24 Annual Report

Learn. To Change.

POWERING POTENTIAL

We are specialists in technology, providing a comprehensive suite of both learning and education services, helping individuals and companies to be winners in the digital revolution.

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This annual report is for Ichnaea UK Bidco Limited (herein referred to as “QA” or the “Group”) for the year ended 31 May 2024.

Key Highlights

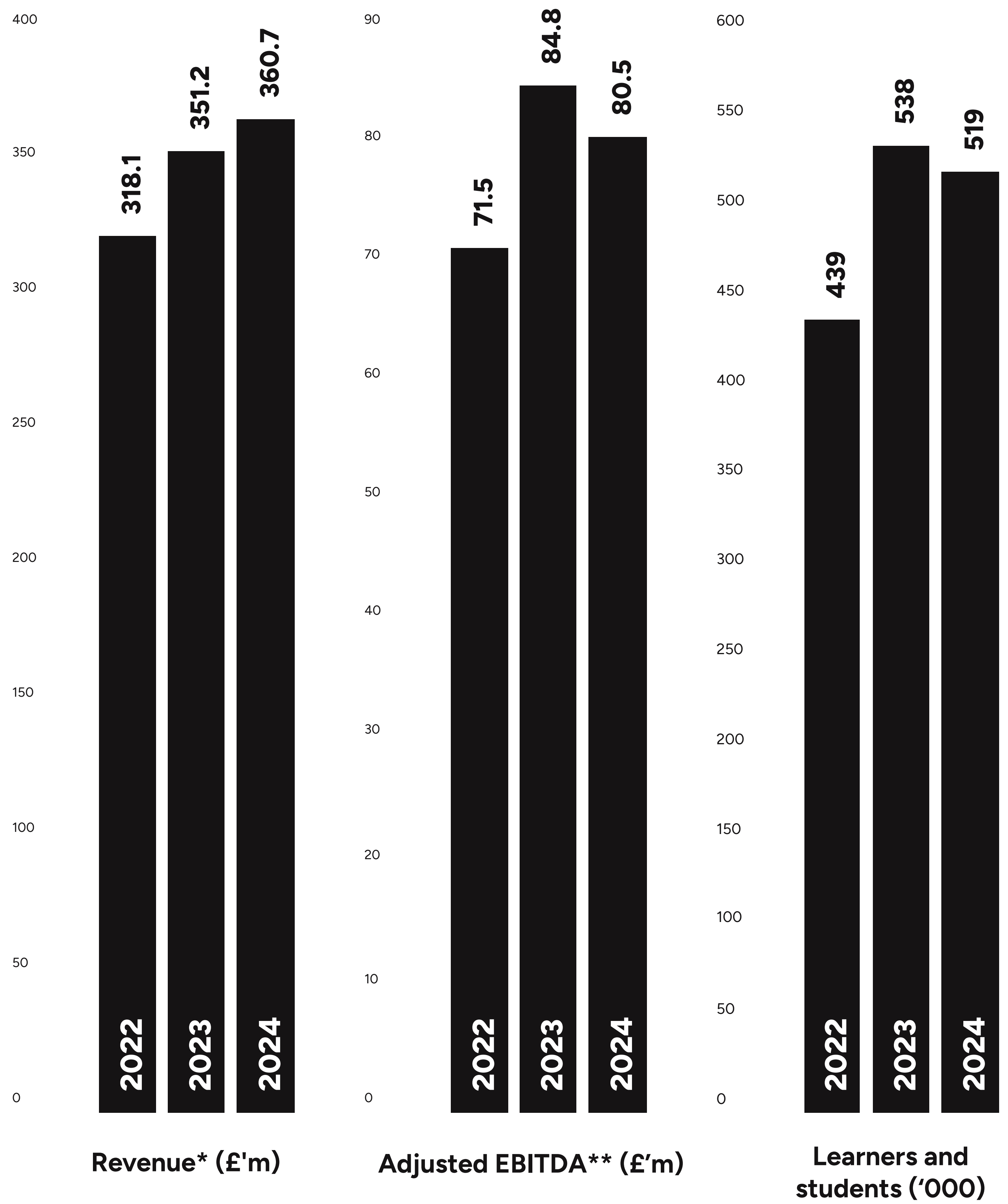
QA is a global digital skills organisation.

10,000

Higher Education students taught (2023: 10,000)

509,000

Workforce Learning learners (2023: 528,000)



*Revenue is stated before the impact of the deferred revenue adjustment. See note 2.

**Table 1 (note 31) and Table 3 (note 31) include the definition of Adjusted EBITDA and the reconciliation to the Group's loss before tax.

What we do

At QA we help our clients and learners to win in the digital revolution. Through our unique combination of world-class digital and live skills development capabilities we deliver proven workplace outcomes. We are data, technology and digital specialists – providing a comprehensive suite of talent and training services which support businesses and government organisations to tackle the global skills shortage.

More than 500,000 people learnt with QA last year. We deliver services to over 7,000 corporate clients, including a significant portion of FTSE350 firms. We have leading practices in Agile, Cyber Security, Cloud and DevOps – as well as many other technology domains and soft skills development. We partner with the world's largest tech companies, with accreditations including being a Microsoft Cloud Solutions Partner - Training Services. Our deep-rooted vendor partnerships mean that we deliver a significant portion of the UK's cloud training.

We specialise in the people side of technology transformation – our training programmes help organisations to upskill or reskill their existing employees and our funded learning programmes.

Workforce Learning

At QA we believe it's impossible to change an organisation unless you change the capabilities of its people. But skills alone aren't enough. Our end-to-end approach to learning helps effectively apply skills against real business challenges. We do this by providing continuity in the learning experience for all employees, creating connection across the organisation by building common language and breaking down siloes, and improving collaboration within and across teams.

As a market leader in digital and technology learning, we create change by ensuring whole organisations can learn, master and apply skills consistently at speed and scale to drive better business outcomes.

For nearly 40 years QA has responded to a market that is changing at an ever more rapid pace. Our investment in trainers, technology, content and facilities means we're a trusted training partner for global businesses and government organisations around the world. Our courses reflect the dynamic nature of technology and its impact across an organisation, from AI and complementary technologies like data, cloud, cyber security, devops, agile, project management to empowering commercial teams in marketing technology, SEO, analytics, customer-centricity and digital advertising.

Through our powerful proprietary platform we're able to offer multi-modality solutions in one place delivering training individually or in cohorts in dynamic, fun ways that increase retention and application of knowledge. Our public schedule and private client events offer a broad spectrum of instructor-led and blended training programmes that are delivered digitally and virtually to learners (and also in the classroom if requested).

Supporting QA is a network of hundreds of trusted learning partners and more than 40 global technology vendor relationships. We are Microsoft's largest training provider in Europe and one of just a handful to hold the status of Cloud Training Services Solutions Partner.

QA is the UK market leader in digital and technology apprenticeships, and is the second largest in data. QA has trained over 48,000 apprentices. Our funded learning programmes offer apprenticeship qualifications from Level 3 all the way up to masters-degree Level 7, supporting organisations looking to maximise the use of the apprenticeship levy.

We work to understand their needs and requirements and then identify the best combination of programmes for them. Based on our findings, we then either recruit apprentices to provide a pipeline of future talent, or identify internal client staff who would benefit from upskilling in their roles. Our programmes are 'digital by design' meaning they use a unique combination of digital and virtual learning – introducing each element where it adds the most value for learners.

Higher Education

QA Higher Education (QAHE) is a leading alternative provider of higher education focused on delivering high-quality, employability-driven courses designed to meet the needs of its more than 10,000 domestic and international students from over 100 countries. This global reach and diversity is accompanied by a focus on high-demand skill subjects and flexible delivery modes. QAHE offers over 100 courses in its continually evolving portfolio, including six new programs already in market for FY25. These programs are designed to provide students with the necessary skills to excel in a fast-changing job market.

QAHE works in collaboration with six university partners and affiliates, delivering flexible and innovative education models across three key UK cities—London, Birmingham, and Manchester. These partnerships are award-winning and have yielded strong financial returns, with a focus on high-margin revenue generation for its partners maximising QAHE's strong international recruitment capabilities. In 2024, a difficult year for international student recruitment in the UK, QAHE managed to consistently outperform.

Moreover, a rigorous admissions process ensures that QAHE maintains high teaching standards while meeting UKVI requirements for international students. A dedicated compliance team supports students in navigating these requirements, while student support services are in place to enhance retention and success rates.

QAHE tailors its delivery models to meet the needs of non-traditional students, offering flexible learning options such as blended learning, evening, and weekend classes. These models cater to students with diverse educational and professional backgrounds, providing entry points at foundation, undergraduate, and postgraduate levels. The campuses are strategically located in central, high-employment areas, offering students access to modern facilities that include classrooms, computer labs, and student services. QAHE has significantly invested in its campus estate as it seeks to improve the student experience and prepare for continued growth. This has included the opening of a new campus building in Birmingham in early 2024, a new London campus set to open at the end of 2024, as well as receiving UKVI permission to open a new Manchester campus in the second half of FY25, targeting an initial intake of over 300 students in its first year.

QAHE's driving ambition is transforming the outcomes of its student population, supporting them throughout their academic journey and laying the foundations for future professional success. This encompasses a robust student service offering – from academic tutoring to welfare support – and a growing suite of digital employability-focussed resources. Alongside high-quality teaching, approved by university partner faculties, investment in these services and targeted initiatives has meant QAHE have seen a marked improvement in OfS tracked metrics across the previous academic year.

QAHE is a dynamic organisation focused on providing flexible, career-oriented education through strong partnerships and a student-centered approach.

Chairman's statement

FY24 was one of significant change across the Group. Overall, revenue was up by 3% (FY23: 10% and Adjusted EBITDA decline of 5% (FY23: growth of 19%), with continued growth in our Higher Education business (HE) despite regulatory headwinds, which dented demand more significantly for the sector. In our Workforce Learning business (WFL), we saw modest growth in EBITDA.

Alongside continued delivery of near-term results, much of our focus has been on positioning each business to capitalise on two very clear market trends to deliver accelerated growth over the next few years.

AI powering renewed demand for skills development

It's hard to believe that it's only been two years since Gen AI started making waves around the world as OpenAI released its ChatGPT chatbot and virtual assistant.

Realising the potential of this emerging technology, the business world's first response was for enterprises to jump on it, describing themselves as 'AI businesses' or being 'AI-first'. But over the past 12 months we've noticed that organisations, while still focused on the 'shiny' side of AI, have become much more interested in the realities of how it can be used effectively across their operations. The realisation that AI isn't just replacing jobs but creating them is driving yet another wave of skills requirements. Those skills requirements aren't limited to AI itself. Capitalising on AI's potential means equipping your business with vitally dependent skills in data, cloud, agile and security. In fact, AI raises the skills bar and its strategic importance across all these disciplines.

