

REGISTERED NUMBER: 06009965 (England and Wales)

Annual Report and
Consolidated Financial Statements for the Year Ended 30 June 2021
for
Navitas UK Holdings Limited

Navitas UK Holdings Limited

Company Information
for the Year Ended 30 June 2021

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for the Year Ended 30 June 2021

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Navitas UK Holdings Limited

Company Information
for the Year Ended 30 June 2021

DIRECTORS:	P D Lovegrove R H Wilkinson C G Wood
SECRETARY:	Pennsec Limited
REGISTERED OFFICE:	Navitas UK Holdings Ltd Littlemore Park Armstrong Road Oxford OX44FY
REGISTERED NUMBER:	06009965 (England and Wales)
AUDITORS:	Deloitte LLP Statutory Auditor Abbots House Abbey Street Reading Berkshire RG1 3BD

The directors present their strategic report for the year ended 30 June 2021.

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.

During the year, the immediate parent company changed its name from BGH BidCo UK Limited to Marron Group UK Holdings Limited and the ultimate parent company changed its name from BGH Holdco A Pty Ltd to Marron Group Holdings Pty Ltd.

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

RESULTS AND DIVIDENDS

The trading results for the year ended 30 June 2021 and the financial position at the end of the year are shown in the attached financial statements. No dividends were paid (2020: £nil). The directors do not recommend payment of a final dividend (2020: £nil).

KEY PERFORMANCE INDICATORS AND STRATEGIC REVIEW OF BUSINESS

During the year, revenues decreased by 2% from £47,322,279 to £46,375,145, this was due to a reduction in ancillary income from students although there has been an increase in student volumes from 7,693 to 7,849 during the year. Gross profit decreased by 12% from £28,722,100 to £25,153,015. The Group has made a profit of £4,151,348 for the year ended 30 June 2021 (2020: £10,502,683) as a net result of a decrease in revenue, increase in cost of sales and administrative expenses. The prior year figures have been restated due to the acquisition of the subsidiaries.

The Group did not receive grant income from the Office for Students (OfS) or other bodies for the year ending 30 June 2021 (2020: nil). The Group did not have access and participation plan approved by the OfS director for the year ending 30 June 2021 (2020: nil).

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.

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 Group does not use derivative financial instruments for speculative purposes.

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 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 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 ongoing COVID-19 pandemic and government restrictions have impacted the business and in turn the financial and operational performance.

Our priority during the pandemic has been to ensure that students and staff have as much support as possible. Student experience and academic outcomes remain the focus and we are working hard to maintain our diverse and inclusive learning communities. During this time the mental health and wellbeing of staff and students has also remained a top priority and we have introduced a range of initiatives to staff and students.

Management responded early to prepare for the impact of the pandemic taking prudent appropriate early actions during this challenging period. Actions taken will ensure that as COVID-19 restrictions are lifted the Group is well positioned to recover and grow, without losing focus on the experience and academic outcomes of our students. Early in the pandemic the business transitioned quickly to incorporate online learning with continued investments in technology to support a high-quality experience across all areas of the business.

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 our staff and students is our priority and we are taking proactive measures to protect their safety and wellbeing.

The United Kingdom's reputation for high quality education and a safe and friendly living environment underpins the appeal for international students in this market. The United Kingdom remains an attractive destination for international students as borders re-open. Future regulatory settings and the level of government restrictions will be key factors impacting upon the outlook for the international education sector. While the COVID-19 outlook remains uncertain we believe the roll-out of vaccination programs will ultimately result in a return to pre-pandemic conditions.

Whilst 2021 has been a year significantly impacted by the pandemic, the business has responded to every challenge presented and remains in a strong position. We have really seen our "values in action" shine through with these values demonstrated strongly through the behaviours and performance of our staff.

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 2021. In particular, by reference to the approval of our business plan ('our plan') for the period of 2021-26, 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 interests 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, it is our intention 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, it is our intention to behave responsibly toward our shareholders and treat them fairly and equally, so that they too may benefit from the successful delivery of our plan.

- We aim to act responsibly and fairly in how we engage with our agents and suppliers and co-operate with our regulators; all of whom are integral to 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.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

During the current period the Group has estimated total energy usage as 39,590 kWh due to working from home in the period 1 July 2020 to 30 June 2021. As a result of usage this year, the Group has taken the exemption from the full reporting on greenhouse gas emissions as permitted by The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 Part 7, Schedule 7 due to energy consumption in the UK being below 40,000 kWh. We do however note that from the energy consumption noted above, this is translated into an intensity ratio of 8.406 tCO₂e/employee using the conversion factors for UK electricity (location-based methodology), gas and other emissions published by the Department for Environment, Food and Rural Affairs for 2020-21.

We note that due to the Covid-19 pandemic, the UK offices have been closed since 17 March 2020 and all equipment that was not needed was switched off for this time which has resulted in a significant drop in energy consumption and no other direct energy savings measures have been completed during this period. We would expect to report full disclosures in the year ended 30 June 2022.

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



.....
P D Lovegrove – Director



.....
R H Wilkinson - Director

Date:03/02/2022.....

Date: ..03/02/2022.....

Report of the Directors
for the Year Ended 30 June 2021

The directors present their report with the financial statements of the company and the group for the year ended 30 June 2021.

DIRECTORS

P D Lovegrove and C G Wood have held office during the whole of the period from 1 July 2020 to the date of this report.

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

S P Jones - resigned 20 April 2021

Dr J M Lamie – resigned 20 April 2021

R H Wilkinson - appointed 20 April 2021

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 £30,510,270 (2020: £34,769,068) and the profit generated in the year of £4,151,348 (2020: £10,502,683).

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

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

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.

Navitas UK Holdings Limited (Registered number: 06009965)

Report of the Directors
for the Year Ended 30 June 2021

Board consideration of employee-related issues

The Board of Navitas UK Holdings Limited 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.

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events since the balance sheet date are contained in Note 22 in the Notes to the financial statements.

