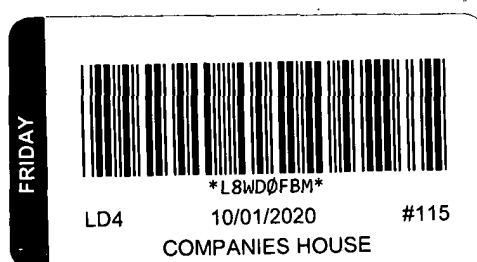


**SAE Education Limited**  
**Annual Report and Financial Statements**  
**For the year ended 30 June 2019**

Registered number: 06647488 (England and Wales)



**SAE Education Limited**

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For the year ended 30 June 2019**

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**SAE Education Limited**

**Company Information**

**For the year ended 30 June 2019**

**Directors:**

E A L Culverhouse  
M I Rann (appointed on 3 October 2018)  
A Sadiq (appointed on 15 July 2019)  
S A Davies (appointed on 21 June 2019)  
J A Coffin (appointed on 31 July 2019)  
K K S Sandhu (appointed on 31 July 2019)

**Company secretary:**

Pennsec Limited

**Registered office:**

SAE Oxford  
Littlemore Park  
Armstrong Road  
Littlemore  
Oxford  
Oxon  
OX4 4FY

**Registered number:**

06647488 (England and Wales)

**Independent Auditor:**

Deloitte LLP  
Statutory Auditor  
Abbots House  
Abbey Street  
Reading  
RG1 3BD  
United Kingdom

## **SAE Education Limited**

### **Directors' Report**

**For the year ended 30 June 2019**

The Directors present their Annual Report on the affairs of SAE Education Limited ('the Company'), together with the financial statements and Auditor's Report, for the year ended 30 June 2019.

#### **Principal activity**

The principal activity of the Company in the year under review was that of provision of educational courses teaching audio engineering, digital film making and creative media design skills.

#### **Review of business**

During the year turnover increased by 14.5% from £4,847,984 to £5,552,989. The increase was a net result of the VAT ruling coupled with a decline in student numbers. There was a loss for the year after tax of £521,561 (2018: £2,973,484).

The Company has been involved in a legal dispute with HMRC since 2011 over HMRC's assertion that VAT was chargeable on the provision of Higher Education by the Company. In 2014 the First-tier Tribunal allowed the appeal of the Company but HMRC were subsequently granted permission to appeal to the Upper Tribunal and in 2016 were found to be successful in that appeal. The Company were granted permission to appeal to the Court of Appeal but in July 2017 their appeal was dismissed.

The Company was granted leave to appeal to The Supreme Court. By a unanimous decision on 20 March 2019, the Supreme Court upheld the first-Tier tribunal that the Company was entitled to VAT exemption on and from May 2009. All VAT in respect of the relevant periods have been reclaimed following the UK Supreme Court decision. SAE Education Limited will now proceed to reclaim legal costs incurred for all previous proceedings in relation to this matter.

#### **Going concern**

The Directors have acknowledged the latest guidance regarding going concern. Whilst the current volatility in financial markets has created great uncertainty, the Company continues trading as normal. The Directors have considered the net current liability position of £15,208,466 (2018: £14,686,905) and the loss incurred in the year of £521,561 (2018: £2,973,484).

Navitas Limited 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.

#### **Events after the balance sheet date**

Details of significant events since the balance sheet date are contained in note 20 to the financial statements.

#### **Directors**

The Directors who served the Company during the year and to the date of this report were as follows:

E A L Culverhouse

M I Rann (appointed on 3 October 2018)

J L Moorcroft (resigned on 5 April 2019)

O A McLaughlin (resigned on 11 June 2019)

S A Davies (appointed on 21 June 2019)

A Sadiq (appointed on 15 July 2019)

P Grant (resigned on 31 July 2019)

J A Coffin (appointed on 31 July 2019)

K K S Sandhu (appointed on 31 July 2019)

## **SAE Education Limited**

### **Directors' Report - continued For the year ended 30 June 2019**

#### **Directors' indemnities**

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

#### **Financial risk management objectives and policies**

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

#### ***Cash flow risk***

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

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

#### ***Credit risk***

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

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

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

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

#### ***Liquidity risk***

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

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 pending exit from the European Union continues to be of principal interest to the Company. The Company 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.

#### **Dividends**

The Directors do not recommend a dividend for the year ended 30 June 2019 (2018: £nil).

