

SAE Education Limited

(A company limited by guarantee)

Annual Report and Financial Statements

for the Period from 1 July 2022 to 31 August 2023

06/123

Wenn Townsend
Chartered Accountants and Registered Auditors
30 St Giles'
Oxford
OX1 3LE

SAE Education Limited

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SAE Education Limited

Company Information

Directors	J A Denton-Clark
	Dr N S Lucas
	D W H Hedges
	S A Davies
	K K S Sandhu
	H Collins
Company secretary	Pennsec Limited
Registered office	SAE Institute Georgia House 38 Pall Mall Liverpool L3 6AL
Auditors	Wenn Townsend Chartered Accountants and Registered Auditors 30 St Giles' Oxford OX1 3LE

SAE Education Limited

Strategic Report for the Period from 1 July 2022 to 31 August 2023

The directors present their strategic report for the period from 1 July 2022 to 31 August 2023.

Key performance indicators and strategic review of business

The current reporting period is 14 months compared to last year's 12. This has seen increased turnover of 15% from £5,631k to £6,658k. Like for like 12m September-August would see an increase 2% of £142k (£5,871k to £6,013k). Average student numbers have remained relatively in line from 643 students in the year ending 30 June 2022 (643 for an adjusted 12m to August 22) to 631 for the 12m to August 23 (Average 626 for the 14m to August 23). This is despite closing of the Oxford campus in September 2022, therefore we have seen an average increase of students across the three campuses remaining open. Pricing mix between international and domestic students has driven the improvement in revenue in light of the static average in student numbers. The directors are confident student numbers will continue to improve, with the new campus opening in Leamington Spa in September 23 and increased course offerings.

There was a loss for the year after tax of £2,350k (2022: £101k *restated).

The Company received the Office for Students (OfS) Learning and Teaching recurrent grant £1,162k (2022: £1,040k) and capital grant £100k (2022: £30k) in the year. The grants have allowed the Company to invest in increased Campus Support Technicians, Student Experience Officers, Teachers, equipment, and initiatives to enhance the delivery and quality of teaching.

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.

Principal risks and uncertainties

United Kingdom exit from the EU risk

The United Kingdom's exit from the European Union has impacted the access to student funding for European students. In response, the Company has shifted focus to domestic students and a Bursary scheme for European students.

Trade Sanctions

The Company adheres to additional screening processes for countries where there are trade sanctions. The cost of living crisis and inflation caused by the invasion of Ukraine by Russia is a risk to the Company through increased costs and fewer students enrolling.

Changes in Government Policy

The Company takes an active interest in changes in political policy impacting the United Kingdom. The increasing interest rates as a result of economic policy will require the Company to rely upon support from the Myrrah SAS Group.

SAE Education Limited

Strategic Report for the Period from 1 July 2022 to 31 August 2023

Section 172(1) statement

The board of directors of SAE Education 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 regards to the stakeholder and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 August 2023.

In particular, by reference to the approval of our business plan ('our plan'), supported by the board assurance statement accompanying our plan:

- Our plan was designed to have a long-term beneficial impact on the Company and to contribute to its success in creating life-changing opportunities for learners to realise their education and career ambitions.
 - 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 gain experience and obtain qualifications that will enable them to enter the creative media industries. We are committed to promoting wellness throughout the organization and ensuring the health and safety of everyone who works for us. SAE Education Limited 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 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 qualification hold their value over time.
 - As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan.
 - As the Board of Directors, our intention is to behave responsibly toward our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan.
- Please see the Governance statement on page 8 for more detail SAE Education Limited's commitment to the highest standards of governance and probity.

Future development


The directors expect the Company to continue to improve student numbers and increase revenue and overall profitability.

This report was approved by the board and signed on its behalf.