DISCLOSURE IN THE STRATEGIC REPORT

See the Strategic Report for principal activity of the Company, details of the review of the business, key performance indicators, principal risks and uncertainties and future developments which form part of this report by cross-reference.

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.

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



.....
P D Lovegrove – Director



.....
R H Wilkinson – Director

Date: ...03/02/2022.....

Date:03/02/2022.....

Navitas UK Holdings Limited (Registered number: 06009965)

Statement of Directors' Responsibilities
for the Year Ended 30 June 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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;
- 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.

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 jurisdiction

Navitas UK Holdings Limited (Registered number: 06009965)

Governance Statement
for the Year Ended 30 June 2021

Navitas UK Holdings Limited (NUKH) is committed to the highest standards of governance and probity.

NUKH's Board of Directors (the Board) is unambiguously responsible for the affairs of NUKH and corporate governance reporting. It works with the Chief Executive Officer and the Executive Leadership Team (ELT) of NUKH to identify and set priorities, manage risk and maintain financial sustainability. The Board's decision is final, however the Board works with Marron Group Holdings Pty Limited (the ultimate parent company of NUKH) to determine the final budget and strategic plan. A protocol for approving the budget and strategic plan is in place.

The Board has adopted the Higher Education Code of Governance (2020) and adheres to public interest principles. There are aspects that do not apply to NUKH, and these have been explained, and alternative mechanisms of suitable governance have been put in place after an extensive review against the Code.

The Board has delegated some responsibilities to the ELT which has representation from Colleges through the Executive General Managers which ensures cohesiveness in the management and oversight of NUKH. The ELT is also of sufficient size as it currently comprises 8 members. NUKH will want to ensure that the membership does not become too large as this will reduce the quality of the debate and oversight. Currently, the membership is appropriate.

Academic governance has been long established with the Academic Board at the apex. It is supported by the sub-committee Learning, Teaching and Quality Committee. A new protocol has been established for the UK Board of Directors to engage with the Academic Board to ensure academic experience. This is via an Annual Report from the Academic Board to the UK Board of Directors in the first instance, and through informal engagement between the two bodies, particularly the Chairs.

A single institutional strategic plan and unified codes of practices and policies ensure consistency and equivalency across the Colleges. A number of internal controls ensure that responsibilities are being discharged effectively. This includes clear designation of responsibilities, medium- and long-term planning, risk register protocols, and other processes. External audit is carried out by Deloitte and enhanced internal auditing commenced in 2019. The Risk and Audit Committee (formerly Audit and Risk Committee) was established in 2018 and meets quarterly to assess risk and internal control.

Statement of Internal Controls
for the Year Ended 30 June 2021

Scope of Responsibility

NUKH acknowledges that it has a responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the Regulatory Advice 9: Accounts Direction published by the Office for Students (OFS).

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Office for Students has been in place in NUKH for the year ended 30 June 2021 (FY21) and up to the date of approval of the financial statements.

Capacity to Handle Risk

NUKH has a Risk and Audit Committee (RAC) comprising four members and non-members with financial and audit expertise, one of whom is the Chair. The Internal Audit Function is managed by Group and the internal audit schedule is determined centrally. The organisation has developed a Risk Management Policy and Framework, which sets out its risk appetite and details the roles and responsibilities of staff in relation to this risk.

Risk and Control Framework

NUKH has implemented a risk management system, which identifies and reports key risks and the management actions being taken to address and mitigate those risks.

There are risk registers in place, which identify the key risks facing the organisation, and these have been identified, evaluated, and graded according to their significance. The risk register is reviewed at each RAC. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control process and control deficiencies are communicated to those responsible for taking corrective action as well as being reported to the Board of Directors through the Risk and Audit Committee.

Review of Effectiveness

NUKH has procedures in place to monitor the effectiveness of its risk management and control procedures. This review is informed by the work of the internal and external auditors, the Risk and Audit Committee which oversees their work and the senior management within NUKH who are responsible for the development and maintenance of the internal control framework. The risk management and control procedures are also reviewed by the Divisional (Careers and Industry) Leadership Team as per the risk management framework.

Navitas UK Holdings Limited (Registered number: 06009965)

Statement of Regularity, Propriety and Compliance
for the Year Ended 30 June 2021

Navitas UK Holdings Limited can confirm that no instances of irregularity, impropriety, bribery, or funding non-compliance have been discovered to date. If any instances are identified subsequently, these will be notified to the Board, Group, and the Office for Students accordingly.

Independent auditor's report to the members of Navitas UK Holdings Limited
Report on the audit of the consolidated financial statements

Opinion

In our opinion the 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 30 June 2021 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; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 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.

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.

Independent auditor's report to the members of Navitas UK Holdings Limited
Report on the audit of the consolidated financial statements

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 about their own identification and assessment of the risks of irregularities.

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

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

We discussed among the audit engagement team 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 around the timing of revenue recognition (cut-off), and our executed the following specific procedures to address this risk:

- assessing the design and implementation of relevant controls; and
- performing substantive tests of detail, using a heightened sample size, to confirm the recognition of revenue in the correct period;

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 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.

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.

Independent auditor's report to the members of Navitas UK Holdings Limited
Report on the audit of the consolidated financial statements

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.

Opinions on other matters required by the Office for Students (OfS), and (where applicable) of Research England and other funders "Regulatory Advice 9: Accounts Direction"

In our opinion, in all material respects, based on the work undertaken in the course of the audit:

- Funds from whatever source administered by the Company for specific purposes have been applied to those purposes and managed in accordance with relevant legislation;
- Funds provided by the OfS, UK research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- The requirements of the OfS's accounts direction have been met.

Matters on which we are required to report by exception

Under the Office for Students we are required to report in respect of the following matters if, in our opinion:

- The provider's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- The provider's expenditure on access and participation activities for the financial year has been materially misstated.