**SAE Education Limited**

**Directors' Report - continued**  
**For the year ended 30 June 2019**

**Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

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

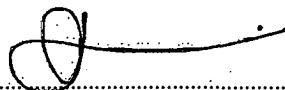
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

**Small companies exemption**

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

Approved by the board and signed on its behalf by:



.....  
E A L Culverhouse  
Director

Date: 9th January 2020 .....

SAE Oxford  
Littlemore Park  
Armstrong Road  
Littlemore  
Oxford  
Oxon  
OX4 4FY

## **SAE Education Limited**

### **Directors' Responsibilities Statement For the year ended 30 June 2019**

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

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

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

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

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

## **SAE Education Limited**

### **Governance Statement**

**For the year ended 30 June 2019**

SAE Education Limited (SAE UK) is committed to the highest standards of governance and probity.

SAE UK's Board of Directors (the Board) is unambiguously responsible for the affairs of SAE and corporate governance reporting. It works with the General Manager and the Executive Leadership Team (ELT) of SAE UK to identify and set priorities, manage risk and maintain financial sustainability. The Board's decision is final however the Board works with Navitas Limited (the owner of SAE UK) to determine the final budget and strategic plan. A protocol for approving the budget and strategic plan is place.

The Board at SAE UK was revitalised in early 2018 and is now 60% independent with external members and 40% female in representation. A new Audit and Risk Committee has also been established in 2018. The Board has adopted the Higher Education Code of Governance (2014) and adheres to public interest principles. There are aspects that do not apply to SAE UK, 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 each campus through the Campus Directors which ensures cohesiveness in the management and oversight of SAE UK. The ELT is also of sufficient size as it currently comprises 11 members. SAE UK 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, chaired by an external member. It is supported by two sub-committees, the Learning and Teaching Committee and the Academic Standards and Quality Assurance (ASQA) 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 (first one due in 2019) 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 campuses. A number of internal controls to ensure that responsibilities are being discharged effectively. This includes clear designation of responsibilities, medium and long-term planning, risk register protocols, and other processes. Auditing is carried out by Deloitte and enhanced internal auditing is expected by SAE in 2019.



## **SAE Education Limited**

### **Statement on Internal Controls For the year ended 30 June 2019**

#### **Scope of Responsibility**

SAE UK 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 SAE UK for the year ended 30 June 2019 (FY19) and up to the date of approval of the financial statements.

#### **Capacity to Handle Risk**

SAE UK has an Audit and Risk Committee (ARC) comprising four members and non-members with financial and audit expertise, one of whom is the Chair.

The Internal Audit Function is managed by Navitas 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**

SAE UK 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 ARC. 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 Audit and Risk Committee.

#### **Review of Effectiveness**

SAE 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 Audit and Risk Committee which oversees their work and the senior management within SAE UK 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.

#### **Internal Control Issues**

No significant internal control weaknesses were identified in relation to FY19 that requires disclosure in the financial statements.

**SAE Education Limited**

**Statement on Regularity, Propriety and Compliance  
For the year ended 30 June 2019**

SAE Education Ltd 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, Navitas and the Office for Students accordingly.

## **Independent Auditor's Report to the members of SAE Education Limited**

### **Opinion**

We have audited the financial statements of SAE Education Limited (the 'company').

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Cash Flow Statement; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

### **Basis for opinion**

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

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

### **Conclusions relating to going concern**

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

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. 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.

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

We have nothing to report in respect of these matters.

## **Independent Auditor's Report to the members of SAE Education Limited - continued**

### **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 Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

In the light of the knowledge and understanding of the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

#### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; and
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

We have nothing to report in respect of these matters.

**Independent Auditor's Report to the members of SAE Education Limited - continued**

**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 (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Reading, United Kingdom

Date: 9/1/20

**SAE Education Limited**

**Income Statement  
For the year ended 30 June 2019**

	Note	2019 £	2018 Restated £
<b>Turnover</b>	4	5,552,989	4,847,984
Cost of sales	5	(2,101,768)	(1,468,135)
<b>Gross profit</b>		3,451,221	3,379,849
Administrative expenses		(7,644,912)	(6,421,013)
		(4,193,691)	(3,041,164)
Other operating income		3,752,980	67,680
<b>Operating loss</b>		(440,711)	(2,973,484)
Interest receivable and similar income	8	18,530	-
Interest payable and similar expenses	9	(99,380)	-
<b>Loss before taxation</b>		(521,561)	(2,973,484)
Tax on loss	10	-	-
<b>Loss for the financial year</b>		<u>(521,561)</u>	<u>(2,973,484)</u>

All results are derived from continuing operations.