Approved by the Board on ^{06/12/2023}..... and signed on its behalf by:



D W H Hedges
Director



S A Davies
Director

SAE Education Limited

Directors' Report for the Period from 1 July 2022 to 31 August 2023

The directors present their report and the financial statements for the period from 1 July 2022 to 31 August 2023.

The future developments can be found in the Strategic Report and form part of this report by cross-reference.

Principal activity

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

Going Concern

The directors have acknowledged the latest guidance regarding going concern. The directors have considered the net current liability position of £20,847k (2022: £18,497k *restated) and the loss incurred in the period of £2,350k (2022: £101k*restated).

The parent company, Myrrha SAS Group has considerable financial resources and has expressed willingness to support the Company for the foreseeable future, and in particular for a period of at least twelve months from the date of approval 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.

Directors of the company

The directors who held office during the period were as follows:

J A Denton-Clark (appointed 1 January 2023)

Dr N S Lucas

D W H Hedges

M Coriat (appointed 1 January 2023 and ceased 16 February 2023)

S A Davies

K K S Sandhu

H Collins (appointed 20 February 2023)

Qualifying third party indemnity provisions

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

Principal risks and uncertainties

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

SAE Education Limited

Directors' Report for the Period from 1 July 2022 to 31 August 2023

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables. 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 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 the sufficient funds are available for ongoing operations and future developments, the Company uses Group intercompany debt pooling facility.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company is a medium sized entity, as such has taken the exemption from the full reporting on greenhouse emissions as permitted by the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended.

Charitable donations and political contributions

During the period the Company made no charitable or political donations (2022: £nil).

Future developments

The Company actively looks to expand student offerings through new campuses and courses.

Post balance sheet events

There are no post balance sheet events to report.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Small companies provision statement

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board on ...06/12/2023... and signed on its behalf by:



D W H Hedges
Director



S A Davies
Director

SAE Education Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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). 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 surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 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.

SAE Education Limited

Statement of Directors' Responsibilities

Governance Statement

SAE Education Limited (SAE UK) is committed to the highest standards of governance and probity to remain in line with monitoring and compliance requirements of the Office for Student's (OfS's) accounts direction 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 Myrrha Group the ultimate parent company of SAE UK 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 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 ensuring adequacy and effectiveness. This review has been documented and is available to view.

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 10 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 and provides adequate and effective arrangements for risk management and oversight of regulatory responsibilities.

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 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. External audit is carried out by Wenn Townsend. The Audit and Risk Committee was established in 2018 and meets quarterly to assess risk and internal control.

Statement on regulatory, propriety and compliance

SAE Education Limited can confirm that no instances of irregularity, impropriety, bribery, or funding noncompliance 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.

SAE Education Limited

Statement of Directors' Responsibilities

STATEMENT ON INTERNAL CONTROLS

Scope of Responsibility

The Board of Directors, as the governing body of 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.

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 2022 (FY22) 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 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 is a risk register in place, which identify the key risks facing the organisation, and these have been identified, evaluated, and graded according to their significance and likelihood. The risk register, comprising of business, operational, compliance and financial risk, 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 to ensure risks are managed and identified in line with SAE's objectives. The Executive Leadership Team (ELT) of SAE UK has oversight of embedding risk assessments and internal controls in ongoing operations.

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 at quarterly meetings.

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 audit, 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.

Internal Control Issues

No significant internal control weaknesses were identified by Management in relation to the period ending 31 August 2023 that require disclosure in the financial statements.

SAE Education Limited

Independent Auditor's Report to the Members of SAE Education Limited

Opinion

We have audited the financial statements of SAE Education Limited (the 'company') for the period from 1 July 2022 to 31 August 2023, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2023 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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

In auditing the financial statements, we have concluded that the director's 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 company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 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 this regard.

SAE Education Limited

Independent Auditor's Report to the Members of SAE Education Limited

Opinion on other matter 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 6], 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 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.

SAE Education Limited

Independent Auditor's Report to the Members of SAE Education Limited

Auditor 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.