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

Date: 3 February 2022
Date:

Consolidated Income Statement
for the Year Ended 30 June 2021

	Notes	30.6.21 £	30.6.20 (Restated note 18) £
TURNOVER	4	46,375,145	47,322,279
Cost of sales		<u>(21,222,130)</u>	<u>(18,600,179)</u>
GROSS PROFIT		25,153,015	28,722,100
Administrative expenses		<u>(22,967,390)</u>	<u>(18,808,805)</u>
		2,185,625	9,913,295
Other operating income		<u>1,193,384</u>	<u>1,634,085</u>
OPERATING PROFIT	6	3,379,009	11,547,380
Share of profit in joint venture	7	<u>35,637</u>	<u>53,973</u>
		3,414,646	11,601,353
Interest receivable and similar income	10	<u>446,741</u>	<u>116,503</u>
		3,861,387	11,717,856
Interest payable and similar expenses	8	<u>(140,408)</u>	<u>(75,518)</u>
PROFIT BEFORE TAXATION		3,720,979	11,642,338
Tax on profit	9	<u>430,369</u>	<u>(1,139,655)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>4,151,348</u>	<u>10,502,683</u>
Profit attributable to: Owners of the parent		<u>4,151,348</u>	<u>10,502,683</u>

All amounts are derived from continuing operations.

Navitas UK Holdings Limited (Registered number: 06009965)

Consolidated Statement of Other Comprehensive Income
for the Year Ended 30 June 2021

	30.6.21 £	30.6.20 £
PROFIT FOR THE YEAR	4,151,348	10,502,683
OTHER COMPREHENSIVE INCOME	_____ -	_____ -
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>4,151,348</u>	<u>10,502,683</u>
Total comprehensive income attributable to: Owners of the parent	<u>4,151,348</u>	<u>10,502,683</u>

The notes form part of these financial statements

Consolidated Balance Sheet

As at 30 June 2021

		30.06.21	30.06.20 (Restated note 18)
		£	£
FIXED ASSETS			
Tangible assets	11	466,181	609,271
Investments	12	<u>269,542</u>	<u>233,905</u>
		<u>735,723</u>	<u>843,176</u>
CURRENT ASSETS			
Debtors	13	33,783,640	26,818,786
Cash at bank		<u>4,115,457</u>	<u>6,223,000</u>
		37,899,097	33,041,786
CREDITORS			
Amounts falling due within one year	14	<u>(68,409,367)</u>	<u>(67,810,854)</u>
NET CURRENT LIABILITIES		<u>(30,510,270)</u>	<u>(34,769,068)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(29,774,547)	(33,925,892)
Provision for liabilities	16	<u>(548,757)</u>	<u>(548,760)</u>
NET LIABILITIES		<u>(30,323,304)</u>	<u>(34,474,652)</u>
CAPITAL AND RESERVES			
Called up share capital	17	2	2
Other Reserves	17	(33,423,922)	(33,423,922)
Profit and loss account	17	<u>3,100,616</u>	<u>(1,050,732)</u>
SHAREHOLDERS' DEFICIT		<u>(30,323,304)</u>	<u>(34,474,652)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 3rd February 2022 and were signed on its behalf by:



.....
P D Lovegrove - Director



.....
R H Wilkinson - Director

Company Balance Sheet

As at 30 June 2021

	Notes	30.6.21 £	30.6.20 £
FIXED ASSETS			
Tangible assets	11	362,031	478,403
Investments	12	<u>33,444,947</u>	<u>13</u>
		<u>33,806,978</u>	<u>478,416</u>
CURRENT ASSETS			
Debtors	13	22,487,462	22,500,747
Cash at bank		<u>4,091,215</u>	<u>6,177,945</u>
		26,578,677	28,678,692
CREDITORS			
Amounts falling due within one year	14	<u>(118,741,810)</u>	<u>(78,544,147)</u>
NET CURRENT LIABILITIES		<u>(92,163,133)</u>	<u>(49,865,455)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(58,356,155)	(49,387,039)
CREDITORS			
Provision for liabilities	16	<u>(22,903)</u>	<u>(19,010)</u>
NET LIABILITIES		<u>(58,379,058)</u>	<u>(49,406,049)</u>
CAPITAL AND RESERVES			
Called up share capital	17	2	2
Profit and loss account	17	<u>(58,379,360)</u>	<u>(49,406,051)</u>
SHAREHOLDERS' DEFICIT		<u>(58,379,058)</u>	<u>(49,406,049)</u>
Company's loss for the financial year		<u>(8,973,009)</u>	<u>(6,240,149)</u>

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...3rd February 2022..... and were signed on its behalf by:



.....
P D Lovegrove - Director



.....
R H Wilkinson - Director

Consolidated Statement of Changes in Equity
for the Year Ended 30 June 2021

	Called up Share capital £	Other reserves £	Profit and loss account £	Total equity £
Balance at 1 July 2019	2	-	(26,488,902)	(26,488,900)
Changes in equity				
Total comprehensive income	-	-	<u>2,342,493</u>	<u>2,342,493</u>
Balance at 30 June 2020	<u>2</u>	-	<u>(24,146,409)</u>	<u>(24,146,407)</u>
As previously reported	2	-	(24,146,409)	(24,146,407)
On acquisition of wholly owned subsidiaries	-	<u>(33,423,922)</u>	<u>23,095,677</u>	<u>(10,328,245)</u>
Balance at 30 June 2020 (Restated)	<u>2</u>	<u>(33,423,922)</u>	<u>(1,050,732)</u>	<u>(34,474,652)</u>
Changes in equity				
Total comprehensive income	-	-	<u>4,151,348</u>	<u>4,151,348</u>
Balance at 30 June 2021	<u>2</u>	<u>(33,423,922)</u>	<u>3,100,616</u>	<u>(30,323,304)</u>

Company Statement of Changes in Equity
for the Year Ended 30 June 2021

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 July 2019	<u>2</u>	<u>(43,165,902)</u>	<u>(43,165,900)</u>
Changes in equity			
Total comprehensive expense	<u>-</u>	<u>(6,240,149)</u>	<u>(6,240,149)</u>
Balance at 30 June 2020	<u>-</u>	<u>(49,406,051)</u>	<u>(49,406,049)</u>
Changes in equity			
Total comprehensive expense	<u>-</u>	<u>(8,973,009)</u>	<u>(8,973,009)</u>
Balance at 30 June 2021	<u><u>2</u></u>	<u><u>(58,379,060)</u></u>	<u><u>(58,379,058)</u></u>