It was in anticipation of these changes that we previously acquired Cloud Academy and Circus Street. This year we've completed the integration of our smart technology-focused learning platforms, AI powered content, production and user experience with our market-leadership in instructor-led training and apprenticeships. To enable us to realise the greater market opportunity AI presents, we have significantly strengthened our in-market teams in EMEA and US. We've recruited a new General Manager for North America who's centralised and grown our US workforce, and is leading on taking more of our product into the US market. In EMEA we've removed barriers to cross-selling our products, supporting businesses more effectively with truly blended, multi-modal and complementary learning solutions.

Through these teams we are now working within and across businesses around the world to get to grips with AI and complementary technologies. The hard work over the past 12 months means we can provide a unique end-to-end learning experience for large organisations around the world, providing greater continuity for learners, improved connection across the organisation and enabling more effective collaboration. By setting the right foundations and developing the right skills, we can bring together single or multi-function teams to work together and apply their knowledge to real business priorities, moving learning from skills to application and business impact.

We're also making sure that we are leading on AI implementation ourselves. In the past year we made significant progress with a number of AI projects, improving both learning experiences for our users and operational efficiency. We launched a Learning Assistant, developed in partnership with Bain & Co, which provided tailored learning opportunities to a pilot group of more than 250 participants, achieving a satisfaction rate of 75%. We have plans to broaden its content offerings in the coming year. Furthermore, we conducted a trial of Microsoft Copilot to enhance staff productivity in creating content, ensuring it aligns with client programmes and set up an AI Governance Committee to address the changing risks and opportunities presented by AI technology.
AI also runs through our learning modalities including our interactive Swipe Game, a gamified scenario-based collaboration tool that encourages people to embed skills and identifies gaps in knowledge, AI-assisted cloud labs and a bespoke virtual production studio helping us rapidly iterate ad create up to the minute engaging content.

Partnerships across HE are becoming strategically vital

For the last year the UK higher education sector has been dictated by political instability, consequent sector-wide recruitment challenges, and the need to keep pace with the everchanging requirements of graduates' future employers. Navigating this challenging context has demanded an unprecedented level of innovation and openness succeed and, in the case of some institutions, to survive. Many more universities have recognised the pivotal role that an alternative provider – such as our HE business – or other third parties, can and should play as their partners; sharing expertise, resource and capital.

Our experience and proven commercial success in student recruitment, both international and domestic, present an opportunity that struggling institutions find impossible to replicate for themselves. Across the last 12 months where we have outpaced a declining market. Our flexible delivery, city centre locations, and wraparound student support services enhance what our partners offer in brand reputation and our shared aim of academic excellence. By working closely with our partners, we have broadened our academic offering and enriched the student experience with cutting-edge resources, real-world learning opportunities, and pathways to employment.

We have built significantly on our existing partnerships this year, adding more careers-focused programmes, such as a BSc in Cyber Security and an MSc in Internal Business Management, introduced new teaching patterns to allow for greater student flexibility, and grown their geographical presence. Our comprehensive and flexible portfolio of programs, tailored to the needs of our students and the demands of the global market, sits alongside our growing employability services. This year we have launched our alumni networks, an enhanced, asynchronous programme "Building Employability Skills Toolkit" and begun the roll out of Career Registration across the student lifecycle.

Moreover, our partnerships have allowed us to remain agile in the face of unprecedented change. Building on the HEPI's conclusion that technology capabilities should form the cornerstones for institutional excellence in a digital-first world, we have prioritised the development and advancement of our digital strategy. This includes our ongoing extensive collaboration with one of our partners on a best-in-class fully digital delivery model and platform, and greater consideration for how we can incorporate AI and other technologies into our complex ecosystem of teaching, learning and support to enhance the overall student experience.

And in acknowledging another of technology's role as a driver of operational efficiency we have been transforming the technological student journey, with a successful rollout of Salesforce at the top end of our student recruitment funnel and now completing the implementing of a new student record system. Alongside other back-end and student facing service enhancements, we have increased our capacity to collect, analyse and action the data which is pivotal to ensuring the effectiveness of our strategy and, most critically, the longevity of our students' success.

The impact of all this progress is already being realised. We have signed ten year extensions to our existing partnerships with Northumbria University and London Metropolitan University, following on from the contract renewal signed with Ulster University last year, and continue to explore new partnerships with a number of active opportunities. These new partnerships will allow us to appeal to new groups of students and signals our commitment to offering top quality higher education to our highly diverse student population.

We have also invested significantly in new campuses, opening state-of-the-art facilities in Birmingham – Louisa Ryland House – earlier this year and signing a lease for a brand new central London campus ready to begin teaching students in November 2024. Our investment into these enhanced physical spaces for our students to thrive in have also been complemented by a number of improvements to our student services, including the development of a brand new Student Advice & Support Centre team.

In a year where regulatory pressures and political instability have created uncertainty and a downturn in student recruitment, our continued investment in innovation and the student experience has meant that we have been able to perform well. And, most importantly, we continue to transform our students' outcomes and set them up for success beyond QAHE.

Looking ahead

Looking ahead, the combination of the transformations we have driven across both businesses and these favourable trends place the Group in a far stronger position than previously to drive accelerated growth. In addition, we are watching the UK Government's position on a new Skills and Growth Levy with interest. The policy proposes a reform to the current Apprenticeship Levy to enable employers to broaden out use of their funds for shorter, more flexible courses. Skills England's initial report has already cited Digital & AI skills as a priority need and area of focus. Once the reform comes into effect it will provide incremental opportunity for QA, which is well positioned to serve associated employer needs through our combination of Apprenticeships, short courses and digital learning, and laser focus on providing AI and associated skills.

Sir Charlie Mayfield
Chairman

Key Performance Indicators

We have a number of KPIs as follows:

Revenue growth rate

Growth in revenue demonstrates the increased demand for our programmes and courses.

2.7%

Revenue growth rate

The Group has seen revenue grow by 2.7% (2023: 10.4%) with strong growth in Higher Education.

Adjusted EBITDA* growth rate

Growth in Adjusted EBITDA demonstrates the profitable return from our products, programmes and courses.

(4.8)%

Adjusted EBITDA growth rate

The Group has seen Adjusted EBITDA decline by 4.8% to £80.7m due to lower margins in the year.

Percentage growth in learners

Growth in learner volumes demonstrates the demand for our learning products from our Workforce Learning customers. Learners are defined as the number of individuals taught in the year.

(3.6)%

Percentage growth in learners

The Group's Workforce Learning learners have declined by 19,000 (2023: increased by 96,000) to 509,000 (2023: 528,000) as the Group has seen a decrease in self-paced learner activities. The growth rate is lower than in the prior year which had benefited from the acquisition of Circus Street.

Free cashflow*

Cashflow growth represents our ability to generate cash returns after investingin the assets (e.g. product, content and leases) that support our products, programmes and courses.

£37.3m

Free cashflow

Free cashflow increased by 9.1% to £37.3m (2023: £34.2m) largely due to favourable working capital movements compared to FY23.

Adjusted EBITDA* margin

Growth in Adjusted EBITDA margin reflects the ability to drive delivery and operational efficiency.

(1.8)%

Decline in adjusted EBITDA margin

The Group's Adjusted EBITDA margin has decreased from 24.2% to 22.4% due to reduced contribution from the higher margin digital subscription products.

Percentage growth in students

The number of students taught through our higher education business.

(0.7)%

Percentage growth in students

Higher Education students have decreased marginally to 10,000 (2023: growth of 3,000) due to lower postgraduate demand.

Average learner Net Promoter score (NPS)

Excellent learner experiences mean that our Workforce Learning customers are more likely to recommend and rebook with us in the future.

56

Average learner Net Promoter Score (NPS)

Meaning over 90% of Workforce Learning learners would recommend us (2023: 59).

*These KPIs are reconciled to IFRS values in note 31.

The Board

The Board has collective responsibility for the strategic direction and performance of the Group.

Sir Charlie Mayfield
Chairman

Appointed: November 2017

Charlie joined QA as Chairman in November 2017.

He was previously Chairman of the John Lewis Partnership (JLP), stepping down in 2020. Charlie was the Government appointed Chair of the UK Commission for Employment and Skills. In June 2013 he was knighted for services to business. He is Deputy Chairman of the British Museum and Chairman of Be the Business.

Richard Townsend
CEO Workforce Learning

Appointed: July 2021

Richard started a career in media and advertising with The Media Centre, part of the DMB&B advertising group.

Richard specialised in the emerging area of digital marketing, cutting some of the UK's first deals with iconic digital brands such as Yahoo, AOL, Google and Facebook.

He set up the digital division of Starcom Mediavest growing it into one of the largest buyers of digital services in the UK. In 2009, he founded Circus Street, which he later pivoted into an online learning business in response to the desperate need for digital skills within his clients.

Simon Nelson
CEO Higher Education

Appointed: September 2021

Simon joined QA in September 2021 as CEO HE.

Simon was the founding CEO of FutureLearn, the online social-learning platform launched by the Open University in 2012. He was responsible for scaling the platform from start-up to one that was used by world- renowned academic institutions, reached a global audience of more than 15 million students and raised £50m investment at a £100m valuation in 2019.

Prior to this, Simon played a key role in building the digital presence of the BBC for more than a decade, leading all digital activities for BBC Radio and then BBC Television and leading the development and launch of on demand services such as the BBC iPlayer.

Between the BBC and QA, Simon headed up the digital strategy at Nord Anglia Education, the world's largest international schools group.

Nathan Runnicles
Chief Financial Officer

Appointed: May 2018

Before joining QA Nathan was CFO at Tes Global and Research Now.

At Research Now Group Inc., he oversaw the development of the business from a public company, through two private equity transactions in 2009 and 2015. Prior to that he was EMEA Finance Director at Fitch (part of WPP Group plc). He has experience in group finance, legal, corporate finance, investor relations and corporate development.

Nathan's roots in finance started when he became a qualified Chartered Accountant at PricewaterhouseCoopers in 1998. He also has a BSc in Economics and Accounting from the University of Bristol.

Richard Blackburn
Non-Executive Director

Appointed: June 2017

Richard is a Partner at CVC.

He joined CVC in 2007. Prior to joining CVC, he worked in Morgan Stanley's M&A department. He graduated with a BA degree from the University of Oxford.

Udaibir Banga
Non-Executive Director

Appointed: June 2024

Udaibir is a Director at CVC.

He joined CVC in 2017. Prior to joining CVC, he was in the Direct Private Equity team at CPP Investments and in the UK M&A group at Citi.

He holds an Honours degree in Economics from Harvard University and an MBA from Harvard Business School.