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 specific procedures for this engagement and the extent to which our procedures are capable of detecting irregularities, including fraud are detailed below:

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Opinions on other matters prescribed by the Office for Students (OfS), "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 have been applied in accordance with the relevant terms and conditions; and
 - the requirements of the OfS's accounts direction have been met.
- We have nothing to report in respect of these matters.

Matters on which we are required to report by exception

Under the Office for Students (OfS) "Regulatory Advice 9: Accounts Direction" we are required to report in respect of the following matter if, in our opinion:

- the provider's grant and fee income, as disclosed in the note 4 to the accounts, has been materially misstated; or
- the provider's expenditure on access and participation activities for the financial year, as disclosed in the note 10 to the accounts, has been materially misstated.

We have nothing to report in respect of these matters.

SAE Education Limited

Independent Auditor's Report to the Members of SAE Education Limited

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 Rodzynski FCA (Senior Statutory Auditor)
For and on behalf of Wenn Townsend, Statutory Auditor

30 St Giles'
Oxford
OX1 3LE

Date:.....

7/12/23

SAE Education Limited

Profit and Loss Account for the Period from 1 July 2022 to 31 August 2023

		14 months ended 31 August 2023 £ 000	(As restated) 12 months ended 30 June 2022 £ 000
	Note		
Turnover	3	6,658	5,631
Cost of sales		<u>(61)</u>	<u>(39)</u>
Gross profit		6,597	5,592
Administrative expenses		(9,704)	(7,747)
Other operating income	4	<u>1,669</u>	<u>2,634</u>
Operating (loss)/profit	5	<u>(1,438)</u>	<u>479</u>
Interest payable and similar expenses	6	<u>(912)</u>	<u>(580)</u>
		<u>(912)</u>	<u>(580)</u>
Loss before tax		<u>(2,350)</u>	<u>(101)</u>
Loss for the financial period		<u><u>(2,350)</u></u>	<u><u>(101)</u></u>


The above results were derived from continuing operations.

The company has no recognised gains or losses for the period other than the results above.

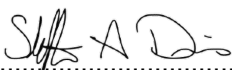
SAE Education Limited
(Registration number: 06647488)
Balance Sheet as at 31 August 2023

		(As restated)	
	Note	2023 £ 000	2022 £ 000
Fixed assets			
Tangible assets	12	443	448
Other financial assets		<u>125</u>	<u>-</u>
		<u>568</u>	<u>448</u>
Current assets			
Debtors	13	1,068	1,003
Cash at bank and in hand		<u>933</u>	<u>760</u>
		2,001	1,763
Creditors: Amounts falling due within one year	15	<u>(22,118)</u>	<u>(19,283)</u>
Net current liabilities		<u>(20,117)</u>	<u>(17,520)</u>
Total assets less current liabilities		(19,549)	(17,072)
Provisions for liabilities	16	<u>(1,298)</u>	<u>(1,425)</u>
Net liabilities		<u>(20,847)</u>	<u>(18,497)</u>
Reserves			
Retained earnings		<u>(20,847)</u>	<u>(18,497)</u>
Deficit		<u>(20,847)</u>	<u>(18,497)</u>

Approved and authorised by the Board on ...06/12/2023... and signed on its behalf by:



 D W H Hedges
 Director



 S A Davies
 Director

SAE Education Limited

Statement of Changes in Equity for the Period from 1 July 2022 to 31 August 2023

	Retained earnings £ 000	Total £ 000
At 1 July 2022	(18,497)	(18,497)
Deficit for the period	(2,350)	(2,350)
At 31 August 2023	(20,847)	(20,847)
	Retained earnings £ 000	Total £ 000
At 1 July 2021	(18,396)	(18,396)
Deficit for the period	(101)	(101)
At 30 June 2022	(18,497)	(18,497)

SAE Education Limited

Statement of Cash Flows for the Period from 1 July 2022 to 31 August 2023

(As restated)