Consolidated Cash Flow Statement
for the Year Ended 30 June 2021

	Notes	30.6.21	30.6.20 (Restated note 18)
		£	£
Cash flows from operating activities			
Cash (used in)/ generated from operations	1	(1,906,197)	7,449,589
Interest paid		(140,408)	(75,518)
Tax paid		<u>-</u>	<u>(1,139,655)</u>
Net cash (used in)/ generated from operating activities		<u>(2,046,605)</u>	<u>6,234,416</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(60,938)	(862,272)
Sale of tangible fixed assets		-	1,115
Interest received		<u>-</u>	<u>116,503</u>
Net cash used in investing activities		<u>(60,938)</u>	<u>(744,654)</u>
(Decrease)/ increase in cash and cash equivalents		(2,107,543)	5,489,762
Cash and cash equivalents at beginning of year	2	<u>6,223,000</u>	<u>733,238</u>
Cash and cash equivalents at end of year	2	<u><u>4,115,457</u></u>	<u><u>6,223,000</u></u>

Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 June 2021

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

	30.6.21	30.6.20 (Restated note 18)
	£	£
Profit before taxation	3,720,979	11,642,338
Loss on retirement of fixed assets	430	-
Profit on acquisition of wholly owned subsidiaries	-	(18,488,435)
Depreciation charges	203,598	701,092
Finance costs	140,408	75,518
Finance income	(446,741)	(116,503)
Share of profit in joint venture	<u>(35,637)</u>	<u>(53,973)</u>
	3,583,037	(6,239,963)
Increase in trade and other debtors	(6,087,744)	(6,897,455)
Increase in trade and other creditors	<u>598,510</u>	<u>20,587,007</u>
	<u>(1,906,197)</u>	<u>7,449,589</u>

2. CASH AND CASH EQUIVALENTS

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

	30.6.21	1.7.20
	£	£
Year ended 30 June 2021		
Cash and cash equivalents	<u>4,115,457</u>	<u>6,223,000</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.7.20	Cash flow	At 30.6.21
	£	£	£
Net cash			
Cash at bank	<u>6,223,000</u>	<u>(2,107,543)</u>	<u>4,115,457</u>
	<u>6,223,000</u>	<u>(2,107,543)</u>	<u>4,115,457</u>
Total	<u>6,223,000</u>	<u>(2,107,543)</u>	<u>4,115,457</u>

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 Marron Group Holdings Pty Ltd. The consolidated financial statements of Marron Group Holdings Pty Ltd can be obtained from L26 101 Collins St, 3000 Melbourne, Australia. The Company has taken advantage of the 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.

For the year ended 30 June 2021, the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

Subsidiary Name	Companies House Registration Number
SC170551 Limited	SC170551
Employment Overseas Ltd.	SC241734
Plymouth Devon International College Ltd	06822402
Edinburgh International College Ltd	06822392
Northampton IC Limited	09332824
Leicester Global Study Centre Limited	11669456
UA92 Global Limited	12985058
SC255447 Limited	SC255447

The directors have not required the subsidiaries to obtain an audit of their accounts for the year ended 30 June 2021 in accordance with section 476 of the Companies Act 2006.

The directors of the subsidiaries acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the accounts.

Navitas UK Holdings Limited guarantees its above-mentioned subsidiaries under section 479C of the Companies Act 2006 in respect of the financial year ended 30 June 2021.

Basis of consolidation

The consolidated financial statements incorporate the results of the company and its subsidiary undertakings for the year ended 30 June 2021. Intragroup sales, profits and balances are eliminated fully on consolidation. All subsidiaries have a year-end date of 30 June 2021, with the exception of SC255447 Limited with a year end of 30 September 2021. The results of subsidiaries acquired or sold are consolidated during the year of ownership. Acquisitions are accounted for under the acquisition method, or using merger accounting as permitted by FRS 6 – Merger accounting for group records.

During the year ended 30 June 2021, Navitas UK Holdings Limited acquired a 100% investment in London Brunel International College Limited and HIBT Limited. The substance of the transaction was not the acquisition of a business but a group reconstruction whereby post-reconstruction the former ordinary shareholders of London Brunel International College Limited and HIBT Limited have the same proportionate interest, in Navitas UK Holdings Limited as they previously held in London Brunel International College Limited and HIBT Limited.

For the consolidated accounts the adoption of merger accounting presents Navitas UK Holding Limited as if it had always been the parent undertaking of London Brunel International College Limited and HIBT Limited. The comparative results shown for the year ended 30 June 2020 include the audited results and financial position of London Brunel International College Limited and HIBT Limited.

2. ACCOUNTING POLICIES – continued

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 4. 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, 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 scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Financial instruments

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

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.

2. ACCOUNTING POLICIES – continued

Amortised cost and effective interest method -continued

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.

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.

2. ACCOUNTING POLICIES – continued

Impairment of financial assets -continued

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:

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. 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.

2. ACCOUNTING POLICIES – continued

Impairment of financial assets -continued

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.

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.

2. ACCOUNTING POLICIES – continued

Taxation -continued

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 exempt 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 in subsidiaries

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

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Impairment of non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2021

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.

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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group’s accounting policies, directors continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Due to the inherent uncertainty actual results may differ from the judgements, estimated and assumptions.

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

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 Group’s accounting policies.

Key sources of estimation uncertainty

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

4. TURNOVER

An analysis of turnover by category is given below:

	30.6.21	30.6.20 (Restated note 18)
	£	£
Tuition fees earned	46,108,038	45,252,496
Ancillary income from students	<u>267,107</u>	<u>2,069,783</u>
	<u>46,375,145</u>	<u>47,322,279</u>

All turnover arose in the United Kingdom.

