of our plan. Whether they are teachers; at the forefront of learning and teaching practices or in an enabling role, they help learners to become study-ready, work-ready, and world-ready. We are committed to promoting wellness throughout the organisation and ensuring the health and safety of everyone who works for us. Navitas aims to be a responsible employer in our approach to the pay and benefits our employees receive.

- Our duty, in accordance with the Office for Students, is to ensure that all students from all backgrounds, with the ability and desire to undertake higher education, are supported, receive a high quality academic experience and their interest are protected. All students receive value for money and can progress into employment, further study and their qualifications hold their value over time.

- As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan.

- As the Board of Directors, our intention is to behave responsibly toward our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan.

The directors do not consider there to be any further matters of strategic importance or otherwise required by regulations to be disclosed in this strategic report.

ON BEHALF OF THE BOARD:

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P D Lovegrove - Director

Date: 15.04.2021

Report of the Directors
for the Year Ended 30 June 2020

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

DIRECTORS
P D Lovegrove has held office during the whole of the period from 1 July 2019 to the date of this report.

Other Directors holding office during part of this period are as follows:

S P Jones - appointed 5 July 2019
Dr J M Lamie - appointed 21 October 2019
C G Wood - appointed 28 January 2020
D Buckingham - resigned 5 July 2019

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

GOING CONCERN
The Directors have acknowledged the latest guidance regarding going concern. Whilst the current volatility in the macroeconomic environment as a result of the coronavirus pandemic creates uncertainty, the Group continues trading as normal. The Directors have considered the net current liabilities position of £24,404,812 (2019: £26,975,632) and the profit incurred in the year of £2,342,494 (2019: loss of £5,531,569).

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

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

ENVIRONMENT
The Navitas Group is a socially responsible organisation and recognises the influence that environmental, social and governance (ESG) factors have on the Group’s performance, reputation, and sustainability of its operations, as well as the significance of ESG factors in their own right.
Navitas is committed to protecting the environments in which the Group operate, minimising waste and seeking sustainable energy solutions wherever possible.
The Navitas Group is committed to operate its business in accordance with the Navitas ESG policy globally subject to applicable local laws and regulations. All staff have an obligation to comply with the Navitas policy and share responsibility for the integration of ESG principles into their decision making. The Executive Leadership Team has ultimate responsibility for compliance with the policy across the business and appropriate reporting to the Board.

EMPLOYMENT POLICIES
The Company seeks to ensure that every employee, without exception, is treated equally and fairly and that all employees are aware of their responsibilities.
Our policies and procedures fully support our disabled colleagues. We take active measures to do so via a robust reasonable adjustment policy and processes to ensure colleagues are fully supported.
The Group is responsive to the needs of its employees. As such, should any employee of the Group become disabled during their time with us, we will actively retrain that employee and make reasonable adjustments to their working environment where possible, in order to keep the employee with the Group. It is the policy of the Group that the recruitment, training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE ENGAGEMENT
The directors recognise that our people are fundamental and core to our business and delivery of our strategic objectives. The success of our business depends on attracting, retaining and motivating employees. Personal development of our employees is a key strategic pillar and to this end the group invests in appropriate training and development. Ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce.
We strive to maintain a robust dialogue between management and our employees. Directors and management regularly engage with our employees through a range of formal and informal channels, including via emails from the Group CEO and Divisional CEO and other senior executives, webcasts, roadshows, townhalls, team meetings and online publications via our intranet. This range of channels enables directors to consult with employees and take their views into account on a regular basis. In addition the Group undertakes group-wide employee surveys and consults with employees on the actions and outcomes arising from these.
The Board considers the current workforce engagement approach effective.

Board consideration of employee-related issues
The Board of Navitas UK Holdings Ltd receive a management update on employee-related issues at each meeting. Matters are generally considered for Board discussion at the decision of Human Resource Management, although Directors and other Board attendees may raise any issues or particular concerns. During the financial year, the Board requested specific information around Covid-19 cases and had close oversight over decisions to mitigate the pandemic effects which had impacts on employees.