Our People

Our people are our most important asset, they are our biggest investment we make across our business; we want them to feel proud, inspire hard work and balance work and real life.

Our people are key to our success, and we share this with them. Celebrating and rewarding their achievements is what we love the most.

Learning and Development

We develop ourselves and others

Supporting our people with career progression opportunities, development and internal mobility is one of the ways in which we can retain our talent. During FY24, 335 vacancies were filled internally (2023: 120) and 89 employees were promoted in the year (2023: 130).

Continuous learning and development

We are committed to supporting internal mobility and career development of our people.

We provide a wide range of training opportunities to our employees including mandatory training, role specific and compliance training, access to apprenticeships and 3 days per year free training within our portfolio. These training days can be completely unconnected to an employee's role, it is offered as an added benefit to encourage personal development.

As a learning business, it is in our nature to constantly improve and challenge ourselves to find better opportunities and experiences. We offer a number of training courses to provide training and career development to our management and leadership community.

Through our recruitment training we've started to educate our managers about inclusive recruitment practices. As we expand our training courses, we're bringing in more training on employee life cycle, manging high performing teams and coaching and development for our management community.

Diversity and inclusion

Our diversity makes us stronger

We're committed to building a culture that promotes equality, diversity and inclusion and one that actively values differences. But our responsibility isn't just to those who work for us, but also to the larger education industry in the technology space, the clients we serve and communities we operate in.

Our Approach to D&I

- Drive change through our people
- Leverage external D&I expertise & partnerships
- Build our Diversity Data

What diversity & inclusion mean to us

Diversity and inclusion is about how we recognise, value and embrace the unique perspectives, backgrounds and experiences that each individual brings to our business. It means fostering a workplace where every employee feels respected, valued and empowered to contribute their best work. By prioritising diversity and inclusion, we create a dynamic environment that drives innovation, enhances creativity and improves decision making.

Build our diversity data

Data continues to be at the heart of our D&I strategy without it we won't know where our attention is required and what improvements are needed to be made so our people can thrive.

While we have a lot more to do to encourage our people to share their D&I characteristic data. We will be sharing our annual Diversity and Inclusion Survey for the current year with the aim to obtain a minimum of 85% engagement.

Drive change through our people

We believe that a diverse workforce brings a variety of perspectives that enrich our ideas and strategies. By including voices from different backgrounds, cultures and identities we ensure that our products, services and operations are more aligned with the diverse needs of our customers and communities.

Our networks form an important part of our culture they are about creating spaces for connection, support and celebration and are a great way to share experiences and learn something new. They also play a key role in informing how we develop and advocate for policies and processes that support employees of all communities and identities. Some of these networks include LGBTQIA+, QA Military Family, Disability & Neurodiverse Community and Fertility Network.

Leverage external D&I expertise & partnerships

To support us on our D&I journey we continue to partner with external organisations to leverage their guidance and expertise in D&I. For the second year running we were ranked on The Inclusive Top 50 UK Employers List. We came 18th in recognition for our inclusivity practices across all strands of diversity, including age, disability, gender, gender identity, sexual orientation, race and faith. This achievement reflects our commitment to continuously improve and create an inclusive experience for all employees embedded not only into day-to-day operations but owned at a strategic level with long term objectives and measurement in place.

In addition, we have a long standing partnership with Inclusive Employers.

Our Gender Pay Gap

Our aim is always to pay people fairly for the work they do and achieve as close to equal gender representation as possible across our business.

There are a myriad of factors that are considered when determining an employee's salary, such as their experience, qualifications and performance levels consequently there will be pay differences between individuals. However, gender should never be a contributing factor. We will continue to focus on mitigating factors that drive our gender pay gap by using evidence-based approaches and investing in benchmarking tools.

This is our fifth Gender Pay Gap report and this year we have reviewed the pay data from 2023, reporting period that runs from April 2022 to April 2023.

Our calculations are based on pay data for 2,189 employees across both our organisations (QA Limited and QAHE Limited) in April 2023, as required by the mandatory gender pay gap reporting regulations, we removed all employees who did not receive full pay during the snapshot period.

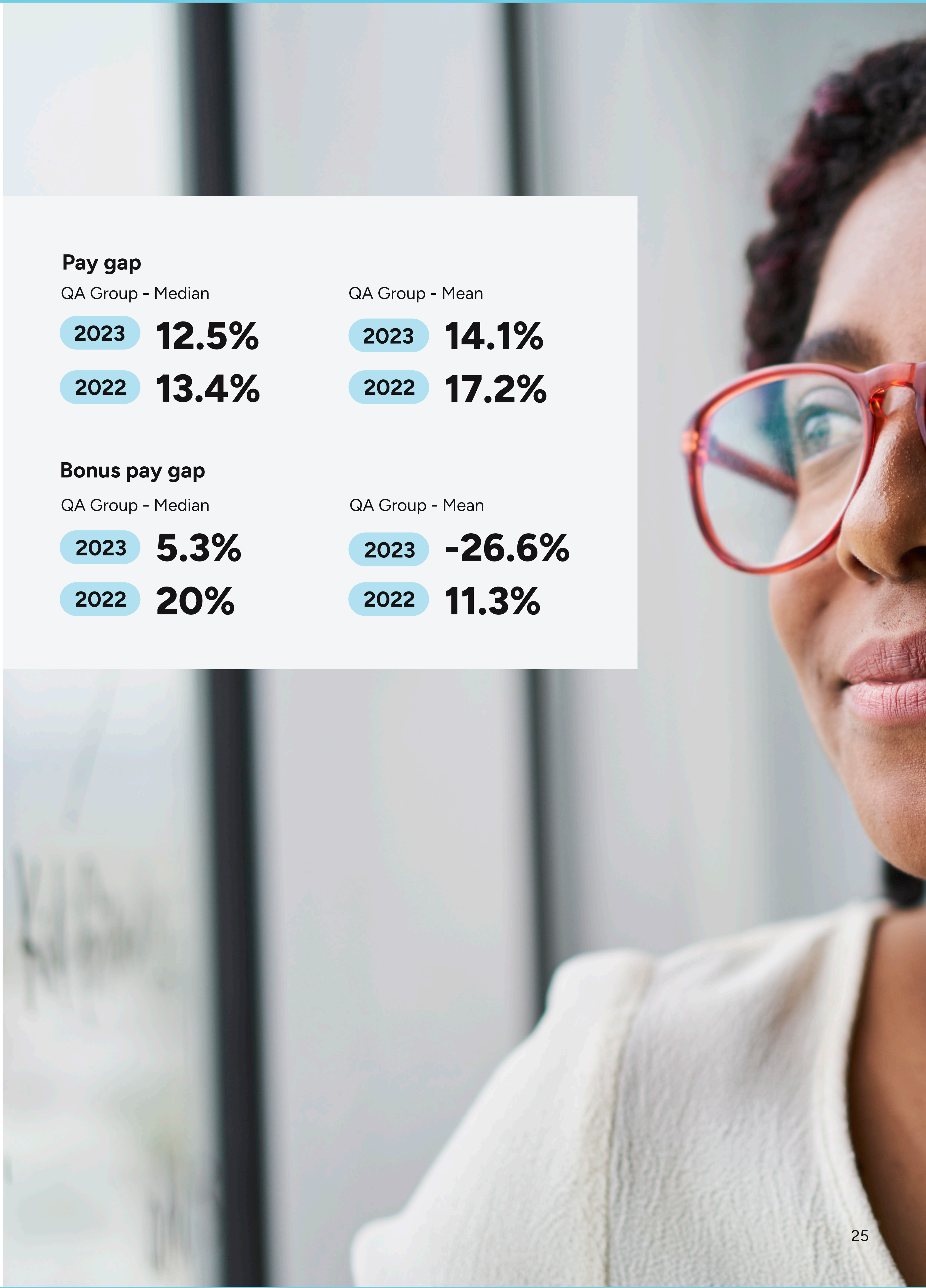
Overall, our median pay gap for the Group has continued to reduce; In 2023 the gap was 12.5% compared to 13.4% in the prior year. The decrease in median pay gap is further bolstered by the fact that our median pay gap still remains below the UK median pay gap for all workers (14.3% for 2022).

In 2023, the Group median bonus gap was 5.3%; decreasing from a 20% gap in the prior year. We also saw the mean bonus pay gap decrease to -26.6% (2022: 11.3%).The work we're doing has started to close our gender pay gap.

We incorporated pay awareness modules into some of our management training programmes to drive better outcomes during recruitment and performance management activities. We encouraged our people managers to analyse and review salaries within their teams at the gender level to identify opportunities for correcting any gender pay gaps.

We continue to assess the hybrid working experience across our workforce and will continue to introduce further support and improvements to strike the right balance between flexibility and performance with the aim of attracting more women into senior roles.

Our exit interview process has been updated, allowing us to identify trends and patterns across gender identities.