**SAE Education Limited**

**Statement of Comprehensive Income  
For the year ended 30 June 2019**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>Restated £</b>
<b>Loss for the year</b>	<u>(521,561)</u>	<u>(2,973,484)</u>
<b>Other comprehensive income for the year</b>	<u>-</u>	<u>-</u>
<b>Total comprehensive expenses for the year</b>	<u><u>(521,561)</u></u>	<u><u>(2,973,484)</u></u>

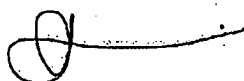
**SAE Education Limited**

**Balance Sheet  
As at 30 June 2019**

	Note	2019 £	Restated 2018 £
<b>Fixed assets</b>			
Tangible assets	12	1,124,877	1,603,115
<b>Current assets</b>			
Debtors	13	3,206,043	2,880,983
Cash in hand		96,697	62,935
		<u>3,302,740</u>	<u>2,943,918</u>
Creditors: amounts falling due within one year	14	(18,288,630)	(18,029,352)
<b>Net current liabilities</b>		<u>(14,985,890)</u>	<u>(15,085,434)</u>
Creditors: amounts falling due after one year	15	(9,590)	(392,723)
Provisions	16	(1,337,863)	(811,863)
<b>Net liabilities</b>		<u>(15,208,466)</u>	<u>(14,686,905)</u>
<b>Capital and reserves</b>			
Profit and loss account		(15,208,466)	(14,686,905)
<b>Shareholder's deficit</b>		<u>(15,208,466)</u>	<u>(14,686,905)</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to the small companies regime.

The financial statements of SAE Education Limited (register number: 06647488) were approved by the Board of Directors and authorised for issue on 9th January 2020. They were signed on its behalf by:



.....  
E A L Culverhouse  
Director



**SAE Education Limited**

**Statement of Changes in Equity  
For the year ended 30 June 2019**

	<b>Adjusted Profit and loss account £</b>	<b>Total equity £</b>
<b>Balance at 1 July 2017</b>	(12,087,951)	(12,087,851)
Prior year adjustments	374,530	374,530
<b>Restated balance as at 1 July 2017</b>	<u>(11,713,421)</u>	<u>(11,713,421)</u>
Restated total comprehensive loss for the year	(2,973,484)	(2,973,484)
<b>Balance at 30 June 2018</b>	<u>(14,686,905)</u>	<u>(14,686,905)</u>
Total comprehensive loss for the year	(521,561)	(521,561)
<b>Balance at 30 June 2019</b>	<u><u>(15,208,466)</u></u>	<u><u>(15,208,466)</u></u>

**SAE Education Limited**

**Cash Flow Statement  
For the year ended 30 June 2019**

	2019 £	2018 £
Loss for the year	(521,561)	(2,161,621)
Adjustment to cash flow from non-cash items:		
Depreciation	729,560	600,335
Interest payable	99,380	-
	<u>307,379</u>	<u>(1,561,286)</u>
Increase in trade and other receivables	(325,060)	(636,930)
Increase in trade and other payables	402,145	2,281,423
	<u>384,464</u>	<u>83,207</u>
<b>Net cash flow from operating activities</b>		
<b>Cash flows from investing activities</b>		
Acquisitions of tangible fixed assets	(251,322)	(184,546)
	<u>(251,322)</u>	<u>(184,546)</u>
<b>Net cash flow from investing activities</b>		
<b>Cash flow from financing activities</b>		
Interest paid	(99,380)	-
	<u>(99,380)</u>	<u>-</u>
<b>Net cash flow from financing activities</b>		
Increase in cash and cash equivalents	33,762	(101,339)
Cash and cash equivalents at beginning of year	62,935	164,274
	<u>96,697</u>	<u>62,935</u>
<b>Closing Cash and cash equivalents</b>		

## SAE Education Limited

### Notes to the Financial Statements For the year ended 30 June 2019

#### 1. General information

SAE Education Limited is a private company, limited by guarantee, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The Company's registered office address is shown on page 1.

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

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

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Navitas Limited. The group accounts of Navitas Limited are available to the public and can be obtained from the website of the Australian Securities and Investments Commission ([www.asic.gov.au](http://www.asic.gov.au)).

#### Adoption of new and revised Standards

##### Amendments to IFRS Standards and the new Interpretation that are mandatorily effective for the current year

##### Impact of initial application of IFRS 9 *Financial Instruments*

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018.