	Note	2023 £ 000	2022 £ 000
Cash flows from operating activities			
Deficit for the period		(2,350)	(101)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	250	262
Loss on disposal of tangible assets		80	-
Finance costs	6	912	580
		(1,108)	741
Working capital adjustments			
Increase in trade debtors	13	(190)	(234)
Increase/(decrease) in trade creditors	15	3,490	(1,330)
Decrease in provisions	16	(127)	(1,191)
(Decrease)/increase in deferred income, including government grants		(654)	1,765
Net cash flow from operating activities		1,411	(249)
Cash flows from investing activities			
Acquisitions of tangible assets		(326)	(55)
Proceeds from sale of tangible assets		-	2
Net cash flows from investing activities		(326)	(53)
Cash flows from financing activities			
Interest paid	6	(912)	(580)
Net increase/(decrease) in cash and cash equivalents		173	(882)
Cash and cash equivalents at 1 July		760	1,642
Cash and cash equivalents at 31 August		933	760

The notes on pages 17 to 33 form an integral part of these financial statements.

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

1 General information

The company is a company limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

The address of its registered office is:

SAE Institute
Georgia House
38 Pall Mall
Liverpool
L3 6AL

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

In the previous period the company reported under FRS 101. Comparative information shown in these financial statements has been restated in accordance with FRS 102. This has resulted in the 2022 reported loss decreasing from £599k under FRS 101 to £101k under FRS 102. The impact of the restatement on the 2022 balance sheet is as follows: tangible assets have decreased by £1.696m, debtors have increased by £207k, creditors have decreased by £1.645m and reserves decreased by 156k. These restatements are largely as a result of the derecognition of right of use assets and the associated lease liabilities.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Disclosure of long or short period

The accounting period end for SAE Education Limited has changed from June to August so that the accounting and academic year ends run coterminously with one another. Therefore, the current accounting period has been lengthened to 14 months and all figures in the current period are reflective of this.

As a result of this change comparative period figures are not entirely comparable.

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

Going concern

The financial statements have been prepared on a going concern basis. The Company's business activities, together with the factors likely to affect its future development and position are set out in the Directors' Report. The Company is expected to continue in existence for the next 12 months.

On 30 June 2022 SAE Education Limited was sold to the Myrrha SAS Group as part of the acquisition of the European operations of SAE Institute. The Myrrha SAS Group has considerable financial resources and has expressed willingness to support the Company for the foreseeable future, and in particular for a period of at least 12 months from the date of approval of these financial statements.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence. Thus, they continue in operational existence. Thus, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

Prior year restatement

The year ended 30 June 2022 has been restated due to the change in Financial Reporting Standard from FRS 101 to FRS 102.

Under FRS 102 there is no requirement to report IFRS 16 Leases, therefore the year ended 30 June 2022 has been restated to remove IFRS 16 disclosure for the 14 months ended 31 August 2023 and the year ended 30 June 2022 to be comparable.

The impact on the lines affected in the income statement for the year ended 30 June 2022 are as follows:

	Previously Reported £000	Adjustment £000	Restated £000
The impact on the lines affected in the income statement for the year ended 30 June 2022 are as follows:			
Turnover	5,631	-	5,631
Cost of sales	(39)	-	(39)
Administrative expenses	(8,158)	411	(7,747)
Other operating income	2,634	-	2,634
Interest payable and similar expenses	(667)	87	(580)
	<u>(599)</u>	<u>498</u>	<u>(101)</u>

The impact on the lines affected in the balance sheet for the year ended 30 June 2022 are as follows:

Tangible fixed assets	(2,144)	1,696	(448)
Debtors	(796)	(207)	(1,003)
Cash at bank	(760)	-	(760)
Creditors falling due within one year	20,157	(875)	19,282
Creditors falling due after more than one year	770	(770)	-
Provisions for liabilities	1,425	-	1,425
	<u>(18,652)</u>	<u>156</u>	<u>(18,496)</u>

The adjustment impacts the opening retained earnings as at 1 July 2022. Retained earnings as at 1 July 2022 as previously stated was (£18,652k). The adjustment reduced retained earnings by £156k. As at 1 July 2022 the restated retained earnings is (£18,496k).