FUTURE DEVELOPMENTS
Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

EVENTS AFTER THE BALANCE SHEET DATE
Details of significant events since the balance sheet date are contained in Note 18 in the Notes to the financial statements.

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

Cash flow risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Interest bearing assets and liabilities are held at fixed rates to ensure certainty of cash flows.

Credit risk
The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.
The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Balance Sheet are shown net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.
The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.
The Group has no significant concentration of credit risk, with its exposure spread over a large number of counterparties and customers.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.
Further details regarding liquidity risk can be found in the Statement of Accounting Policies in the financial statements.

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

Coronavirus pandemic
The COVID-19 outbreak has impacted the education sector significantly. The Group has prioritised the provision of support to students and staff as far as practical. As the global spread of COVID-19 continues, the Group's response continues to be guided by the advice of relevant governments and health authorities. The health and safety of students and staff remains the Group's priority and proactive measures continue to be taken to ensure their safety and wellbeing.

As a result of a change in teaching delivery and the restricted movement of people, there is a risk that students are less likely to start new courses. The Group believes however that it is well-placed to deal with the restrictions imposed by the UK government, as a result of the COVID-19 pandemic. The Group has a strong domestic student presence and, based on recent market data, is optimistic that student numbers will continue to grow over the coming years.

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

AUDITORS
The auditors, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

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P D Lovegrove - Director

Date: 15.04.2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group 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.

Opinion

In our opinion the consolidated financial statements of Navitas UK Holdings 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 31st June 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the consolidated financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of other comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated 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 consolidated financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

the directors' use of the going concern basis of accounting in preparation of the consolidated financial statements is not appropriate; or

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Report on other legal and regulatory requirements

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

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

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

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

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

We have nothing to report in respect of these matters.

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

Andrew Hornby

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

Date: 15 April 2021

Consolidated Income Statement
for the Year Ended 30 June 2020

	Notes	30.6.20 £	30.6.19 £
TURNOVER	3	28,595,869	25,087,739
Cost of sales		(11,438,718)	(11,709,353)
GROSS PROFIT		17,157,151	13,378,386
Administrative expenses		(15,310,673)	(21,858,192)
		1,846,478	(8,479,806)
Other operating income		1,631,370	3,470,910
OPERATING PROFIT/(LOSS)	5	3,477,848	(5,008,896)
Share of profit in joint venture	6	53,973	47,879
		3,531,821	(4,961,017)
Interest receivable and similar income	9	116,503	105,529
		3,648,324	(4,855,488)
Interest payable and similar expenses	7	(277,539)	(320,200)
PROFIT/(LOSS) BEFORE TAXATION		3,370,785	(5,175,688)
Tax on profit/(loss)	8	(1,028,290)	(355,881)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		2,342,494	(5,531,569)
Profit/(loss) attributable to: Owners of the parent		2,342,494	(5,531,569)

All amounts are derived from continuing operations.

Consolidated Statement of Other Comprehensive Income
for the Year Ended 30 June 2020

	Notes	30.6.20 £	30.6.19 £
PROFIT/(LOSS) FOR THE YEAR		2,342,494	(5,531,569)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,342,494	(5,531,569)
Total comprehensive income attributable to:			
Owners of the parent		2,342,494	(5,531,569)

The notes form part of these financial statements

Consolidated Balance Sheet
30 June 2020

	Notes	30.6.20 £	30.6.19 £
FIXED ASSETS			
Tangible assets	10	566,551	449,206
Investments	11		
Interest in joint venture		233,905	179,932
		800,456	629,138
CURRENT ASSETS			
Debtors	12	25,734,775	19,921,331
Cash at bank		6,223,000	733,238
		31,957,775	20,654,569
CREDITORS			
Amounts falling due within one year	13	(56,362,588)	(47,630,201)
NET CURRENT LIABILITIES		(24,404,812)	(26,975,632)
TOTAL ASSETS LESS CURRENT LIABILITIES		(23,604,358)	(26,346,494)
CREDITORS			
Amounts falling due after more than one year	15	(542,049)	(142,406)
NET LIABILITIES		(24,146,407)	(26,488,900)
CAPITAL AND RESERVES			
Called up share capital	16	2	2
Retained earnings	17	(24,146,409)	(26,488,902)
SHAREHOLDERS' FUNDS		(24,146,407)	(26,488,900)