5. EMPLOYEES AND DIRECTORS

Consolidated Employees and Directors

	30.6.21	30.6.20 (Restated note 18)
	£	£
Wages and salaries	11,322,505	11,235,726
Social security costs	1,018,798	1,071,000
Other pension costs	<u>857,194</u>	<u>828,735</u>
	<u>13,198,497</u>	<u>13,135,461</u>

5. EMPLOYEES AND DIRECTORS – continued

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

	30.6.21	30.6.20
Administration	219	209
Teaching staff	<u>230</u>	<u>215</u>
	<u>449</u>	<u>424</u>

The average number of employees in the Joint venture undertaking and excluded from the number shown above was 52 (2020: 46).

Additional remuneration disclosures:

Senior staff pay

Basic salary per annum	No. of staff 30.6.21
£100,000 - £104,999	1
£105,000 - £109,999	-
£110,000 - £114,999	-
£115,000 - £119,999	-
£120,000 - £124,999	-
£125,000 - £129,999	-
£130,000 - £134,999	-
£135,000 - £139,999	-
£140,000 - £144,999	-
£145,000 - £149,999	1
£150,000 - £154,999	-
£155,000 - £159,999	-
£160,000 - £164,999	-
£165,000 - £169,999	-
£170,000 - £174,999	-
£175,000 - £179,999	-
£180,000 - £184,999	-
£185,000 - £189,999	-
£190,000 - £194,999	-
£195,000 - £199,999	-
£200,000 - £204,999	-
£205,000 - £209,999	-
£210,000 - £214,999	-
£215,000 - £219,999	-
£220,000 - £224,999	-
£225,000 - £229,999	-
£235,000 - £239,999	-
£240,000 - £244,999	-
£245,000 - £249,999	-
£250,000 - £254,999	-
£255,000 - £259,999	-
£260,000 - £264,999	-
£265,000 - £269,999	-
£270,000 - £274,999	-
£275,000 - £279,999	-
£280,000 - £284,999	-
£285,000 - £289,999	-
£290,000 - £294,999	-
£295,000 - £299,999	1

5. EMPLOYEES AND DIRECTORS – continued

Total remuneration for the Head of Provider

	30.6.21
	£
Basic salary	270,523
Payment of dividends	-
Performance related pay	84,993
Pension contributions	4,737
Salary sacrifice	7,014

Justification for the total remuneration package

The Head of Provider of Navitas UK Holdings undertakes a role wider than Head of Provider for the Navitas UK Holdings group. In addition he is managing the European division with further entities in Netherlands and Germany, and also acts as the Global COO for the Group, with responsibility for Strategy, Global Recruitment and Data. Taking into account these roles, he was remunerated below company and sector benchmarks for this role during the year, reflecting a voluntary pay reduction between April 2020 and November 2020 as a result of the impact of COVID-19.

The performance of the Head of Provider is based on appraisal by Parent Company Management, assessed by the Group Leadership Incentive Plan Scorecard, appropriate KPIs and stakeholder feedback. The Head of Provider's performance is then considered by the overall Group Board who are responsible for approving each element of his remuneration. The Head of Provider's performance is assessed as exceptional by Parent Company Management and the Group Board.

Ratios

Basic salary ratio	8.5
Total remuneration ratio	10.9

For the year ended 30 June 2021, the Group made payments to 17 employees as a compensation for loss of office. The total amount of these payments was £42,517 (2020: £nil).

Navitas UK Holdings Limited is part of wider Group. Its ultimate parent company is Marron Group Holdings Pty Ltd. Marron Group Holdings Pty Ltd and its subsidiaries (referred to as 'Group') is a globally diversified business focused on the provision of educational services to domestic and overseas students. Navitas UK Holdings Limited has benefitted from shared resources within the Group which are billed via a management charge.

Shared resources have not been included as part of this disclosure we are not able to quantify the full time equivalent of the resource to Navitas UK Holdings Limited as they are not direct employees of Navitas UK Holdings Limited.

	30.6.21	30.6.20
	£	£
Directors' remuneration	387,383	257,858
Directors' pension contributions to money purchase schemes	6,232	4,722
Highest paid director:		
Remuneration	355,516	257,858
Pension	4,737	4,722

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

Money purchase schemes	2	1
3 directors were paid during the year (2020:1)		

Company Employees and Directors

	30.6.21	30.6.20
	£	£
Wages and salaries	3,972,072	4,207,136
Social security costs	408,290	448,111
Other pension costs	355,124	358,486
	<u>4,735,486</u>	<u>5,013,733</u>

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

	30.6.21	30.6.20
Administrative	<u>91</u>	<u>95</u>

continued...

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2021

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	30.6.21	30.6.20 (Restated note 18)
	£	£
Credit losses on trade debtors	977,672	2,396,373
Royalties charged by NVT SAE Holdings	1,553,925	-
Depreciation – owned assets	203,598	271,126
Operating leases	157,500	192,040
Government grants	(297,030)	(282,888)
Fees payable to the Company’s auditor for the audit of the Company’s financial statements	12,000	12,566
Fees payable to the Company’s auditor for the audit of the Company’s subsidiaries	101,000	73,800
Foreign exchange differences	<u>10,843</u>	<u>138,523</u>

During the year, the Group received government grants amounting to £297,030 (2020: 282,888) under the Coronavirus Job Retention Scheme.

7. SHARE OF PROFIT IN JOINT VENTURE

	30.6.21	30.6.20
	£	£
Share of profit in joint venture	<u>35,637</u>	<u>53,973</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	30.6.21	30.6.20
	£	£
Interest payable to group undertakings	<u>140,408</u>	<u>75,518</u>
	<u>140,408</u>	<u>75,518</u>

9. TAXATION

Analysis of the tax charge

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

	30.6.21	30.6.20 (Restated note 18)
	£	£
Current tax:		
UK corporation tax	734,817	1,035,958
Adjustment in respect of prior periods	<u>(204,998)</u>	<u>184,535</u>
Total current tax	529,818	1,127,517
Deferred tax:		
Current year	-	32,166
Adjustment in respect of prior periods	-	(23,978)
Origination and reversal of temporary differences	(970,352)	-
Effect of changes in tax rates	<u>10,165</u>	<u>3,950</u>
Total deferred tax	(960,187)	12,138
Tax per income statement	<u>(430,369)</u>	<u>1,139,655</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2021