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

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 judgement, 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.

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

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

Revenue recognition

Turnover representing tuition fees earned and ancillary income from students is recognised in line with the satisfaction of performance obligations, which for the Company means the provision of classes to students over the term of the course and stated net of VAT.

For each distinct performance obligation, or bundle of performance obligations, the Company allocates the price, as determined by the terms and conditions of the student offer letter, based on the tuition fees for the academic year.

The Company's primary performance obligation is the delivery of tuition services. The Company has concluded that these should be recognised over time based on the stage of completion of the service being delivered to the customer. The stage of completion is measured by reference to the number of semester days in the course.

The Company's other performance obligations are recognised either over time, on a stage of completion basis, or at the point in time the service, or good, is sold. This determination is made on a case-by-case basis for each performance obligation based on the point at which control of the good or service completely passes to the customer.

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. Turnover is then recognised as outlined above.

All turnover arises within the United Kingdom from the single principal activity.

Deferred Income

Deferred income represents a contract liability that arises as a result of upfront tuitions paid by or invoices issued to students before educational services are performed. When the invoices are issued to students or cash is paid by the student for tuition fees, the transaction price received is recognised as a contract liability until the services have been delivered to the customer. Refundable fees and charges are deducted when in accordance with the contractual agreements the right to return consideration has been achieved.

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

Office for Students Learning and teaching recurrent grant

The Office for Students revenue grant is recognised in full on a performance level as the Company complies and meets the criteria of the conditions of the grant.

Office for Students capital grant

The Office for Students capital grant is recognised as deferred income and unwound against the life of the assets. Government grants on capital expenditure are initially recognised within deferred income on the Company's Balance Sheet and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised.

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

Management fee income

Management fee income represents income from the parent company and is recognised over the time the services are provided. Management fees include income generated based on work performed by employees of the Company on behalf of the Group.

Tax

The tax charge represents the sum of current and deferred taxes. Current tax payable or recoverable is based on the taxable profit of the period. Taxable profit differs from profit 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 tax is based on the results shown in the financial statements and is calculated using the UK rate and laws that have been enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary 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. 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.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent depreciation and subsequent impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Furniture and equipment	20% - 25% straight line per annum
Leasehold improvements	10% straight line per annum

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 change in value.

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the company has an obligation at the reporting date 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.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

3 Turnover

The analysis of the company's Turnover for the period from continuing operations is as follows:

	14 months ended 31 August 2023	12 months ended 30 June 2022
	£ 000	£ 000
Tuition fees	<u>6,658</u>	<u>5,631</u>

4 Other operating income

The analysis of the company's other operating income for the period is as follows:

	14 months ended 31 August 2023	12 months ended 30 June 2022
	£ 000	£ 000
OfS learning and teaching recurrent grant	1,162	1,040
OfS capital grant	95	29
Management fee income	<u>412</u>	<u>1,565</u>
	<u>1,669</u>	<u>2,634</u>

Management fee income includes income generated based on work performed by employees of the Company on behalf of the Group.

The Office for Students (OfS) learning and teaching recurrent grant for the period was £1,162k (2022: £1,040k). The capital grant received was £100k (2022: £30k), the revenue is released in line with the depreciation of assets purchased with the grant totalling £95k for the period ended 31 August 2023 (2022: £29k).