The financial statements were approved by the Board of Directors and authorised for issue on......15.04.2021...... and were signed on its behalf by:

....
Director

The notes form part of these financial statements

Navitas UK Holdings Limited (Registered number: 06009965)

Company Balance Sheet
30 June 2020

	Notes	30.6.20 £	30.6.19 £
FIXED ASSETS			
Tangible assets	10	478,403	374,257
Investments	11	13	13
		478,416	374,270
CURRENT ASSETS			
Debtors	12	22,500,747	22,302,950
Cash at bank		6,177,945	103,542
		28,678,692	22,406,492
CREDITORS			
Amounts falling due within one year	13	(78,544,147)	(65,869,581)
NET CURRENT LIABILITIES		(49,865,455)	(43,463,089)
TOTAL ASSETS LESS CURRENT LIABILITIES		(49,387,039)	(43,088,819)
CREDITORS			
Amounts falling due after more than one year	15	(19,010)	(77,081)
NET LIABILITIES		(49,406,049)	(43,165,900)
CAPITAL AND RESERVES			
Called up share capital	16	2	2
Retained earnings		(49,406,051)	(43,165,902)
SHAREHOLDERS' FUNDS		(49,406,049)	(43,165,900)
Company's loss for the financial year		(6,240,149)	(11,035,563)

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company as an individual is not presented as part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 15.04.2021 and were signed on its behalf by:

....
P D Lovegrove - Director

The notes form part of these financial statements

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

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2018	2	(20,957,333)	(20,957,331)
Changes in equity			
Total comprehensive income	-	(5,531,569)	(5,531,569)
Balance at 30 June 2019	2	(26,488,902)	(26,488,900)
Changes in equity			
Total comprehensive income	-	2,342,494	2,342,494
Balance at 30 June 2020	2	(24,146,409)	(24,146,407)

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

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2018	2	(32,130,339)	(32,130,337)
Changes in equity			
Total comprehensive income	-	(11,035,563)	(11,035,563)
Balance at 30 June 2019	2	(43,165,902)	(43,165,900)
Changes in equity			
Total comprehensive income	-	(6,240,149)	(6,240,149)
Balance at 30 June 2020	2	(49,406,051)	(49,406,049)

The notes form part of these financial statements

Consolidated Cash Flow Statement
for the Year Ended 30 June 2020

	Notes	30.6.20 £	30.6.19 £
Cash flows from operating activities			
Cash generated from operations	1	7,050,644	1,073,851
Interest paid		(277,539)	(320,200
Tax paid		(1,028,291)	(324,000)
Net cash from operating activities		(5,744,814)	429,651
Cash flows from investing activities			
Purchase of tangible fixed assets		(372,671)	(322,924)
Sale of tangible fixed assets		1,115	12,175
Interest received		116,504	105,529
Net cash from investing activities		(255,052)	(205,220)
Cash flows from financing activities			
		-	-
Net cash from financing activities		-	-
Increase in cash and cash equivalents		5,489,762	224,431
Cash and cash equivalents at beginning of year	2	733,238	508,807
Cash and cash equivalents at end of year	2	6,223,000	733,238

The notes form part of these financial statements

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	30.6.20	30.6.19
	£	£
Profit/(loss) before taxation	3,370,785	(5,175,688)
Deferred tax	-	(32,436)
Depreciation charges	254,211	155,874
Finance costs	277,539	320,200
Finance income	(116,503)	(105,529)
Loss on disposal	-	7,951
Share of profit in joint venture	(53,973)	(47,879)
	3,732,058	(4,877,507)
Increase in trade and other debtors	(5,813,445)	4,291,817
Increase in trade and other creditors	9,132,030	1,659,541
Cash generated from operations	7,050,644	1,073,851