9. TAXATION - continued

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:

	30.6.21	30.6.20 (Restated note 18)
	£	£
Profit before income tax	<u>3,720,979</u>	<u>11,642,338</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 – 19%)	706,986	2,212,044
Effects of:		
Expenses not deductible	672,733	23,751
Tax rate changes	10,165	3,950
Amounts not recognised	2,573	(68,491)
Adjustments in respect of prior periods	(327,238)	67,582
Losses transferred to group companies	-	(70)
Group relief/ Other reliefs	(2,230,405)	(1,191,516)
Payment for group relief	734,817	-
Income not taxable	-	-
Other	-	92,405
Tax expense	<u>(430,369)</u>	<u>1,139,655</u>

Finance Act 2020 reinstated the corporation tax rate to 19% for the financial year commencing 1 April 2020 and this rate was used in the June 2020 deferred tax calculations. Finance Bill 2020 increases the corporation tax rate to 25 % with effect from 1 April 2023. As deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal, deferred tax balances have been calculated at the rate at which the relevant balance is expected to be recovered or settled.

10. INTEREST RECEIVABLE AND SIMILAR INCOME

	30.6.21	30.6.20
	£	£
Interest receivable from group undertakings	<u>446,741</u>	<u>116,503</u>
	<u>446,741</u>	<u>116,503</u>

11. TANGIBLE FIXED ASSETS

Group	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 July 2020 (As reported)	127,904	1,432,732	611,814	2,172,450
On Acquisition	-	489,600	1	489,601
Restated (note 18)	<u>127,904</u>	<u>1,922,332</u>	<u>611,815</u>	<u>2,662,051</u>
Additions	-	49,573	11,365	60,938
Retirements	<u>(164)</u>	<u>-</u>	<u>(1,388)</u>	<u>(1,552)</u>
At 30 June 2021	<u><u>127,740</u></u>	<u><u>1,971,905</u></u>	<u><u>621,792</u></u>	<u><u>2,721,437</u></u>
DEPRECIATION				
At 1 July 2020	125,632	924,915	555,352	1,605,899
On Acquisition	-	446,880	1	446,881
Restated (note 18)	<u>125,632</u>	<u>1,371,795</u>	<u>555,353</u>	<u>2,052,780</u>
Retirements	-	-	(1,122)	(1,122)
Charge for year	<u>2,108</u>	<u>177,852</u>	<u>23,638</u>	<u>203,598</u>
At 30 June 2021	<u><u>127,740</u></u>	<u><u>1,549,647</u></u>	<u><u>577,869</u></u>	<u><u>2,255,256</u></u>
NET BOOK VALUE				
At 30 June 2021	<u><u>-</u></u>	<u><u>422,258</u></u>	<u><u>43,923</u></u>	<u><u>466,181</u></u>
At 30 June 2020 – Restated (note 18)	<u><u>2,272</u></u>	<u><u>550,537</u></u>	<u><u>56,462</u></u>	<u><u>609,271</u></u>
Company				
		Improvements to property £	Plant and machinery £	Totals £
COST				
At 1 July 2020		127,904	937,612	1,065,516
Disposals		(164)	-	(164)
Additions		-	34,366	34,366
At 30 June 2021		<u><u>127,740</u></u>	<u><u>971,978</u></u>	<u><u>1,099,718</u></u>
DEPRECIATION				
At 1 July 2020		125,632	461,481	587,113
Charge for year		<u>2,108</u>	<u>148,466</u>	<u>150,574</u>
At 30 June 2021		<u><u>127,740</u></u>	<u><u>609,947</u></u>	<u><u>737,687</u></u>
NET BOOK VALUE				
At 30 June 2021		<u><u>-</u></u>	<u><u>362,031</u></u>	<u><u>362,031</u></u>
At 30 June 2020		<u><u>2,272</u></u>	<u><u>476,131</u></u>	<u><u>478,403</u></u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2021

12. INVESTMENTS

Group

	Interest in joint venture £
COST	
At 1 July 2020	233,905
Share of profit	<u>35,637</u>
At 30 June 2021	<u>269,542</u>
NET BOOK VALUE	
At 30 June 2021	<u>269,542</u>
At 30 June 2020	<u>233,905</u>

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

Company

	Shares in group undertakings £
COST	
At 1 July 2020	2,347,988
Additions	<u>33,444,934</u>
At 30 June 2021	<u>35,792,922</u>
PROVISIONS	
At 1 July 2020	2,347,975
Charge for year	<u>-</u>
At 30 June 2021	<u>2,347,975</u>
NET BOOK VALUE	
At 30 June 2021	<u>33,444,947</u>
At 30 June 2020	<u>13</u>

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

Name of undertaking	Registered office	Country of registration	Description of shares	Proportion held by the company	Principal activity
<i>Subsidiaries – Direct shareholding</i>					
Birmingham City International College Limited	Littlemore Park, Armstrong Road, Oxford, OX4 4FY	England & Wales	Ordinary	100%	Provision of education and training service
Cambridge Ruskin International College Limited	Littlemore Park, Armstrong Road, Oxford, OX4 4FY	England & Wales	Ordinary	100%	Provision of education and training service
International College Wales Limited	Littlemore Park, Armstrong Road, Oxford, OX4 4FY	England & Wales	Ordinary	100%	Provision of education and training service
International College Portsmouth Limited	Littlemore Park, Armstrong Road, Oxford, OX4 4FY	England & Wales	Ordinary	100%	Provision of education and training service

continued...