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities, and
2. Impairment of financial assets, and
3. General hedge accounting.

Details of these new requirements as well as their impact on the Company's financial statements are described below. The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

##### *(a) Classification and measurement of financial assets*

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 January 2018 have been restated where appropriate.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

None of the reclassifications of financial assets have had any impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

##### *(b) Impairment of financial assets*

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

1. Debt investments measured subsequently at amortised cost; and,
2. Trade debtors and contract assets.

**Notes to the financial statements - continued**  
**For the year ended 30 June 2019**

**1. General information - continued**

**Impact of initial application of IFRS 9 *Financial Instruments* - continued**

*(b) Impairment of financial assets - continued*

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

The Directors have compared the credit risk of the respective financial instruments on the date of their initial recognition to their credit risk as at 1 January 2017, no additional credit loss allowance was required.

*(c) Classification and measurement of financial liabilities*

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer. Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities.

*(d) Impact of initial application of IFRS 9 on financial performance*

No adjustments were required to the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year on application of IFRS 9.

**Impact of application of IFRS 15 *Revenue from Contracts with Customers***

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. More prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15.C5(a), and (b), or for modified contracts in IFRS 15.C5(c).

The Company's accounting policies for its revenue streams are disclosed in detail in note 2 below. The application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Company, no adjustments were required.

## **SAE Education Limited**

### **Notes to the financial statements - continued For the year ended 30 June 2019**

#### **1. General information - continued**

##### **Impact of initial application of other amendments to IFRS Standards and Interpretations**

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions
- IAS 40 (amendments) Transfers of Investment Property
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

#### **2. Accounting policies**

##### **Basis of accounting**

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

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

Where relevant, equivalent disclosures have been given in the group accounts of Navitas Limited.

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

##### **Going concern**

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

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

Based on their assessment and enquiries made of the ultimate parent company, Navitas Limited, the Company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future being 12 months post year end. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### **Turnover -**

The Company recognises revenue from the following major sources:

- Tuition fees earned;
- Ancillary income from students

## **SAE Education Limited**

### **Notes to the financial statements - continued** **For the year ended 30 June 2019**

#### **2. Accounting policies - continued**

##### **Turnover - continued**

Turnover representing tuition fees earned and ancillary income from students, is recognised over the period the classes are delivered and is stated net of VAT. When payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of Creditors: Amounts falling due within one year. All turnover arises within the United Kingdom from the single principal activity.

##### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The company had no finance leases during the year.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

##### **Operating loss**

Operating loss is stated after administrative and other operating expenses.

##### **Employee benefit costs**

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

##### **Deferred income**

Revenue from tuition fees is recognised across the period of the trimester as a proportion of the total trimester days. All other revenue is recognised when charged to the students.

##### **Related parties transactions**

The Company is a wholly owned subsidiary of Navitas Limited; the consolidated financial statements of which are publicly available. Accordingly, the Company has taken advantage of the disclosure exemptions as permitted by FRS 101 "Reduced Disclosure Framework" and the requirements of IAS24 Related Party Disclosures, from disclosing transactions within group companies.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**Notes to the financial statements - continued**  
**For the year ended 30 June 2019**

**2. Accounting policies - continued**

**Royalty costs**

The Company accrues for royalty obligations to its host university as a percentage of its applicable turnover as determined by the tuition delivery model.

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

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

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

**Deferred tax**

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 Company 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 Company 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.

**SAE Education Limited**

**Notes to the financial statements - continued**  
**For the year ended 30 June 2019**

**2. Accounting policies - continued**

**Tangible fixed assets**

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Furniture and equipment - 20% to 25% per annum straight line

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Leasehold improvements are depreciated over 10 years, in accordance with the length of the lease.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