5 Operating (deficit)/surplus

Arrived at after charging/(crediting)

	14 months ended 31 August 2023	(As restated) 12 months ended 30 June 2022
	£ 000	£ 000
Depreciation expense	250	262
Operating lease expense - other	3	7
Bad debts written off	273	(322)
Other operating income	<u>(1,669)</u>	<u>(2,634)</u>

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

6 Interest payable and similar expenses

	14 months ended 31 August 2023	12 months ended 30 June 2022
	£ 000	£ 000
Interest on loans from group undertakings	<u>912</u>	<u>580</u>

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	14 months ended 31 August 2023	(As restated) 12 months ended 30 June 2022
	£ 000	£ 000
Wages and salaries	4,384	3,892
Social security costs	479	372
Pension costs, defined contribution scheme	252	213
	<u>5,115</u>	<u>4,477</u>

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	14 months ended 31 August 2023 No.	12 months ended 30 June 2022 No.
Administration and support	135	142
	<u>135</u>	<u>142</u>

8 Directors' remuneration

The directors' remuneration for the period was as follows:

	14 months ended 31 August 2023 £ 000	12 months ended 30 June 2022 £ 000
Remuneration	305	348
Contributions paid to money purchase schemes	18	18
	<u>323</u>	<u>366</u>

The highest paid director received remuneration of £174k (2022: £220k).

Severance pay of £104k (2022: £87k) was paid to 11 employees during the period (2022: 4).

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

Additional remuneration disclosures:

Senior staff pay	14 months ended 31 August 2023 # of staff	12 months ended 30 June 2022 # of staff
Basic salary per annum		
£100,000 - £104,999	1	1
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	1
£120,000 - £124,999	-	-
£125,000 - £129,999	-	-
£130,000 - £134,999	-	-
£135,000 - £139,999	-	-
£140,000 - £144,999	1	-
Total remuneration for the Head of Provider	14 months ended 31 August 2023	12 months ended 30 June 2022
	£	£
Basic salary	140,000	100,000
	-	-
Performance related pay	34,000	26,850
Pension contributions	9,174	3,522
Payments in lieu of pensions contribution	-	-
Salary sacrifice	5,734	2,201
Compensation for loss of office	-	-
Other taxable benefits	-	-
Non taxable benefits	-	-
Other remuneration	-	-

Justification for the total remuneration package

It should be noted that the current reporting period is for 14 months. The performance of the Head of Provider is based on Board of Director appraisal, Group Company Leadership Incentive Plan Scorecard, National Student Survey results, non-continuation rate and student recruitment KPIs. The Head of Provider's performance has been assessed as being outstanding, particularly with regards to his impact on student experience, student recruitment and financial controls.

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

Ratios	14 months ended 31 August 2023	12 months ended 30 June 2022
Basic salary ratio	3.91	3.33
Total remuneration ratio	5.37	4.10

9 Auditors' remuneration

	14 months ended 31 August 2023 £ 000	12 months ended 30 June 2022 £ 000
Audit of the financial statements	<u>22</u>	<u>15</u>

10 Access and participation expenditure

	14 months ended 31 August 2023 £000	12 months ended 30 June 2022 £000
Access investment	125	97
Financial support provided to students	174	148
Research and evaluation	<u>31</u>	<u>31</u>
	<u>330</u>	<u>276</u>

Included in the above are staff costs of £125k which are also included in the overall staff costs detailed in note 7.

The Company's access and participation plan is published at:
<https://www.sae.edu/gbr/about-us/access-and-participation/>

Total financial support was below the budgeted total for the academic year 2022-23 at £189k however the spend was above the percentage funded by higher fee income (HFI%) based on current student numbers.

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

11 Taxation

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 21.15% (2022 - 19%).