12. INVESTMENTS – continued

Name of undertaking	Registered office	Country of registration	Description of shares	Proportion held by the company	Principal activity
The International College at Robert Gordon University Limited	Littlemore Park, Armstrong Road, Oxford, OX4 4FY	England & Wales	Ordinary	100%	Provision of education and training service
HIBT Limited	Littlemore Park, Armstrong Road, Oxford, OX4 4FY	England & Wales	Ordinary	100%	Provision of education and training service
London Brunel International College Limited	Littlemore Park, Armstrong Road, Oxford, OX4 4FY	England & Wales	Ordinary	100%	Provision of education and training service

The directors have elected to take advantage of the exemption from audit under s479A of the Companies Act in respect of the following entities:

Subsidiaries – Direct shareholding

Plymouth Devon International College Limited	Littlemore Park, Armstrong Road, Oxford, OX4 4FY	England & Wales	Ordinary	100%	Provision of education and training service
Edinburgh International College Limited	Littlemore Park, Armstrong Road, Oxford, OX4 4FY	England & Wales	Ordinary	100%	Provision of education and training service
Northampton IC Limited	Littlemore Park, Armstrong Road, Oxford, OX4 4FY	England & Wales	Ordinary	100%	Provision of education and training service
Leicester Global Study Centre Limited	Littlemore Park, Armstrong Road, Oxford, OX4 4FY	England & Wales	Ordinary	100%	Provision of education and training service
UA92 Global Limited	Littlemore Park, Armstrong Road, Oxford, OX4 4FY	England & Wales	Ordinary	100%	Provision of education and training service

Subsidiaries – Indirect shareholding

Employment Overseas Limited	Garthdee Road, Aberdeen, AB10 7QE	Scotland	Ordinary	100%	Non trading agent for overseas students
SC170551 Limited	Garthdee Road, Aberdeen, AB10 7QE	Scotland	Ordinary	100%	Non trading holding company
SC255447 Limited	Garthdee Road, Aberdeen, AB10 7QE	Scotland	Ordinary	100%	Non trading company

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	Littlemore Park, Armstrong Road, Oxford, OX4 4FY	England & Wales	Ordinary	50%	Provision of education and training service
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12. INVESTMENTS – continued

On 1 December 2020 the Company acquired 100% of the issued share capital of London Brunel International College Limited, a company whose primary activity is provision of educational and training services and 100% of the issued share capital of HIBT Limited, a company whose primary activity is provision of educational and training service. The acquisitions were made through intercompany loan from a group undertaking. No charge to the Group profit and loss account in respect of costs incurred to the acquisitions during the year ended 30 June 2021.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.6.21	30.6.20 (Restated note 18)	30.6.21	30.6.20
	£	£	£	£
Trade debtors	14,680,271	7,379,486	871,967	847,143
Amounts owed by other group undertakings	15,537,080	15,227,721	18,808,896	18,397,655
Amounts owed by parent company	142,895	1,201,397	-	1,202,001
Prepayments and other debtors	699,677	1,459,998	175,556	509,781
Deferred tax (Note 15)	901,109	6,017	822,835	-
Corporation tax asset	1,808,208	1,544,167	1,808,208	1,544,167
Accrued income	14,400	-	-	-
	<u>33,783,640</u>	<u>26,818,786</u>	<u>22,487,462</u>	<u>22,500,747</u>

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

Group Trade debtors are shown net of expected credit losses recognised amounting to £5,207,758 (2020: £4,397,479).

Company Trade debtors is shown net of expected credit losses recognised amounting to £24,657 (2020: £41,738).

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.6.21	30.6.20 (Restated note 18)	30.6.21	30.6.20
	£	£	£	£
Trade creditors	734,513	223,337	293,989	-
Amounts owed to associates	264,217	1,301,376	-	-
Amounts owed to other group undertakings	8,169,292	33,443,922	83,140,978	63,964,222
Amounts owed to parent company	33,577,429	11,654,619	33,443,922	11,654,619
Corporation tax payable	-	1,035,961	-	-
Social security and other taxes	242,615	165,756	121,748	83,960
VAT	657,900	902,691	631,938	888,781
Deferred tax (Note 15)	10,614	75,709	-	66,896
Deferred income	13,084,014	13,457,923	-	-
Other creditors and accruals	11,668,773	5,549,560	1,109,235	1,885,669
	<u>68,409,367</u>	<u>67,810,854</u>	<u>118,741,810</u>	<u>78,544,147</u>

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.

15. DEFERRED TAX

	30.6.21	30.6.20 (Restated note 18)
	£	£
Balance at the start of the year	69,692	57,554
Deferred tax charged to the income statement for the year	<u>(960,187)</u>	<u>12,138</u>
Closing balance	<u>(890,495)</u>	<u>69,692</u>

A deferred tax asset of £890,495 (2020: liability of £69,692) 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.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2021

16. PROVISION FOR LIABILITIES

	30.6.21	30.6.20 (Restated note 18)
	£	£
Long service provision	62,958	66,436
Onerous lease provision	344,475	341,000
Dilapidation provision	<u>141,324</u>	<u>141,324</u>
	<u>548,757</u>	<u>548,760</u>

	Group		Company	
	30.6.21	30.6.20	30.6.21	30.6.20
	£	£	£	£
Long service provision				
Opening balance	59,725	148,983	9,010	77,081
Current year expense	(9,212)	(80,334)	(2,028)	(62,853)
Additions	<u>12,445</u>	<u>(2,213)</u>	<u>5,921</u>	<u>4,782</u>
Closing balance	<u>62,958</u>	<u>66,436</u>	<u>22,903</u>	<u>19,010</u>

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

	Group		Company	
	30.6.21	30.6.20	30.6.21	30.6.20
	£	£	£	£
Onerous lease provision				
Opening balance	341,000	-	-	-
Current year expense	(341,000)	-	-	-
Additions	<u>344,475</u>	<u>341,000</u>	<u>-</u>	<u>-</u>
Closing balance	<u>344,475</u>	<u>341,000</u>	<u>-</u>	<u>-</u>

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. During the year, the balance of £341,000 was released by the Group.

	Group		Company	
	30.6.21	30.6.20	30.6.21	30.6.20
	£	£	£	£
Dilapidation provision				
Opening balance	141,324	-	-	-
Current year expense	<u>-</u>	<u>141,324</u>	<u>-</u>	<u>-</u>
Closing balance	<u>141,324</u>	<u>141,324</u>	<u>-</u>	<u>-</u>

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

Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 June 2021

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal	30.6.21	30.6.20
		value:	£	£
2	Ordinary shares	1	<u>2</u>	<u>2</u>

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

Other reserves

The other reserves represent the difference between carrying value of the assets and liabilities acquired under merger accounting to the cost of the investment.