2. CASH AND CASH EQUIVALENTS

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

Year ended 30 June 2020

	30.6.20	1.7.19
	£	£
Cash and cash equivalents	6,223,000	733,238

Year ended 30 June 2019

	30.6.19	1.7.18
	£	£
Cash and cash equivalents	733,238	508,807

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.7.19	Cash flow	At 30.6.20
	£	£	£
Net cash			
Cash at bank	733,238	5,489,762	6,223,000
	733,238	5,489,762	6,223,000
Total	733,238	5,489,762	6,223,000

1. STATUTORY INFORMATION

Navitas UK Holdings Limited (the Company) is a private Company limited by shares (Registered number: 06009965) incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report on page 2.

The functional currency of Navitas UK Holdings Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

2. ACCOUNTING POLICIES

Basis of accounting
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Navitas UK Holdings Limited meets the definition of a qualifying entity under FRS 102 and the Company is included in the consolidated financial statements of BGH Holdco A Pty Ltd. The consolidated financial statements of BGH Holdco A Pty Ltd are available to the public and can be obtained from L26 101 Collins St, 3000 Melbourne, Australia. The Company has taken advantage ofthe disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, remuneration of key management personnel and related party disclosures.

Basis of consolidation
The consolidated financial statements include the results of Navitas UK Holdings Limited and all its subsidiary undertakings made up to the same accounting date. All intra-Group balances, transactions, income and expenses are eliminated in full on consolidation. The results of subsidiary undertakings acquired or disposed of during the period are included or excluded from the income statement from the effective date of acquisition or disposal. All financial information is drawn up to 30 June.

Going concern
The Group's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report on page 3. The Group is expected to continue in existence for the next 12 months.

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

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

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

Furniture and equipment	- 25.0% to 33.3% straight-line
Plant and machinery	- 25.0% to 33.3% straight-line
Improvements to property	- 10% straight-line

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

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

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

 continued...

2. **ACCOUNTING POLICIES - continued**

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

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

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.
Financial assets held by the Group are classified as 'loans and trade receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

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

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

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

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

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

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

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

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

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

continued...

2. **ACCOUNTING POLICIES - continued**

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

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

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

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

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

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

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

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

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

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

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

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

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

 continued...

2. **ACCOUNTING POLICIES - continued**

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

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

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

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

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

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

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the 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.

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

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

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

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

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

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

continued...

2. **ACCOUNTING POLICIES - continued**

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

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

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

Taxation
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Turnover
Turnover representing tuition fees earned and ancillary income from students is recognised in line with the satisfaction of performance obligations, which for the Group means the provision of classes to students over the term of the course and is stated net of VAT. When payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of Creditors: Amounts falling due within one year.

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

Investments
Fixed asset investments are stated at cost less provision for diminution in value.

continued...

2. **ACCOUNTING POLICIES - continued**

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

Investments in subsidiaries
Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

Accounting for joint operations, jointly controlled assets and jointly controlled operations
The Group accounts for its share of joint ventures using the equity method.

The Group accounts for its share of transactions from joint operations and jointly controlled assets in the Statement of Comprehensive Income.

Pension costs and other post-retirement benefits
The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the Group's accounting policies
The Directors do not consider there to be any critical judgements surrounding the application of the Company's accounting policies.

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

continued...

3. TURNOVER

An analysis of turnover by category is given below:

	30.6.20	30.6.19
	£	£
Tuition fees earned	27,396,422	24,784,930
Ancillary income from students	1,199,447	302,809
	28,595,869	25,087,739

All turnover arose in the United Kingdom.

4. EMPLOYEES AND DIRECTORS

Consolidated Employees and Directors

	30.6.20	30.6.19
	£	£
Wages and salaries	8,911,841	9,794,865
Social security costs	857,735	922,631
Other pension costs	706,324	661,136
	10,475,901	11,378,631

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

	30.6.20	30.6.19
Administration	180	174
Teaching staff	139	129
	319	303

The average number of employees in the Joint venture undertaking and excluded from the number shown above was 46 (2019: 30).