Pay gap

	QA Group - Median	QA Group - Mean
2023	12.5%	14.1%
2022	13.4%	17.2%

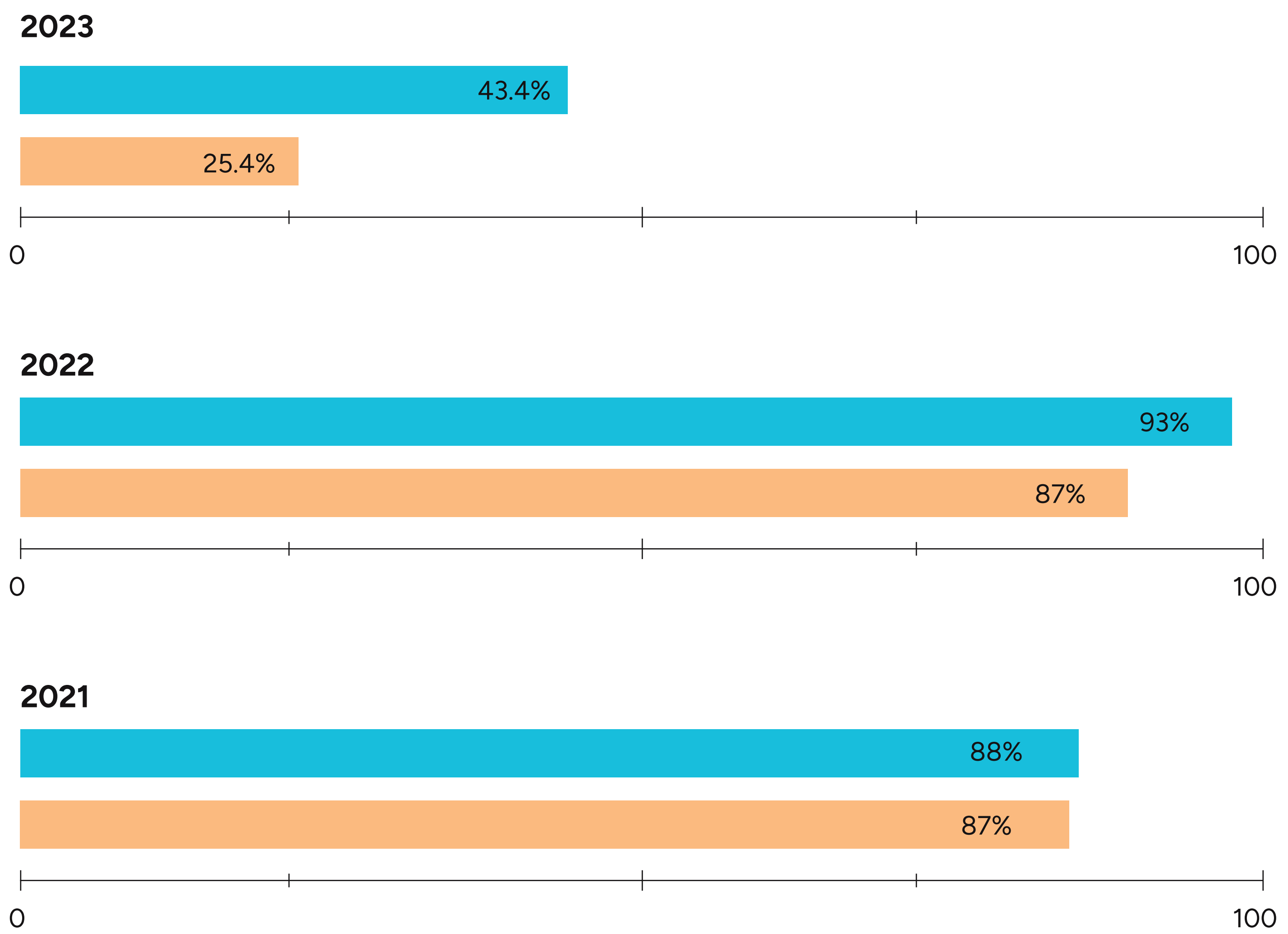
Bonus pay gap

	QA Group - Median	QA Group - Mean
2023	5.3%	-26.6%
2022	20%	11.3%

Bonus Pay Gap

Illustrates the proportion of the total male and female workforce who received a bonus, including commission & other variable pay elements.

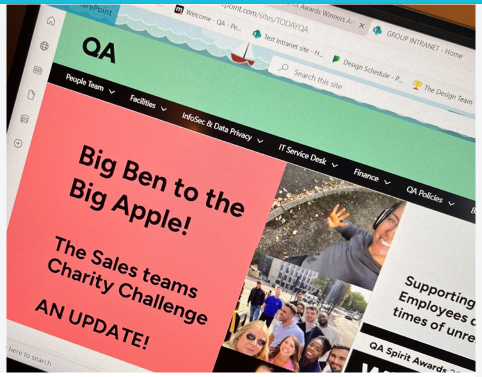
Men   Women



Gender split

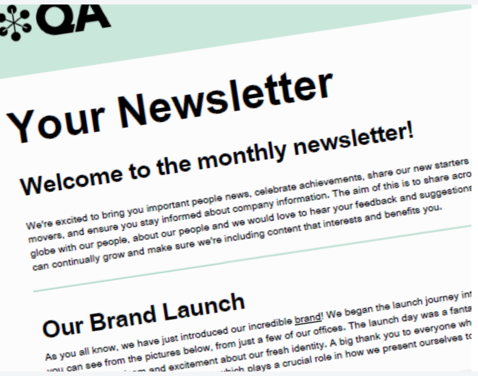
	2023			2024		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Employees	1,557	1,141	2,698	1,482	1,187	2,669
Managers	197	228	425	219	259	478
Executive leadership	7	2	9	5	2	7
Directors	3	0	3	3	0	3

Our intranet has evolved over the last year making it more accessible and interactive to drive levels of engagement. The platform is used as a resource hub and to share both people and business-related news.



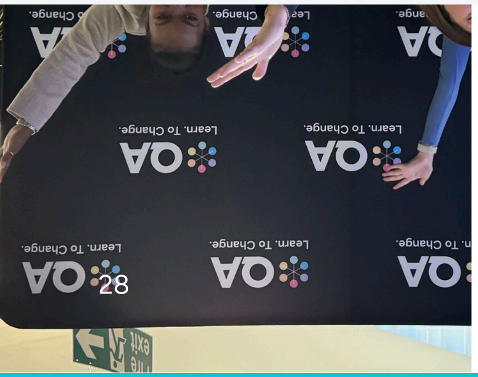
The executive team hold regular 'All Hands' employee calls where updates are given on financial performance, key strategic initiatives and is used as an opportunity to celebrate group and individual successes.

Employee-led networks and communities are supported by the executive team to make a difference to the way we work and to help our people thrive.



We have launched our internal monthly newsletter, to communicate People news, new starters, events, long service, recognition and much more.

Every month our employee partners meet to share opinions and ideas with the leadership team to help improve life at QA.



During our brand launch this year, our senior leadership from across the business visited offices in the UK, Europe, and North America on the same day to engage with our people, share updates about our new brand, host Q&A sessions and enjoy a networking lunch.

Wellbeing

It's more important than ever that people feel supported by their managers, however we understand that managers cannot solve all the problems themselves. We've introduced initiatives to help support Wellbeing in and out of the workplace. Develop the skills to thrive personally and professionally though personal growth and developing wellbeing resilience.

We launched our 'WE talk Wellbeing' – A 12-month programme

A series of drop-in sessions, designed to empower and thrive in and out of work. A monthly journey of self-discovery, this programme will teach you the mindset, skillset and toolset to reach healthy, high performance no matter what life throws at you.

We have 41 mental health first aiders at QA who are a point of contact for our people who may be experiencing emotional distress, such as stress, depression or other mental health conditions. Mental health first aiders are trained to listen and spot early signs of poor mental health and confidentially direct the individual to the appropriate support channel.

We have created a team of Approved Listeners to support through work and life journeys by 'lending an ear'. Our Approved Listeners are available across the business.

External Support

Wisdom App (EAP) is a guide to health and mental wellbeing. As a member of the Health Assured community, employees have exclusive access to the revitalised app which helps track wellness, improve mental health and improve resilience during tough times. The App is intended to help employees deal with personal problems that might impact their work performance, health and wellbeing. Wisdom provides an assessment, short-term counselling and referral services for our employees and their immediate family - wherever they are in the world.

Wisdom
Learn, grow, thrive

Reward and recognition

Life at QA is about everyone thriving. We're driven by learning and aim to empower our people to develop into their best self. We have a strong desire to innovate and bring new ideas to the table. The pace of our work is fast and can be intense, so we make sure we celebrate each win together along the way.

We want our people to be proud of what they achieve. Recognising employees for the great work they do is as important to us as it is to them and feeling valued and appreciated helps to create a high performing culture.

Our values help bring this to life and clearly communicates what things we value most in our people. Through performance conversation and employee valuations, our values play a vital role in the way we reward and recognise our employees.

Pay and benefits

As well as our recognition programmes, we also regularly review and benchmark our salaries to make sure that we reward our people fairly and equitably. Through our Pay review cycle we will we conduct a thorough pay equity exercise, whereby everyone's salary package is reviewed against colleagues of the opposite gender who are in the same or similar role. This review helps inform decisions made during the pay review process.

We have committed as an organisation to paying the Real Living Wage and we use benchmarking tools to ascertain the appropriate pay for each role in relation to external, comparator roles.

Some roles have a compensation structure aligned to them and any commission or bonus is paid based on the employee's performance set against an agreed criteria and aligned to our values.

Lifestyle benefits

We want everyone to thrive in and outside of work, so we offer a wide variety of core and lifestyle benefits to our employees. We regularly review our reward and benefits package to make sure our benefits are flexible and make a difference to the lives of our people.

Health and Wellbeing

Providing access to preventative health and wellbeing solutions & tools.

- Private medical insurance
- Flu jabs
- WellHub
- Medicash
- Employee assistance programme
- AIG smart health
- Online GP
- Wisdom
- Life assurance
- Group income protection

Financial Benefits

- Pension
- Season ticket loan
- Tech scheme
- Cycle to work
- Employee discount benefit hub

Work-Life

- Maternity and paternity leave
- Shared parental leave
- Buggy bonus & returner bonus
- 27 days holiday increasing based on length of service
- 2 Charity days
- Additional holiday purchase
- Hybrid working

Growth

- Supporting employees with career and personal development
- 3 training and development days
- Internal apprenticeships

Valuing our values

Our employees are rewarded based on objectives that specifically align to our values, behaviours and the Group's mission. Performance and recognition is continuously tracked in Compass, our employee performance management system, and all employees are encouraged to give peer to peer feedback recognising QA- Spirit-aligned behaviours.

Celebrating our people

Our year-long recognition programme is open to everyone and culminates in an annual awards celebration – recognising and rewarding individuals and teams whose achievements and contributions are standout examples of 'living the QA-Spirit'.

This year we had over 800 nominations for the QA-Spirit awards 2024. Following a tough but privileged executive judging panel, the very best were shortlisted to 180 finalists. These finalists are invited to an awards celebration where we announced 33 winners over 6 categories.

Our Club 110 programme continues to celebrate the success and contribution of our salespeople. It rewards those that make more than 110% of their annual target. This year 93 sales employees qualified for the trip and are headed to Hvar.

Values

We know our stuff

Everyone takes responsibility for having the latest skills and knowledge on their specialism.

Our diversity makes us stronger

We bring our whole selves to work and respect each other's differences.

We win as a team

We always share success together, recognising we all have a key part to play.

We always deliver

We can be relied on to do whatever is needed to deliver our promises.

We develop ourselves and others

We achieve great results when we nurture and develop our people.

We make a difference

We have a real passion for our sector and care a lot about the impact we can have.

A Responsible Business

The impact our learning has on society is vast and we also like to give back to local communities.

In addition to our annual charity partnership, our people love to support charities and organisations close to their heart and we encourage them to do this as much as possible.

Green Initiatives

At the heart of our strategy is our vision to support our clients, learners and students to be winners in the digital revolution. Our success as a business is predicated on the success of the ecosystem in which we operate so supporting our customers, our people, suppliers, and communities where we serve. We are embracing sustainable practices because we believe they create a better corporate culture, more reliable products and greater long-term sustainability. We are pursuing goals and commitments across QA that align with and support these environmental ambitions.

Digital courseware

We started making our transition to digital courseware (vs printed) a number of years ago and now 100% of our courses offer digital courseware and print runs are only made by exception.

We have also invested in a dedicated studio within the existing office footprint rather than hiring external studios to support growing our digital delivery.