18. PRIOR YEAR RESTATEMENT

The prior year financial statements have been restated following the acquisition of the two subsidiaries using merger accounting. The following tables summarise the impacts of the Group's consolidated financial statements.

Impact of merger accounting

At 30 June 2020

	As previously reported	Adjustments	As restated
	£	£	£
Balance sheet			
Tangible fixed assets	566,551	42,720	609,271
Investments – Interest in joint venture	233,905	-	233,905
Debtors: Amounts falling due within one year	25,734,775	1,084,011	26,818,786
Cash at bank	<u>6,223,000</u>	<u>-</u>	<u>6,223,000</u>
Total assets	<u>32,758,231</u>	<u>1,126,731</u>	<u>33,884,962</u>
Creditors: Amounts falling due within one year	(56,362,588)	(11,448,266)	(67,810,854)
Provision for liabilities	<u>(542,049)</u>	<u>(6,711)</u>	<u>(548,760)</u>
Net liabilities	<u>(24,146,407)</u>	<u>(10,328,246)</u>	<u>(34,474,652)</u>
Called up share capital	2	-	2
Retained earnings	(24,146,409)	23,095,677	(1,050,732)
Merger reserve	<u>-</u>	<u>(33,423,922)</u>	<u>(33,423,922)</u>
Shareholders' funds	<u>(24,146,407)</u>	<u>(11,454,977)</u>	<u>(34,474,652)</u>
Income statement			
Turnover	28,595,869	18,729,410	47,322,279
Cost of sales	(11,438,718)	(7,161,461)	(18,600,179)
Administrative expenses	(15,310,673)	(3,498,132)	(18,808,805)
Other operating income	1,631,370	2,715	1,634,085
Share of profit in joint venture	53,973	-	53,973
Interest receivable and similar income	116,503	-	116,503
Interest payable and similar expenses	(277,539)	202,021	(75,518)
Tax on profit	<u>(1,028,290)</u>	<u>(111,365)</u>	<u>(1,139,655)</u>
	<u>2,342,495</u>	<u>8,163,368</u>	<u>10,502,683</u>

19. RELATED PARTY DISCLOSURES

The following amounts were outstanding at the reporting date:

		Amounts owed by related parties		Amounts owed to related parties	
		30.6.21	30.6.20	30.6.21	30.6.20
		£	£	£	£
Loan relationship					
Other group undertakings:					
Navitas UK Holdings Limited	Navitas Pty Limited	-	-	(4,293,979)	-
	SAE Education Limited	15,040,111	14,639,313	-	-
	Navitas Netherlands BV	5,882	227,526	-	-
	Navitas Germany GmbH	67,808	79,026	-	-
	Swan Global Education LLP	423,279	271,846	-	-
	Marron Group UK Holdings Limited	-	-	-	(33,443,922)
London Brunel International College Limited	Navitas SAE UK Holdings Pty Limited	-	-	(3,867,458)	-
International College of Wales Ltd	SAE Education Limited	-	10,010	-	-
International College Portsmouth Ltd	Swan Global Education LLP	-	-	(7,855)	-
		<u>-</u>	<u>-</u>	<u>(7,855)</u>	<u>-</u>
		<u>15,537,080</u>	<u>15,227,721</u>	<u>(8,169,292)</u>	<u>(33,443,922)</u>
Parent company:					
Loan relationship					
Navitas UK Holdings Limited	Marron Group UK Holdings Limited	-	-	(33,443,922)	-
Trade relationship					
Navitas UK Holdings Limited	SAE Technology Group Holdings	-	1,160,892	-	-
	SAE Technology Group Spain S.L	-	284	(47,489)	-
	SAE Institute GmbH	-	1,300	(44,419)	-
	SAE Germany Holdings GmbH	-	-	(29,862)	-
	SAE Education Limited	10,013	8,657	(11,340)	-
	Navitas Pty Limited	35,435	21,349	(397)	(11,654,619)
	Beijing Navitas Education	5,594	5,594	-	-
	Edith Cowan College	396	396	-	-
	Fraser International College	30,655	1,728	-	-
	School of Audio Technology	-	232	-	-
	University of Massachusetts	965	965	-	-
	Navitas Netherlands BV	18,363	-	-	-
	Navitas Germany Holdings GmbH	5,543	-	-	-
International College Portsmouth Ltd	Navitas Pty Limited	<u>35,931</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>142,895</u>	<u>1,201,397</u>	<u>(33,577,429)</u>	<u>(11,654,619)</u>

continued...

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Liquidity risk

The Group's objective is to maintain a balance between the continuity of funding and flexibility principally through the use of operating cash flows and borrowings from Marron Group Holdings Pty Ltd and related entities.

	<1 year £	1-5 years £	>5 years £	Total £
Financial liabilities				
Trade and other payables	<u>68,409,367</u>	<u>485,799</u>	<u>62,958</u>	<u>68,958,124</u>

The tables above reflect all contractually fixed settlement, repayments, receivables and interest resulting from recognised financial liabilities and assets as of 30 June 2021. For the obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial liabilities are based on the earliest possible date on which the Company can be required to pay. Cash flows for financial assets are based on the terms and conditions existing at the balance sheet date.

21. LEASING ARRANGEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	30.6.21 £	30.6.20 £
Within one year	180,000	180,000
Between one and five years	<u>15,000</u>	<u>195,000</u>
	<u>195,000</u>	<u>375,000</u>

22. EVENTS AFTER THE REPORTING PERIOD

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

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company at 30 June 2021 is Marron Group Holdings Pty Ltd, a company incorporated in Australia. This is the smallest and largest groups to consolidate the results of the Company. The consolidated financial statements of this group can be obtained at L26101 Collins St, 3000 Melbourne, Australia.

The immediate parent entity at 30 June 2021 is Marron Group UK Holdings Limited.