	30.6.20	30.6.19
	£	£
Directors' remuneration	257,858	374,058
Directors' pension contributions to money purchase schemes	4,722	39,981

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	1	1

Only one director was paid during the year.

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4. EMPLOYEES AND DIRECTORS - continued

Company Employees and Directors

	30.6.20	30.6.19
	£	£
Wages and salaries	4,207,136	5,052,284
Social security costs	448,111	506,267
Other pension costs	358,486	389,690
	5,013,733	5,948,241

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

	30.6.20	30.6.19
Administrative	95	94

5. **OPERATING PROFIT/(LOSS)**

The operating profit (2019 - operating loss) is stated after charging:

	30.6.20	30.6.19
	£	£
Bad debts	1,908,371	1,284,243
Royalties charged by NVT SAE Holdings	-	1,892,884
Depreciation - owned assets	254,211	155,874
Fees payable to the Company's auditor for the audit of the Company's financial statements	12,566	-
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	73,800	79,795
Foreign exchange differences	136,858	14,818
Loss on disposal of fixed assets	-	7,951

6. **SHARE OF PROFIT IN JOINT VENTURE**

	30.6.20	30.6.19
	£	£
Share of profit in joint venture	53,973	47,879

continued...

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	30.6.20 £	30.6.19 £
Interest payable to group undertakings	277,539	320,200
	277,539	320,200

8. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	30.6.20 £	30.6.19 £
Current tax:		
UK corporation tax	836,651	-
Adjustment in respect of prior periods	184,535	322,194
Total current tax	1,021,186	322,194
Deferred tax		
Current year	30,171	38,120
Adjustment in respect of prior periods	(26,768)	(469)
Effect of changes in tax rates	3,837	(3,964)
Total deferred tax	7,242	33,687
Tax per income statement	1,028,428	355,881

Factors affecting the tax expense
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.20 £	30.6.19 £
Profit /(Loss) before income tax	3,370,788	(5,175,688)
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	640,450	(983,381)
Effects of:		
Expenses not deductible	20,210	60,408
Tax rate changes	3,837	(3,964)
Amounts not recognised	(68,491)	(112,038)
Adjustments in respect of prior periods	157,767	322,194
Losses transferred to group companies	(70)	94,234
Group relief/ Other reliefs	182,185	987,503
Income not taxable	-	(9,097)
Other	92,541	-
Tax expense	1,028,428	355,881

The Group's profits for this accounting period are taxed at a rate of 19%. The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (substantively enacted on 17 March 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 17%) which represents the future corporation tax rate that was substantively enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the company's/group's deferred tax balances.

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9. INTEREST RECEIVABLE AND SIMILAR INCOME

	30.6.20 £	30.6.19 £
Interest receivable from group undertakings	116,503	105,529
	116,503	105,529

10. TANGIBLE FIXED ASSETS

Group

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 July 2019	123,451	1,103,392	574,051	1,800,894
Additions	4,453	330,455	37,763	372,671
Disposals	-	(1,115)	-	(1,115)
At 30 June 2020	127,904	1,432,732	611,814	2,172,450
DEPRECIATION				
At 1 July 2019	65,800	758,669	527,219	1,351,688
Charge for year	59,832	166,246	28,133	254,211
At 30 June 2020	125,632	924,915	555,352	1,605,899
NET BOOK VALUE				
At 30 June 2020	2,272	507,817	56,462	566,551
At 30 June 2019	57,651	344,723	46,832	449,206

Company

	Improvements to property £	Plant and machinery £	Totals £
COST			
At 1 July 2019	123,451	625,991	749,442
Additions	4,453	311,621	316,074
At 30 June 2020	127,904	937,612	1,065,516
DEPRECIATION			
At 1 July 2019	65,800	309,385	375,185
Charge for year	59,832	152,096	211,928
At 30 June 2020	125,632	461,481	587,113
NET BOOK VALUE			
At 30 June 2020	2,272	476,131	478,403
At 30 June 2019	57,651	316,606	374,257

continued...