Supplier initative

All new suppliers and tenders now strongly emphasise environmental controls in the business. This can be highlighted by the new contract awarded to our national contract cleaning supplier, which offered the least carbon emissions omitted in the contract terms by reducing chemical cleaning products. Packaging and consumables are now all recyclable items, and deliveries are made through electric vans.

The Group switched to procuring 100% renewable electricity at all sites. This has reduced market-based Scope 2 emissions to zero.

Office consolidation

All new suppliers and tenders now strongly emphasise environmental controls in the business. This can be highlighted by the new contract awarded to our national contract cleaning supplier, which offered the least carbon emissions omitted in the contract terms by reducing chemical cleaning products. Packaging and consumables are now all recyclable items, and deliveries are made through electric vans.

Ecovadis silver award

In our most recent EcoVadis sustainability assessment, we achieved 'Silver' rating, which places us in the 88th Percentile of companies assessed by EcoVadis globally and the top 15% of companies from the education sector. This demonstrates our commitment to our ongoing Environmental, Social, Governance (ESG) journey. Reviewing our sustainability performance, the impact we have on the environment and society and how we empower our people is important to us and provides reassurance to our customers, partners, and investors that we are delivering strong ESG throughout our business.

We were assessed across four pillars and our strengths were recognised within the Environment 80% and Labour and Human rights categories where we scored 70% with advanced sustainability performance.

1. Environment
2. Labor and Human rights
3. Ethics
4. Sustainable procurement

Our ESG framework helps us to measure and benchmark our impact and the way we manage risks and opportunities on sustainability issues today and into the future.

People empowered to deliver

Developing QA colleagues, Inclusion and Diversity, Colleague engagement, Community engagement.

Promoting environmental sustainability

Reducing our environmental impact, Safeguarding our customer & colleague data, Community engagement.

Services and training that make an impact

Client and Learner engagement, Investment in Digital, Sustainable Content & Delivery.

From the platform of strong and stable governance

Strong effective governance culture & policies. End to end implementation across all levels of the business through training, automation and standardisation.

Recycling

We follow a strict recycling policy for corporate waste. As we reduce the number of training centers, we proactively recycle all equipment, IT, and furniture across the business rather than buying new equipment. In FY24, we equipped our new training facility, Louisa Ryland House in Birmingham, with existing equipment worth £310,000. In addition to this our recycling efforts were able to save:

	2023	2024
Trees	209	119
Kwh	52,000	29,500
CO2 saved	7,400	4,200
Litres of water	393,000	225,000

We saved less trees through recycling during the year as we used less paper through reducing the number of printers that we have within our properties and further saw savings in other areas through the reduction of sites operated by our Learning business.

Upcycling and ethical resources

We continue to support and invest our local communities through the donation of technology and furnishings both close to home and further afield. This year we've continued to donate equipment and furniture to schools and charities across the UK. QA sponsor a 20ft container that is shipped to schools and hospitals in Ghana each year, this includes donated laptops, computers, tablets, monitors, printers, photocopiers and office furniture. This year the team have used the equipment to set up a local Information Communications Technology hub for a cluster of schools. Some of the schools and charities befitting from the donations include:

- Trio Foundation supporting Hospitals and Schools in Ghana
- Community Charity Sistema
- RB Kares
- St Johns Community Hall - Leeds

Carbon reporting

We have produced our fifth carbon report in accordance with the SECR guidelines. As the energy intensity from our business is low, we believe there is minimal direct risk to our operations from climate change. However, we continue to drive down the use of energy within our business, reflecting our responsibility to the environment.

We have set ourselves the objective of achieving Net-Zero carbon emissions by 2035 for Scope 1 and 2 and 2040 for Scope 3. We are working with Inspired Energy a leading sustainability consultancy to achieve this. The Group is committed to year-on-year improvements in its operational energy efficiency. A register of energy efficiency measures has been compiled, with a view to implementing these measures in the next five years to help us stay on track to reaching our Net-Zero goal. We have implemented a renewable procurement contract for electricity for our leasehold properties so that our market based Scope 2 emissions have been reduced to zero (2023: 364 tCO2). We have further reduced our office footprint as we have developed virtual classroom delivery methods which reduce the number of physical classrooms required as well as a reduction in trainer (to deliver the learning) and delegate (to attend the learning) travel to our premises.

As we have reduced the size of our property portfolio, we have identified surplus computer equipment and office furniture, which has been donated to a number of charitable causes including the Trio Bridge Foundation (providing computers/furniture to support educational and medical facilities in Ghana), thereby avoiding the equipment being sent to landfill. To support our sustainability journey, we provide all with Environmental Awareness Training.

We are proud to say we again achieved 100% verifiable data coverage of our carbon emissions, with no estimations required (2023: 100%). Our Scope 1 emissions (combustion of natural gas) decreased by 34% to 79 tCO2e, (FY23: 120) resulting from the direct combustion of 434 MWh of fuel (FY23: 660). This result is 18% below the peak reported in FY20.

Scope 2 indirect emissions (purchased electricity) decreased by 8% to 505 tCO2e (FY23: 547), resulting from the consumption of 2,440 MWh (FY23: 2,827) of electricity purchased and consumed in day-to-day business operations. Overall usage decreased as the Group reduced the number of locations from which we operate. This result is 48% below the peak reported in FY20.

Scope 3 transport emissions increased by 1% in the year to 155 tCO2e (2023: 153 tCO2e). The increase in the year was driven by the return to a normalised level of business travel following the lifting of the Covid restrictions. Despite this increase, our travel emissions are still 72% below the peak reported in FY20.

Our operations have an intensity metric of 2.5 kgCO2e per sq.ft for this reporting year (FY23: 2.5). The current year intensity ratio remained stable as the business reduced gas and electricity consumption as the Group's operational footprint declined.

Reporting methodology

Scope 1 and 2 consumption and CO2e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. The following Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance have been used, utilising the current published emissions factors for gross calorific value, relevant for the reporting year. For properties where QA is indirectly responsible for utilities (i.e. via a landlord or service charge), an average consumption based on MWh per ft2 was calculated at meter level.

Intensity metrics have been calculated utilising the FY24 reportable figures for the following metrics, and tCO2e for both individual sources and total emissions were then divided by this figure to determine the tCO2e per metric.

As of 31 May 2024, total venue space was 295,000 sq foot (FY23: 325,000), with the decrease arising from reductions to the property footprint in the Learning businesses, where teaching is predominantly virtual.

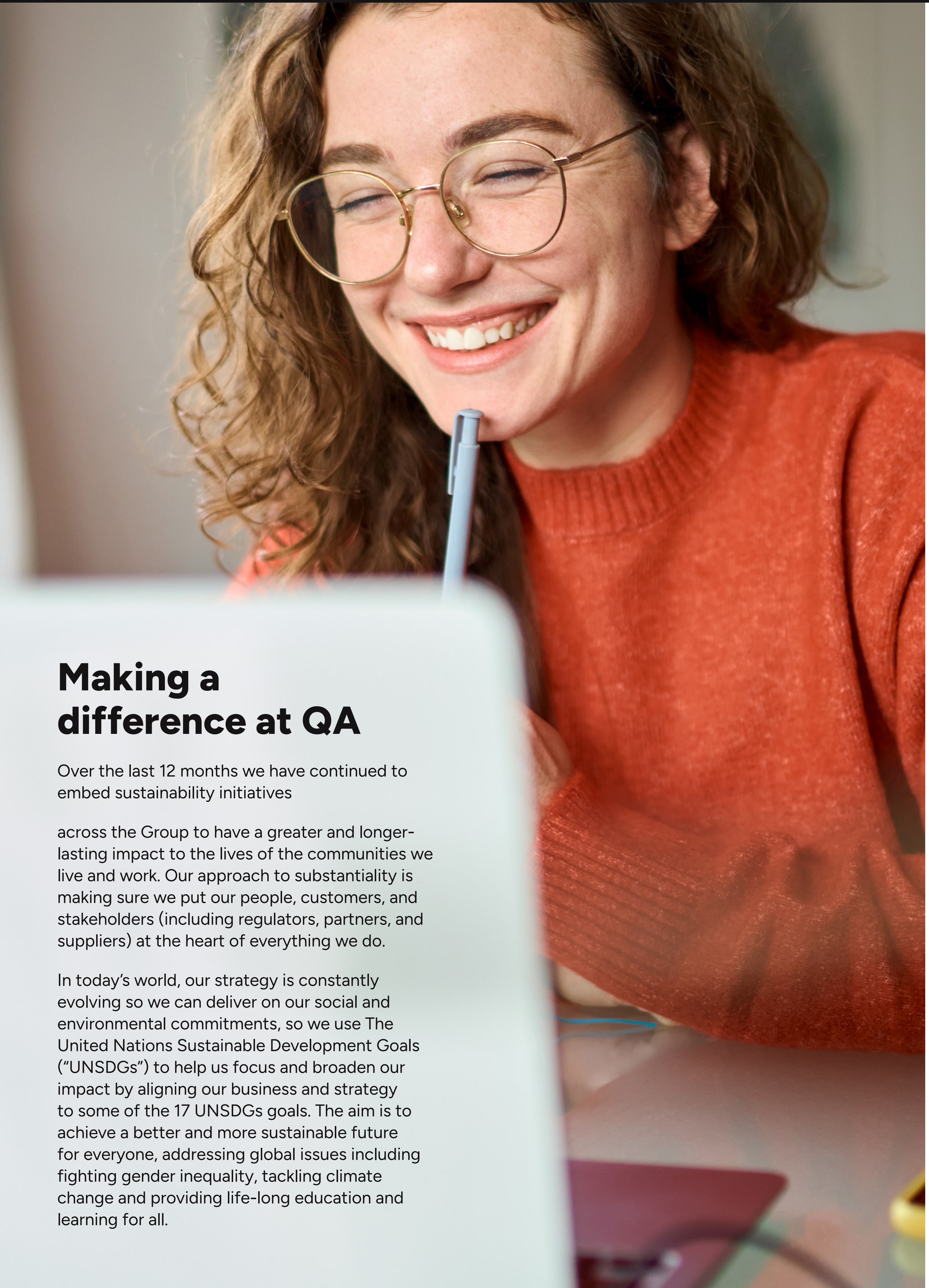
Utility and Scope	FY24 UK Consumption MWh	FY24 UK Consumption tCO2e	FY23 UK Consumption MWh	FY23 UK Consumption tCO2e
Grid-Supplied Electricity (Scope 2)	2,440	505	2,827	547
Gaseous and other fuels (Scope 1)	434	79	660	120
Transportation (Scope 3)	690	155	662	153
Total	**3,564**	**739**	**4,149**	**820**

Investing in our communities

We continue to support and invest in our local communities through the donation of technology and furnishings – you can read more about this in the green initiatives section of this report.