**Financial instruments**

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

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

**Financial assets**

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

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

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



Notes to the financial statements - continued  
For the year ended 30 June 2019

2. Accounting policies - continued

Financial instruments - continued

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

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

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

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

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

*Impairment of financial assets*

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

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

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

Notes to the financial statements - continued  
For the year ended 30 June 2019

2. Accounting policies - continued

**Financial instruments - continued**

***Impairment of financial assets - continued***

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

***(i) Significant increase in credit risk***

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

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

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

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

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

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

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

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

**Notes to the financial statements - continued**  
**For the year ended 30 June 2019**

**2. Accounting policies - continued**

**Financial instruments - continued**

***Impairment of financial assets - continued***

***(ii) Definition of default***

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

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

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

***(iii) Credit-impaired financial assets***

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

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

***(iv) Write-off policy***

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

***(v) Measurement and recognition of expected credit losses***

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

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

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

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

Notes to the financial statements - continued  
For the year ended 30 June 2019

2. Accounting policies - continued

Financial instruments - continued

*Derecognition of financial assets*

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

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

*Financial liabilities and equity*

*Classification as debt or equity*

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

*Equity instruments*

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

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

*Financial liabilities*

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

*Financial liabilities measured subsequently at amortised cost*

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

*Derecognition of financial liabilities*

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

**Notes to the financial statements - continued**  
**For the year ended 30 June 2019**

**2. Accounting policies - continued**

**Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**3. Critical accounting judgements and key sources of estimation uncertainty**

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

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

**Critical judgements in applying the company's accounting policies**

The directors do not consider there to be any critical judgements surrounding the application of the Company's accounting policies.

**Key sources of estimation uncertainty**

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

**4. Turnover**

An analysis of the Company's turnover by class of business is set out below.

	2019 £	2018 £
<b>Turnover:</b>		
Tuition fees earned	4,917,982	4,787,890
Ancillary income from students	635,007	60,094
	<u>5,552,989</u>	<u>4,847,984</u>

All turnover arose within the UK from the company's single principal activity.

**5. Cost of sales**

The 2018 comparatives have been restated due to reclassification of expenses between cost of sales and administrative expenses as a result of a change in accounting policy. The restated cost of sales amounted to £1,468,135. Before restatement, cost of sales amounted to £2,648,918. The net impact of this restatement is nil to prior year profits and assets.

**SAE Education Limited**

**Notes to the financial statements - continued**  
**For the year ended 30 June 2019**

**6. Auditor's remuneration**

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £Nil (2018: £Nil).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

**7. Staff costs**

The average monthly number of employees (including directors) was:

	<b>2019</b>	<b>2018</b>
	<b>No</b>	<b>No</b>
Administrative	111	123
	<u>111</u>	<u>123</u>

Their aggregate remuneration comprised:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,879,502	2,824,948
Social security costs	276,747	298,698
Pension costs	122,516	60,438
	<u>3,278,765</u>	<u>3,184,084</u>

The directors are paid by another Group entity and therefore there are no directors' emoluments to be disclosed in this Company's financial statements for the current year and previous year.

**8. Interest receivable and similar income**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Interest income	18,530	-
	<u>18,530</u>	<u>-</u>

**9. Interest payable and similar expenses**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Payable to group undertakings	99,380	-
	<u>99,380</u>	<u>-</u>

**10. Tax on loss**

**Analysis of tax expense**

The standard rate of corporation tax applied to reported profit is 19 per cent (2018: 19 per cent). The applicable rate has changed following the substantive enactment of the Finance (No 2) Act 2015.

**SAE Education Limited**

**Notes to the financial statements - continued**  
**For the year ended 30 June 2019**

**10. Tax on loss - continued**

The charge for the year can be reconciled to the loss before tax as follows:

	2019 £	2018 £
Loss before income tax	(521,561)	(2,973,484)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(99,097)	(564,962)
Effects of:		
Expenses not deductible	46,822	65,056
Amount not recognised	52,275	499,906
Tax expense	-	-

**11. Loss for the financial year**

Loss for the financial year has been arrived at after charging:

	2019 £	2018 £
Other operating leases	961,385	882,055
Depreciation - owned assets	729,560	600,335
Bad debts	11,078	49,743

**12. Tangible fixed assets**

	Long leasehold £	Furniture and equipment £	Total £
<b>Cost</b>			
At 1 July 2018	2,104,176	3,353,691	5,457,867
Additions	48,775	202,547	251,322
At 30 June 2019	2,152,951	3,556,238	5,709,189
<b>Depreciation</b>			
At 1 July 2018	1,203,823	2,650,929	3,854,752
Charge for year	157,036	572,524	729,560
At 30 June 2019	1,360,859	3,223,453	4,584,312
<b>Net book value</b>			
At 30 June 2019	792,092	332,785	1,124,877
At 30 June 2018	900,353	702,762	1,603,115

A prior year adjustment has been posted to amend the carrying value of tangible fixed assets as a result of historic depreciation being over charged.