11. **FIXED ASSET INVESTMENTS**

Group

	Interest in joint venture £	Totals £
COST		
At 1 July 2019	179,932	179,932
Share of profit	53,973	53,973
At 30 June 2020	233,905	233,905
PROVISIONS		
At 1 July 2019		
and 30 June 2020	-	-
NET BOOK VALUE		
At 30 June 2020	233,905	233,905
At 30 June 2019	179,932	179,932

The share of profit relates to investment in Swan Global Education LLP.

Company

	Shares in group undertakings £
COST	
At 1 July 2019	
and 30 June 2020	2,347,988
PROVISIONS	
At 1 July 2019	
and 30 June 2020	2,347,975
NET BOOK VALUE	
At 30 June 2020	13
At 30 June 2019	13

The Company's investments at the Balance Sheet date in the share capital of companies include the following:
Subsidiaries

Birmingham City International College Limited
Registered office: Littlemore park, Armstrong Road, Oxford, OX4 4FY
Nature of business: Provision of education and training service

Class of shares:	% holding
Ordinary	100.00

Cambridge Ruskin International College Limited
Registered office: Littlemore park, Armstrong Road, Oxford, OX4 4FY
Nature of business: Provision of education and training service

Class of shares:	% holding
Ordinary	100.00

Edinburgh International College Limited
Registered office: Littlemore park, Armstrong Road, Oxford, OX4 4FY
Nature of business: Provision of education and training service

Class of shares:	% holding
Ordinary	100.00

continued...

11. FIXED ASSET INVESTMENTS - continued

International College Portsmouth Limited
Registered office: Littlemore park, Armstrong Road, Oxford, OX4 4FY
Nature of business: Provision of education and training service

Class of shares:	% holding
Ordinary	100.00

The International College at Robert Gordon University Limited
Registered office: Littlemore park, Armstrong Road, Oxford, OX4 4FY
Nature of business: Provision of education and training service

Class of shares:	% holding
Ordinary	100.00

Plymouth Devon International College Limited
Registered office: Littlemore park, Armstrong Road, Oxford, OX4 4FY
Nature of business: Provision of education and training service

Class of shares:	% holding
Ordinary	100.00

Employment Overseas Limited
Registered office: Garthdee Rd, Aberdeen, AB10 7QE
Nature of business: Non trading agent for overseas students

Class of shares:	% holding
Ordinary	100.00

Study overseas Limited
Registered office: Craiglockhart Campus,Glenlockhart Road, Edinburgh, EH14 1DJ
Nature of business: Non trading Holding Company

Class of shares:	% holding
Ordinary	100.00

Northampton IC Limited
Registered office: Littlemore park, Armstrong Road, Oxford, OX4 4FY
Nature of business: Provision of education and training services

Class of shares:	% holding
Ordinary	100.00

Leicester Global Study Centre Limited
Registered office: Littlemore park, Armstrong Road, Oxford, OX4 4FY
Nature of business: Provision of education and training services

Class of shares:	% holding
Ordinary	100.00

International College Wales Limited
Registered office: Littlemore park, Armstrong Road, Oxford, OX4 4FY
Nature of business: Provision of education and training service

Class of shares:	% holding
Ordinary	100.00

International College Wales Limited investments at the Balance Sheet date in the share capital of companies include the following:

Joint venture
Swan Global Education LLP
Registered office: Littlemore Park, Armstrong Road, Oxford, Oxfordshire, OX4 4FY
Nature of business: Provider of educational and training services.

Class of shares:	% holding
Ordinary	50.00

continued...

12 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.6.20	30.6.19	30.6.2 0	30.6.19
	£	£	£	£
Trade debtors	6,300,245	2,123,680	847,143	425,020
Amounts owed by other group undertakings	15,232,213	12,873,395	18,397,655	16,355,928
Amounts owed by parent company	1,201,408	1,814,948	1,202,001	3,047,636
Prepayments and other debtors	1,452,186	1,357,413	509,781	732,928
Deferred tax (Note 14)	4,556	5,845	-	-
Corporation tax asset	1,544,167	1,741,438	1,544,167	1,741,439
Annual leave	-	4,602	-	-
	25,734,775	19,921,321	22,500,747	22,302,950

The amounts owed by parent company and other group undertakings are not secured and have a variable rate of interest. These amounts are payable ondemand.