It is important to us and our people that we support local communities – especially those close to where we live and work. In 2021, we established 'QA All-In - A Network for Change', which exclusively focuses on Employability and Social Impact. This network links together over 100 different social enterprises and partner organisations driven to better serve local communities by creating new progression routes into employment, particularly for under- represented groups. We are incredibly proud of our commitment to diversity and social mobility – supporting incredible talent into tech. We work with a number of organisations to ensure greater diversity in our apprenticeships and Teach the Nation.

Current partnerships include; The Black Apprentice Network (community for current and aspiring apprentices of African/Caribbean descent), TAP Project (global social inclusion), Coding Black Females (tech inspiration community) Young Professionals (schools/colleges to work enterprise), CTM Pathway (diverse talent careers support service) London Digital Jobs and Skills Hub (youth employment) Ark (Schools educational charity) DYW (Developing the Young Workforce in Scotland) and Barnardo's (Employment, Training and Skills (ETS) services).



Making a difference at QA

Over the last 12 months we have continued to embed sustainability initiatives

across the Group to have a greater and longer-lasting impact to the lives of the communities we live and work. Our approach to substantiality is making sure we put our people, customers, and stakeholders (including regulators, partners, and suppliers) at the heart of everything we do.

In today's world, our strategy is constantly evolving so we can deliver on our social and environmental commitments, so we use The United Nations Sustainable Development Goals ("UNSDGs") to help us focus and broaden our impact by aligning our business and strategy to some of the 17 UNSDGs goals. The aim is to achieve a better and more sustainable future for everyone, addressing global issues including fighting gender inequality, tackling climate change and providing life-long education and learning for all.

Our efforts have targeted three of the UNSDGs goals:

Goal 4: Quality Education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

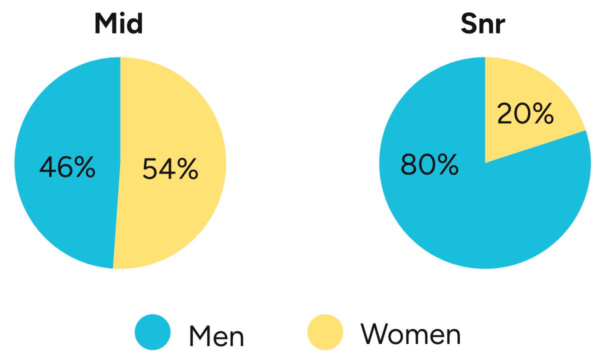
The Teach the Nation workshops are specifically designed to help everyone to develop the essential skills needed within the technology world – from programming and cloud technologies to DevOps and data management. The workshops are delivered by our industry experts in a way that is easy to understand, regardless of background and level of experience.

Our apprenticeship programmes continue to bridge the UK's digital skills gap through upskilling and reskilling and providing life-long learning opportunities. As an alternative way to learn our early careers activity and outreach with schools and charities seeks to inspire the next generation of tech professionals.

Goal 5: Gender Equality

Achieve gender equality and empower all women and girls.

We're committed to diversity and social mobility and care a lot about diversity and inclusion in tech and digital. We work with organisations that support diverse talent, including Coding Black Females, Women in Tech, Graduate Women, Women's Engineering Society, Young Professionals, TAP Project to promote the inclusion of all genders, races, abilities and social backgrounds in our programmes.



Our middle management population is the most diverse hierarchical sub-group within QA - and we will continue to improve gender representation and associated pay across the Group through our recruitment and promotion processes.

We operate a fair and transparent recruitment process. Job offers are made to the best qualified and most suitable candidates. Males and females are afforded equal opportunities once employed, with annual performance review and promotion decisions being based on merit within the bounds of affordability. We recognise that our efforts require an on-going commitment to positive change if we are to foster an even more inclusive culture than we have today.

Goal 8: Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

As a proud signatory of the Armed Forces Covenant, we pledge to create a working place that is inclusive of all those within the military family, including an employee military community of support and 10 days' paid leave for reservist activities each year. Armed Forces personnel are entitled to ELC funding for resettlement training.

Our Resettlement Team support ex Armed Forces Personal with their resettlement journey from providing practical and current advice on which careers and qualifications are in demand to helping apply for the ELC credits.

Our Return, (Re)Train programme is designed for those returning to work – either after a career break - helping to find a fulfilling job that's flexible and works for them or coming back after parental leave. The programme helps returners refresh skills and develop new ones.

All our people also benefit from access to three days of free training per year in any subject area they choose and are able to pick this from our catalogue of public schedule programmes. These training days can be completely unconnected

to our people's role – it is offered as an added benefit to encourage personal development.

We believe everyone should be able to be themselves at work.

We want all of our people to love working for us. A big part of realising that ambition is ensuring that all employees understand the contribution they make to the business in achieving its professional, social and financial objectives.

Our people policies are regularly reviewed and benchmarked to make sure we are doing more than that is need required by law.

We work to promote and ensure equal opportunities for all our employees and job applicants irrespective of race (including colour, nationality and ethnic and national origins), religion, belief, gender, marital or civil partnership status, sex or sexual orientation or age. The Group values the individual contribution of all its employees and prospective employees from all sectors of the community.

We recognise our social and moral duty to employ people with disabilities and applications for employment by disabled persons are fully considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

We are fully committed to respecting the human rights of our employees and to complying with all applicable laws regarding, among other things: providing compensation and benefits that are competitive and comply with applicable minimum wages, overtime hours and mandated benefits, promoting workplace diversity, promoting health and safety practices, promoting ethical behaviour and business integrity, protecting the privacy of employees and prohibition of child, forced, bonded or indentured labour.

As a responsible employer, the Group operates in accordance with all applicable human rights laws and respects and promotes human rights through our employment policies and practices, through our supply chain and through the responsible provision of our products and services.

We stand by our zero-tolerance approach to modern-day slavery and human trafficking. Our Modern-Day Slavery Statement, published annually, publicly shares our commitment and sets out the steps we've taken to ensure there is no modern-day slavery in our business or supply chains.

Continuing to "Teach the Nation to Code"

Our Teach the Nation initiative is the gateway to developing tech skills for those who are considering starting a career in the tech industry. Teach the Nation is an amazing opportunity for those individuals facing unique challenges that traditional education can't accommodate. This includes those with academic and financial barriers or personal commitments, who yet possess the drive and potential to succeed.

Teach the Nation focuses on attitude and aptitude to supercharge social mobility, empowering everyone to try their hand at tech and support people from all walks of life.

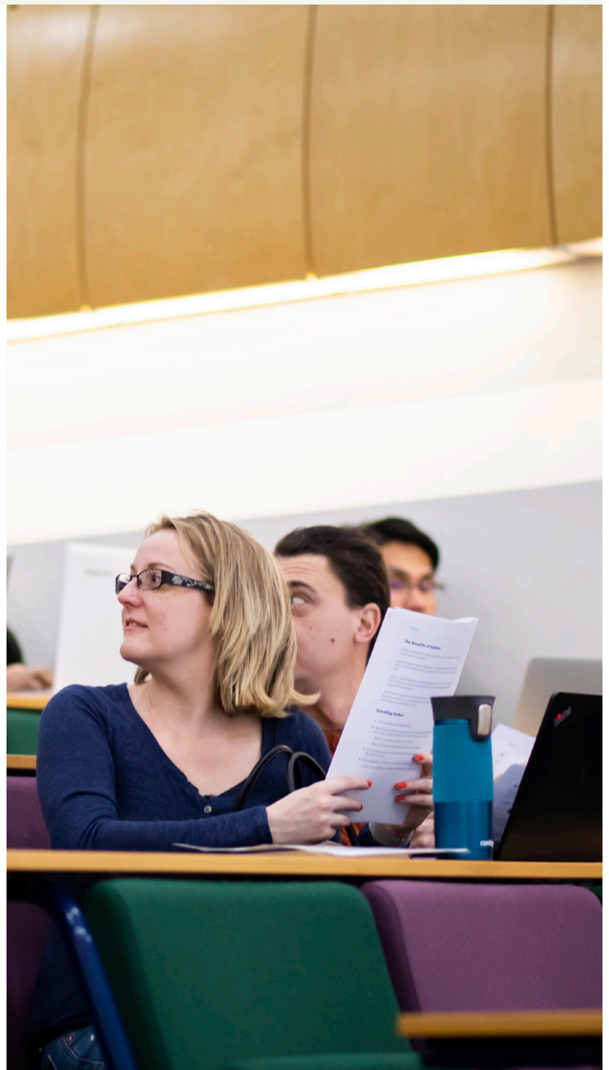
Our workshops are 4-hour interactive, virtual sessions, delivered by an expert QA tutor on three key topics, as presented below.

- Python Programming
- Data Management
- Web Development

Diversifying the tech sector

Our collection of free workshops is designed to inspire and empower people, no matter their age or background, to explore the world of technology. Our immersive, interactive workshops serve as a gateway to making education accessible to all, shattering barriers to entry into the tech industry and showcasing that everyone has the potential to succeed in tech.

There is a huge opportunity to bust the perceived myths that you must be degree-educated to work in tech, that people working in technology have a certain 'look' and that it is a 'male' sector. These artificial barriers are continuing to suppress social mobility, subconsciously excluding people from realising their potential and having successful careers across digital and technology.



Impact

Throughout FY24, we had over 1,600 attendees (2023: 1,458) at our Teach the Nation to Code workshops.

- Conducted 40 workshops: 20 in Python Programming, 12 in Data Management, 6 in Web Development, and 2 in Blockchain Technology
- Of the 1,653 attendees, 56% enrolled in Python Programming, 32% in Data Management, 10% in Web Development, and 2% in Blockchain Technology
- Female representation among signups was 47% (2023: 50%)
- 55% of signups were of an ethnic minority background
- 80% (2023: 83%) of the signups had 'no' or 'beginner' level experience
- Among UK residents, 35% (2023: 38%) of signups were from the 1st to 3rd IMD (Index of Multiple Deprivation) deciles, indicating outreach to some of the most socioeconomically deprived areas

Improving our offering

Starting in January 2024, we implemented a new registration process that enables us to collect valuable, in-depth data on our attendees, including demographics and interests. This allows us to tailor QA's offerings more effectively to meet their needs.

From January 1st to May 31st, 2024, our attendees included:

43%
seeking employment or currently students

45%
females

72%
with 'no' or 'beginner' level experience

42%
under 30 years old

51%
interested in apprenticeship opportunities at QA

47%
from ethnic minority backgrounds

13
individuals who have already started their apprenticeship with QA, with more currently in the process

Tech4Futures

At QA, we believe it is our duty to educate young people about the diverse tech career options available and provide them with opportunities to kick-start their careers. Our innovative Tech4Futures programme is designed to support early careers through interactive 1.5-hour taster workshops that cover a range of apprenticeship programs. These programs include IT, Data Analytics, Software Development, Digital Marketing, and Business Administration.