The differences are reconciled below:

	(As restated)	
	14 months ended 31 August 2023 £ 000	12 months ended 30 June 2022 £ 000
Deficit before tax	(2,350)	(101)
Corporation tax at standard rate	(497)	(19)
Effect of expense not deductible in determining taxable profit (tax loss)	2	5
Increase from tax losses for which no deferred tax asset was recognised	412	1
Tax increase from effect of capital allowances and depreciation	79	16
Tax increase/(decrease) from changes in pension fund prepayment	4	(3)
Total tax charge/(credit)	-	-
Deferred tax		
Deferred tax assets and liabilities		
2023	Asset £ 000	Liability £ 000
	-	-
2022	Asset £ 000	Liability £ 000
	-	-

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

12 Tangible assets

	Leasehold improvements £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost or valuation			
At 1 July 2022	2,156	3,369	5,525
Additions	-	326	326
Disposals	(566)	(377)	(943)
At 31 August 2023	<u>1,590</u>	<u>3,318</u>	<u>4,908</u>
Depreciation			
At 1 July 2022	1,934	3,143	5,077
Charge for the period	104	147	251
Eliminated on disposal	(486)	(377)	(863)
At 31 August 2023	<u>1,552</u>	<u>2,913</u>	<u>4,465</u>
Carrying amount			
At 31 August 2023	<u><u>38</u></u>	<u><u>405</u></u>	<u><u>443</u></u>
At 30 June 2022	<u><u>222</u></u>	<u><u>226</u></u>	<u><u>448</u></u>

Included within the net book value of land and buildings above is £38k (2022: £222k) in respect of long leasehold land and buildings.

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

13 Debtors

		(As restated)
	2023	2022
Note	£ 000	£ 000
Trade debtors	106	461
Amounts owed by related parties	543	154
Other debtors	6	149
Prepayments	354	239
Accrued income	59	-
	<u>1,068</u>	<u>1,003</u>

14 Cash and cash equivalents

	2023	2022
	£ 000	£ 000
Cash at bank	<u>933</u>	<u>760</u>

15 Creditors

		(As restated)
	2023	2022
Note	£ 000	£ 000
Due within one year		
Trade creditors	435	215
Amounts due to related parties	19,401	16,260
Social security and other taxes	104	128
Other payables	153	97
Accruals	914	818
Deferred income	1,111	1,765
	<u>22,118</u>	<u>19,283</u>

The amounts owed to group undertakings are not secured and have a variable rate of interest. These amounts are payable on demand, however the Company has sought letters of support and letters of comfort confirming that the Company will be supported and intercompany debt will not be called upon for at least 12 months from the signing date.

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

16 Provisions for liabilities

	Other provisions £ 000	Total £ 000
At 1 July 2022	1,425	1,425
Additional provisions	53	53
Provisions used	(180)	(180)
At 31 August 2023	<u>1,298</u>	<u>1,298</u>

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. The utilisation of the provision relates to the agreed settlement of the Oxford make good on exit on 30 September 2022.

The provision for liabilities relate to make good provisions. Under the terms of the Company's lease agreements across certain UK campuses, the Company must restore leased premises to their condition at the commencement of the lease.

17 Pension and other schemes

Defined contribution pension scheme

The Company operates defined contribution benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The pension cost charge for the period represents contributions payable by the company to these schemes and amounted to £252k (2022: £213k).

18 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2023 £ 000	2022 £ 000
Not later than one year	560	966
Later than one year and not later than five years	505	770
	<u>1,065</u>	<u>1,736</u>

The amount of non-cancellable operating lease payments recognised as an expense during the period was £1,130k (2022 - £1,246k).

SAE Education Limited

Notes to the Financial Statements for the Period from 1 July 2022 to 31 August 2023

19 Parent and ultimate parent undertaking

The company's immediate parent is SAE Technology Group Holdings B.V., incorporated in Netherlands. The registered office address is SAE Institute Amsterdam, Johan van Hasseltweg 31, 1021 KN Amsterdam.

The ultimate parent is GF Investments, incorporated in France. These financial statements are available upon request from 20 rue Desbordes, Valmore, 75116, Paris. Myrrha SAS, is the smallest and largest group to consolidate the results of the company.

06/13/2023