Group Trade debtors are shown net of expected credit losses recognised amounting to £3,542,040 (2019: £1,646,123). Company Trade debtors is shown net of expected credit losses recognised amounting to £41,738 (2019: £41,738).

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.6.20	30.6.19	30.6.20	30.6.19
	£	£	£	£
Trade creditors	110,361	168,986	-	36,546
Amounts owed to associates	1,301,376	-	-	-
Amounts owed to other group undertakings	27,935,595	30,398,805	63,964,222	59,097,680
Amounts owed to parent company	11,654,619	3,925,132	11,654,619	3,924,652
Corporation Tax payable	836,654	649,217	-	-
Social security and other taxes	150,907	319,922	83,960	214,593
VAT	900,804	857,725	888,781	854,467
Deferred tax (Note 14)	71,051	65,233	66,896	61,809
Deferred income	8,839,848	6,675,534	-	-
Other creditors and accruals	4,561,372	4,549,518	1,885,669	1,659,704
Annual leave	-	20,130	-	20,130
	56,362,588	47,630,201	78,544,147	65,869,581

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

14 DEFERRED TAX

	30.6.20	30.6.19
	£	£
Balance at the start of the year	59,388	25,701
Deferred tax charged to the income statement for the year	7,107	33,687
Balance at the end of the year	66,495	59,388

A deferred tax asset of £66,495 (2019: £59,388) has been recognised in respect of capital allowances as it is considered probable that there will be future taxable profits available to offset the asset.

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	30.6.20	30.6.19	30.6.20	30.6.19
Long service provision	£	£	£	£
Opening balance	142,406	141,126	77,081	65,538
Current year expense	(80,468)	3,769	(62,853)	14,032
Less current portion	(2,213)	(2,489)	4,782	(2,489)
Closing balance	59,725	142,406	19,010	77,081

continued...

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

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

	Group		Company	
	30.6.20	30.6.19	30.6.20	30.6.19
Onerous lease provision	£	£	£	£
Opening balance	-	-	-	-
Current year expense	341,000	-	-	-
Closing balance	341,000	-	-	-

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

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The provision is measured at the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract to the extent that this exceeds the expected economic benefits of the contract.

	Group		Company	
	30.6.20	30.6.19	30.6.20	30.6.19
Dilapidation provision	£	£	£	£
Opening balance	-	-	-	-
Current year expense	141,324	-	-	-
Closing balance	141,324	-	-	-

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

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.20 £	30.6.19 £
2	Ordinary shares	1	2	2

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

17. RESERVES

Group

	Retained earnings £
At 1 July 2019	(26,488,902)
Profit for the year	2,342,494
At 30 June 2020	(24,146,409)

continued...

18. EVENTS AFTER THE REPORTING PERIOD

On 26 November 2020, Navitas UK Holdings Ltd's ultimate controlling party changed its name to Marron Group Holdings Pty Ltd. On 26 November 2020, the immediate parent entity Navitas SAE (UK) Holdings Pty Ltd transferred its investment to BGH BidCo UK Limited.

The UK formally exited the European Union on 31 December 2020 and, as a result of this change, the Directors believe the Company may be affected, and to the extent noted, in the following three areas:

i) Supply chain: the Company's supply chain is not expected to be materially affected;
ii) Employees: The Navitas UK Holdings Ltd group employs a number of citizens of EU countries and has supported and provided information to these employees around residency and immigration matters. No issues have arisen to date and management are not aware of any EU citizen employees who expect to be affected in terms of their ability to continue to work for the company.
iii) Student recruitment: the Company's subsidiaries have, in past years, recruited students from EU countries. The Directors recognise that, in the future, there is a risk that such student numbers may fall. However, the Directors do not believe that lower numbers of EU students will affect the Company materially. Nevertheless, the Directors continue to monitor matters and have put in place plans to mitigate this risk through differential pricing structures and enhanced recruitment activities.