Through these engaging workshops, students gain a comprehensive glimpse into our programmes, acquiring basic skills and insights into the tech industry. The hands-on approach ensures that participants not only learn about theoretical concepts but also experience practical applications, preparing them for real-world challenges.

Employability sessions

QA collaborates with a wide range of diverse groups and partner organisations to deliver employability sessions aimed at supporting people in their journey towards securing employment. These 2-hour sessions cover a variety of essential topics designed to enhance participants' job readiness and professional growth. The available topics include:

How to Write and Refresh Your CV

Participants learn to craft a compelling and professional CV that highlights their skills, experiences, and achievements, making them stand out to potential employers.

Ace Your Interview

This session provides valuable tips and strategies for succeeding in job interviews, from preparation techniques to mastering common questions and presenting oneself confidently.

How to Develop Your Business Skills

Focused on enhancing core business competencies, this topic covers essential skills such as communication, leadership, problem-solving, and teamwork, which are crucial for career advancement.

How to Plan Your Career Effectively

Participants gain insights into setting career goals, identifying growth opportunities, and creating actionable plans to achieve long-term professional success.

By offering these interactive sessions, QA empowers individuals with the knowledge and tools they need to navigate the job market successfully and achieve their career aspirations.

CFO Statement

In FY24, the Group achieved strong strategic progress and continued to deliver revenue growth despite challenging economic conditions and market developments impacting the higher education sector. Revenue increased by 2.7% to £360.7m* (FY23: £351.2m*), with Adjusted EBITDA at £80.7m (FY23: £84.8m) and the Adjusted EBITDA margin at 22.4% (FY23: 24.2%). Operating cashflows were 19.7% higher than the prior year at £48.0m (FY23: £40.0m) with the prior year impacted by higher adjusting items. During FY24 the Group refinanced it's debt arrangements securing new long-term facilities to 2029.

During FY24, the Group refinanced its debt arrangements securing new long-term facilities of £265.0m and a revolving credit facility of £40.0m. The new Group facilities are held by Ichnaea UK Bidco Limited (Ichnaea) having previously been held by an intermediate holding company, IndigoCyan Holdco 3 Limited. As part of this transaction the cash reserves of the Group and debt raised by Ichnaea were then used to transfer funds to Indigocyan Holdco 3 Limited enabling its debt to be repaid. This resulted in a reduction in the intra-group loans (held with its parent companies IndigoCyan Bidco Ltd and Ichnaea Jersey Topco Ltd) from £500.3m to £287.9m, with the new debt raised of £265m plus a £40m revolving credit facility (of which £20m was drawn at year end) held by Ichnaea (see note 18).

Trading performance

Table 1 in note 31 sets out the Group's summary income statement for the year ended 31 May 2024 ("2024" or "FY24") and compares it to the year ended 31 May 2023 ("2023" or "FY23"). The reconciliation of Adjusted Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA), a non-IFRS measure, to the loss for the year, is set out in Table 3 in note 31.

Revenue increased in FY24 by 2.7% to £360.7m* (FY23: £351.2m*). The provision of learning services to enterprise clients accounted for £229.0m (63.5%) of Group revenue and decreased by a reported 4.8% in 2024. Demand for digital instructor led training ("digital ILT") courses was stable in-year with growth in enterprise client demand offset by the public sector as central Government budget restrictions took hold. Apprenticeships performed well growing our larger enterprise relationships which helped mitigate lower job roles in market as the IT recruitment sector cooled after a strong period of growth since the pandemic. Digital subscriptions had a challenging year as the exposure to consumer & packaged goods, retail and health sectors led to client churn and reduced demand at renewal.

Higher education revenues (adjusted to include the Group's share of results of joint ventures) grew 15.3% to £139.1m (2023: £120.7m) as international student growth increased the average number of undergraduate and postgraduate students by over 7% to 8,100 (2023: 7,600). However after a strong start the business did experience lower intake volumes from postgraduate students in the latter stages of the year as new immigration legislation and country specific factors (including Nigeria's devaluation of its currency) fed through to international student demand.

Gross profit increased 0.8% to £208.3m (FY23: £206.6m) with reported gross margins lower at 57.7% (FY23: 58.8%), albeit consistent with FY23 after adjusting for an insurance receipt of £1.0m (FY24: £nil) to compensate for the temporary trading disruption during a cyber incident in 2021.

Operating expenses (being administration expenses before adjusting items and amortisation of acquired intangibles) increased to £158.7m (FY23: £154.5m) reflecting higher staff and property costs to support growth in higher education and in-year salary increases, offset by synergies realized through the integration of the learning businesses. The strategic progress to create a single learning operation and unify the teams across the business helped reduce the average number of employees (including trainers, tutors and coaches which are reported within cost of sales) to 2,577 in FY24 (FY23: 2,709). The continued transition to a digital first delivery model for all learning services has enabled the Group to continue to lower its fixed cost base with further property exits in-year removing 30,000 sq ft from the Learning network (FY23: 16,000 sq ft).

Adjusted EBITDA for the full year decreased 4.8% to £80.7m (FY23: £84.8m) with an Adjusted EBITDA margin of 22.4% (FY23: 24.2%). The decline is largely driven by a lower contribution from the higher gross margin digital subscription product.

Key performance indicators

Table 2 in note 31 sets out the key performance indicators measuring the financial and operational performance of the Group. In addition to revenue and Adjusted EBITDA we report on cash generation and the number of learners and students developing their skills or studying with us in the year. We define free cash flow as Adjusted EBITDA less the working capital movement, lease rental payments, tax payments and capital expenditure. We generated free cash flow of £37.2m (FY23: £34.2m) after a lower working capital outflow in year after adjusting for exceptional working capital movements. Capital expenditure in the year increased to £21.6m (FY23: £17.4m) due to the c£5m investment in Higher Education's new Birmingham campus. Table 5 in note 31 sets out the reconciliation of free cash flow.

The learners and students served by the business were 519,000 (FY23: 538,000) impacted by lower activity in digital subscriptions.

Adjusting items

Table 3 in note 31 sets out the reconciliation of Adjusted EBITDA and the loss before taxation. Our Adjusted EBITDA is defined as the profit/(loss) for the year before the tax on profit/(losses), net interest payable and similar charges, amortisation, depreciation, tax on joint venture profits and adjusting items.

Adjusted EBITDA is not a measure of financial performance under IFRS but is presented because we believe it is a relevant measure for assessing our performance, as it adjusts for certain items which are not indicative of our underlying operating performance. Adjusted EBITDA margin is the ratio of Adjusted EBITDA to revenue.

Adjusting items in the year primarily relate to the Group's investment in its digital transformation activities with c£5.1m invested in Salesforce implementations in both divisions, and restructuring costs of £3.3m arising on the integration of the Learning operations. A further £1.3m was incurred on the Group's debt refinancing and strategic reviews (see note 4).

* The trends discussed in this section are presented before the impact of the deferred revenue adjustment, which reduced reported revenue by £nil (2023: £0.2m). See note 2.

Reported results

On a reported basis for the year ended 31 May 2024, as set out on page 65, the Group had revenue of £360.7m (FY23: £351.0m) with an operating profit of £24.3m (FY23: £14.7m).

The loss before tax for the year of £39.8m (FY23: £22.5m) is arrived at after deducting net finance costs of £64.1m (FY23: £37.2m), of which £24.3m (FY23: £0.9m) is attributable to the Group's senior credit facilities of £265.0m (FY23: £nil) and its revolving credit facility, with the balance arising on the Group's intra-group loans of £287.9m at year end (FY23: £500.3m).

The Group's tax credit of £13.0m (2023: £1.7m) includes £8.9m of paid for group relief receivable from holding companies in the wider corporate Group.

The financial position of the Group is presented in the Consolidated Statement of Financial Position on page 66 with net liabilities of £264.9m (FY23: £241.0m) at year end.

The Group is in a net liability position due to interest accruing on intra-group loans of £287.9m (FY23: £500.3m). Under the terms of the intra-group loan agreement, the loan and accrued interest is not repayable until the earlier of the loan redemption date of June 2047 or a change in control of the Group. The loan balance reduced in the year due to the Group's refinancing.

Total assets at 31 May 2024 were £566.8m (FY23: £559.4m) comprising intangible assets of £164.8m (FY23: £182.7m), property, plant and equipment of £58.9m (FY23: £55.7m), other non-current assets of £247.8m (FY23: £188.9m) and current assets, including cash, of £23.5m (FY23: £62.4m). The assets of the Group have increased slightly due to the tax Group relief receivable.

Total liabilities as at the balance sheet date of 31 May 2024 were £831.7m (FY23: £800.4m) comprising of bank loans due over one year of £255.7m (FY23: £0.3m), other non-current borrowings of £331.8m (FY23: £547.2m), provisions of £7.0m (FY23: £7.2m), deferred tax of £30.5m (FY23: £34.0m) and other current liabilities of £206.7m (FY23: £211.7m). The Group's other current liabilities decreased by £5.0m as trade and other payables decreased largely due to lower other creditors. Accruals and deferred income balances are down on prior year.

Capital resources

Our primary sources of liquidity consist of cash, which amounted to £23.5m (FY23: £62.4m) at year end, and available drawings of £20.0m under the revolving credit facility. The Group's year end cash position is lower after payments in FY24 to reduce its senior credit facilities at refinancing and acquire the remaining 14.5% of Circus Street together with exceptional costs incurred to support the refinancing, integrate the Learning businesses and make other investments including implementing Salesforce.

Financing facilities

In October 2023, the Group completed a re-financing of its debt facilities. This resulted in a new senior credit facility of £265.0m with a maturity date of October 2029. Interest is set at GBP SONIA plus a margin of 6.0%. An interest rate cap was in place at 2.25%, effective for the period from February 2023 to June 2024, on £200m of the senior credit facility. A collar of 3.66% and a cap of 6.0% has been entered into from June 2024 to May 2026 for £150m of the senior credit facility.

In addition, the Group entered into the revolving credit facility agreement, with a maturity date of September 2029, which provides £40.0m of committed financing, all of which can be drawn by way of loans or ancillary facilities. The facility may be utilised for general corporate use, including the working capital needs of the Group and acquisitions. The facility bears interest at a rate per annum equal to GBP SONIA plus a current margin of 3.75% which is subject to an annual revision depending on the Group's leverage ratio. A commitment fee is payable in arrears on the last day of each quarter on available but unused commitment under the facility at a rate of 35% of the applicable margin under the facility.