**SAE Education Limited**

**Notes to the financial statements - continued**  
**For the year ended 30 June 2019**

**13. Debtors**

	2019	2018
	£	£
Trade debtors	1,327,459	1,027,007
Prepayment	605,451	1,497,353
Other debtors	900,083	40,750
Amounts owed by parent company	-	15,335
Amounts owed to group companies	373,050	300,538
	<u>3,206,043</u>	<u>2,880,983</u>

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

**14. Creditors: amounts falling due within one year**

	2019	2018
	£	£
Trade creditors	611,681	381,928
Deferred income	2,125,603	1,689,743
Amounts due to parent company	12,427,039	48,073
Amounts due to other group undertakings	1,178,937	14,773,036
Accruals	1,000,813	849,366
Social security and taxes	68,013	85,912
VAT	-	81,152
Other creditors	876,544	120,142
	<u>18,288,630</u>	<u>18,029,352</u>

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

**15. Creditors: amounts falling due after one year**

	2019	Restated 2018
	£	£
Amounts owed to group companies	9,590	392,723
	<u>9,590</u>	<u>392,723</u>

The 2018 comparatives have been restated to reclassify £392,723 of creditors from amounts falling due within one year to amounts falling due after one year as a result of a change in accounting policy. The net impact of this restatement is nil to prior year profits and assets.

**16. Provisions for liabilities**

	Onerous lease	Dilapidations	Total Provisions
	£	£	£
Balance at 1 July 2018 (Restated)	811,863	-	811,863
Additional provision in the year	-	300,000	300,000
Additional charge for the year	-	226,000	226,000
Balance at 30 June 2019	<u>811,863</u>	<u>526,000</u>	<u>1,337,863</u>



## SAE Education Limited

### Notes to the financial statements - continued For the year ended 30 June 2019

#### 16. Provisions for liabilities - continued

The provision for liabilities includes provisions for Onerous Leases and restructuring costs following the strategic review of UK operations, specifically relating to the closure of Oxford campus. The senior management team made the decision to focus investment on campuses that have the strongest potential for growth in the current market conditions. The decision was announced in June 2018.

Provisions are measured at the present value of the Company's best estimate of the expenditure required to settle the present obligation at the balance sheet date. No discounting is considered as it is deemed to yield immaterial changes to the provision.

##### Make good

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

##### Onerous contracts

When a contract becomes onerous, the present obligation under the contract is recognised as a provision and 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.

#### 17. Leasing agreements

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	1,114,681	888,972
Between two and five years	2,061,496	2,263,075
After five years	345,591	352,751
	<u>3,521,768</u>	<u>3,504,798</u>

Operating lease payments represent rentals payable by the Company for certain of its office properties. Leases are negotiated for an average term of 10 years and rentals are fixed for an average of 1 year with an option to extend for a further 5 years at the then prevailing market rate.

#### 18. Prior year adjustments

The prior year financial statements have been restated to increase the operating expenses as a result of an onerous lease and restructuring provision following a strategic review of its UK operations.

The impact on the lines affected in the profit and loss account is shown below:

	Previously reported £	Adjustment £	Restated £
Turnover	4,847,984	-	4,847,984
Cost of sales	(1,468,135)	-	(1,468,135)
Operating expenses	(5,609,150)	(811,863)	(6,421,013)
Other operating income	67,680	-	67,680
Total comprehensive income	(2,161,621)	(811,863)	(2,973,484)

## **SAE Education Limited**

### **Notes to the financial statements - continued For the year ended 30 June 2019**

#### **19. Subsequent events**

On 5 July 2019, the BGH Bidco A Pty Ltd acquired all the issued capital in Navitas Limited by way of a Scheme of Arrangement. Navitas Limited shareholders received cash consideration of \$5.825 (£3.095) per Navitas Limited share. Navitas Limited was delisted from the Australian Securities Exchange on 8 July 2019 following the implementation of the Scheme of Arrangement.

On 6 September 2019, Navitas Limited changed its name to Navitas Pty Limited as a result of its conversion from a public to a proprietary company.

#### **20. Controlling party**

The ultimate parent company is Navitas Limited, a company incorporated in Australia. This is the smallest company to consolidate the results of the company. The financial statements of Navitas Limited are filed with the Australian Securities and Investments Commission (ASIC) and are available from ASIC's website ([www.asic.gov.au](http://www.asic.gov.au)).

#### **21. Guarantee**

The Company is incorporated as a company limited by guarantee having no share capital and, in accordance with the memorandum of association, the members of the Company are liable to contribute up to £1 each in the event of the Company being wound up.