The impact of the COVID-19 pandemic has continued to be felt through 2020 and into 2021. There remains the potential for the pandemic to influence the operations and future development of the Company. As such, the Directors continue to monitor matters closely and to take appropriate action where possible to protect the interests of the Company.

On 1st December 2020, the immediate parent entity BGH BidCo UK Limited transferred investment in HIBT Limited and London Brunel International College Limited to Navitas UK Holdings Limited.

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

The immediate parent entity at 30 June 2020 is Navitas SAE (UK) Holdings Pty Ltd. Following the year end, on 26 November 2020, SAE (UK) Holdings Pty Ltd transferred its investment held at Navitas UK Holdings Limited to BGH BidCo UK Limited.

20. RELATED PARTY DISCLOSURES

The following amounts were outstanding at the reporting date:

		Amounts owed by related parties		Amounts owed to related parties	
		30.6.20	30.6.19	30.6.20	30.6.19
		£	£	£	£
Other group undertakings:					
Loan relationship					
Navitas UK Holdings Ltd	Navitas Pty Limited	-	-	-	(9,137,476)
	HIBT Limited	-	-	(11,661,749)	(9,565,683)
	London Brunel International College Ltd			(16,270,597)	(11,789,188)
	SAE Education Limited	14,639,313	12,436,382	-	-
	Navitas Netherlands BV	227,526	-	-	-
	Navitas Germany GmbH	79,026	-	-	-
	Swan Global Education LLP	271,846	30,370	-	-
Cambridge Ruskin International College Limited	HIBT Limited	214	72	-	(72)
International College of Wales Ltd	HIBT Limited	1,827	680	-	-
	London Brunel International College Ltd	2,451	1,941	-	-
	SAE Education Limited	10,010	14,861	-	-
	Swan Global Education LLP	-	389,090	-	(350,430)
Birmingham City International College Ltd	HIBT Limited	-	-	(1,372)	-
University of Northampton International College Ltd	London Brunel International College Ltd	-	-	(923)	-
	HIBT Limited	-	-	(1,000)	-
		15,232,213	12,873,396	(27,935,595)	(30,842,849)

continued...

20. RELATED PARTY TRANSACTIONS - continued

The following amounts were outstanding at the reporting date:

		Amounts owed by related parties		Amounts owed to related parties	
		30.6.20	30.6.19	30.6.20	30.6.19
		£	£	£	£
Parent company:					
Trade relationship					
Navitas UK Holdings Ltd	SAE Technology Group Holdings	1,160,892	895,321	-	(82,658)
	SAE Technology Group Spain	284	284	-	-
	SAE Institute GmbH	1,300	1,300	-	-
	SAE Education Limited	8,657	1,894	-	-
	Navitas Pty Limited	21,349	42,614	-	(3,834,838)
	Beijing Navitas Education	5,594	5,594	-	-
	Edith Cowan College	396	396	-	-
	Fraser International College	1,728	1,728	-	-
	School of Audio Engineering	232	232	-	-
	University of Massachusetts	965	965	-	-
	Navitas Netherlands BV	-	118,175	-	-
	Navits SAE UK Holdings	-	2,640	-	-
	HIBT Limited	-	329,624	-	-
	London Brunel International College Ltd	-	443,417	-	(267)
	Swan Global Education LLP	-	(29,236)	-	-
Plymouth Devon International College	Navitas Pty Limited	-	-	-	(3,526)
International College at Robert Gordon	London Brunel International College Ltd	-	-	-	(79)
University of Northampton International College Ltd	London Brunel International College Ltd	-	-	-	(2,766)
	HIBT Limited - loan	-	-	-	(1,000)
Navitas UK Holdings Ltd	Navitas Pty Limited	-	-	(11,654,619)	-
		1,201,397	1,814,949	(11,654,619)	(3,925,133)