Net cash flow and working capital

Net cash inflow from operating activities was £48.0m (FY23: £40.0m) in the year ended 31 May 2024. Seasonality in the Group's activities leads to fluctuating working capital requirements during the year. The business typically sees an increased working capital need as activity builds after the summer months into the key trading period prior to December, and again after the Christmas holiday season through spring.

Movements in net working capital are primarily driven by debtors and deferred income, in particular in our learning and higher education activities where there is a significant level of advance billing for training and course fees, and also in accrued income due to billing the Education and Skills Funding Agency in arrears for apprenticeships training funded by the levy. All other components of working capital are relatively stable.

In the year ended 31 May 2024 there was a £17.0m working capital outflow (FY23: £10.3m outflow). After adjusting for exceptional working capital movements each year, the adjusted working capital movement is broadly consistent with the prior year (see Table 5 in note 31).

Material contractual commitments

Table 4 in note 31, sets out the contractual commitments at 31 May 2024 that are expected to have an impact on liquidity and cash flow in future periods. The table excludes any future interest payments on our senior debt facility and also further utilisation of amounts under the revolving credit facility if drawn.

The information presented in this table reflects management's estimates of the contractual payment streams of our current obligations, which may differ from the actual payments made under these obligations.

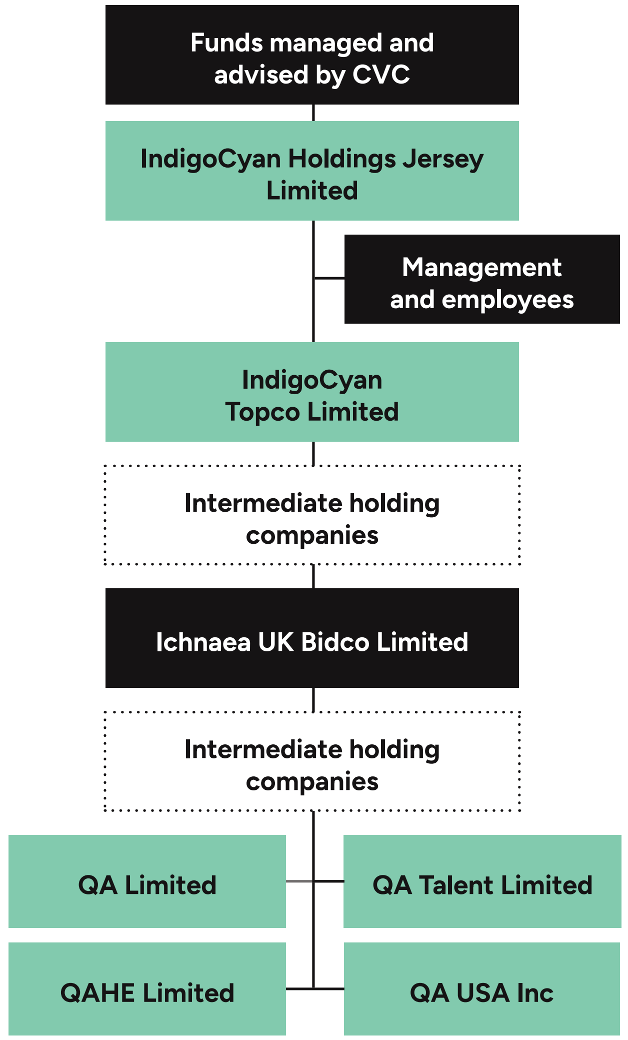
Group structure

On 23 June 2017, the Group was acquired by funds managed and advised by CVC Capital Partners (CVC), a private equity firm, alongside QA's management team and employees. On 7 June 2019, the Group acquired 100% of QA USA, Inc (formerly Cloud Academy Inc) and on 1 July 2021, 85.5% of Circus Street London Limited, with the remaining 14.5% acquired in December 2023. During the year Circus Street London Limited was hived up into QA Limited and the Group's US operations (Cloud Academy Inc and Circus Street Inc) were merged into QA USA, Inc.

The accounting reference period of the Group is 31 May. The diagram below sets out a summary Group structure. The subsidiaries and associated undertakings affecting the profit or net assets of the Group in the year are all listed in note 2 of the Parent Company financial statements.

Management of financial risks

The QA Group Structure



The Group's activities expose it to a number of risks and uncertainties which include credit and liquidity risks.

Credit Risk

The Group's principal financial assets are bank balances and trade debtors. The Group's credit risk is primarily attributable to its trade debtors. Management continually reviews outstanding receivables and debtor recovery plans together with credit limits across for our customers. The amounts presented in the balance sheet are net of provision for doubtful debts.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, the Group operates a centralised treasury function, features of which include intercompany cash transfers and management of lease contracts.

The Group has sufficient funds through existing cash balances, free cash flow and, where needed, the revolving credit facility, to service the annual cost of its financing and meet its other business needs. The Group does not use derivative financial instruments for speculative purposes. notes 15 and 17 set out information in respect of the Group's leverage position.

Approach to risk

The Board has overall responsibility for ensuring risk is effectively managed across the Group, with a focus on evaluating the nature and extent of the key risks which the Board is willing to take in achieving its strategic objectives – its 'risk appetite'.

The Board maintains direct control over the approach to risk management and the procedures for the identification, assessment, management, mitigation and reporting of risks. The Risk Committee takes responsibility for overseeing the effectiveness of risk management and internal control systems.

Identifying and monitoring of risks

The Board uses the Group risk register as its principal tool for monitoring and reporting risk. The register details the Group's risks, the impact of each risk, the likelihood of that risk occurring, the strength of the mitigating controls in place. Input is obtained from all areas of the business, including support functions, as appropriate.

Principal risks and uncertainties

In addition to the financial risks, the Directors consider that the principal risks and uncertainties facing the Group and a summary of the key measures taken to mitigate those risks are as follows:

1. Business transformation and change
2. Competitive risk
3. Compliance risk
4. Changes in government funding/regulation
5. Data governance, cyber security, infrastructure and systems

To ensure these activities are effectively managed the Group invests in specialist resources, in the form of external consultancies to supplement internal teams who are also supported with experienced external contractors.

↑ Increased Risk

→ No Change In Risk

↓ Reduced Risk

Business transformation and change ↓

The Group has continued to implement improvements to its products and infrastructure with the aim of creating competitive advantage, modernising learner and student experiences and creating efficiencies.

The Learning division made significant strategic progress in FY24 to integrate the capabilities of its different businesses into a single operation unified by a new value proposition and a single identity. Work is underway to develop a single platform that supports the delivery of all its learning services and products to clients, alongside internal projects to migrate all staff onto single applications including CRM (sales, marketing and service), experience management, finance, HR and productivity/collaboration tools. Similarly Higher Education has also implemented a new CRM to manage the student journey from recruitment to enrolment with further stages now in-flight to support registration and activity management. The Group has also invested in both internal and external artificial Intelligence products to target improved learner experiences and internal efficiency gains.

Business transformation and change (continued) ↓

Changes and developments expose the Group to short term risk such as the potential for business disruption, however these changes are integral to streamlining operations, supporting growth initiatives and mitigating key risks areas such as business continuity and information security.

Competitive risk ↑

Macroeconomic events have impacted overall customer demand and spending in the learning and development sector resulting in increased competition.

The development of Artificial Intelligence technologies in the sector presents both opportunity and risk for the Group. Whilst the Group aims to harness the benefits of artificial intelligence to create competitive advantages in processes and learning products, there is uncertainty as to how significant advances in artificial Intelligence could expose the Group to alternative means of learning and the creation of learning content and, in turn new competitors.

We continue to develop our platforms, building high quality engaging content and releasing materials that capture advances in technology, such as new learning content relating to Artificial Intelligence. The Group also continues to expand its partnerships with key technology and content vendors to ensure its breadth of product offerings can meet customer needs.

The Group regularly assess pricing to stay competitive in all our markets while seeking to introduce new products and features that attract new customers and retain current.

Compliance risk →

The Group operates in a number of highly regulated environments which require significant investment and oversight from internal and external compliance, legal and technology teams that perform process reviews and implement action plans to manage compliance and security risk across the Group.

Risk and oversight functions are particularly critical to the Group's apprenticeships and higher education operations where the provision of services is regulated by regulatory and industry bodies. For example, in Higher Education our undergraduate programmes are externally accredited by the Quality Assurance Agency for Higher Education or indirectly by the Office for Students via our partners' authorisations. In apprenticeships the standards set by OFSTED and the Department for Education must be met.

Unfavourable inspection outcomes resulting in lower ratings could adversely affect our reputation, on-boarding metrics, and regulatory standing. The accurate and timely reporting of learner and student data, educational outcomes, and other relevant metrics are important for regulatory and industry bodies. Inaccuracies or inconsistencies in data reporting may lead to compliance issues and regulatory challenges.

Higher Education is also indirectly subject to significant rules and regulations imposed by the Home Office relating to international student visas. Such rules again require significant oversight and governance and failure to comply could have significant implications for our business and its university partners.

The Group has recently re-accredited its ISO27001 certification and has as part of that re-accreditation consolidated certain Group entities ensuring coverage across all applicable operations. Management of ISO27001 supports best practice across the Group and ensures compliance with contractual obligations.

The Group also holds certification for its management of information security, and other IT-related certifications including CHECK, the Government's security standard to protect data in our supply chain and the National Cyber Security Centre's Cyber Essentials Plus accreditation.

Changes in government funding/regulation →

The Group works extensively with government departments and public sector bodies and receives funding from the Department for Education and Skills Development Scotland for apprenticeships, and indirectly for its undergraduate programmes from Student Finance England. As such there are many contractual and regulatory obligations that the Group is required to meet at all times. Changes to government funding could have a material impact on the Group's services if new policies were to impact demand. The Group's executive, legal and compliance teams continually monitor for legislative or regulatory changes that could impact the Group's services and work to ensure that all changes are proactively implemented on a timely basis.

Changes in the political landscape within the UK following the general election may result in structural changes to funded learning such as the Group's apprenticeship and higher education offerings. The impact of these changes is currently being monitored to ensure any changes can be addressed promptly in order to mitigate any resulting trading risk.

Data governance, cyber security, infrastructure and systems →

There is significant legal, commercial, reputational, regulatory and financial risk from major IT system integrity or data security issues.

The Group's technology team is continually working across a wide range of system and data security projects to enhance cyber defence and response capabilities, strengthen monitoring services, upscale endpoint security standards and disaster recovery services, reduce the threat from email and internet services and invest in data management tools. We undertake regular assessments of our security position with our NCSC (National Cyber Security Centre) accredited CIR partner.

We are certified for ISO27001 which is the international standard for managing information security and for Cyber Essentials Plus, which is the NCSC standard which aims to help organisations defend against the most common cyber threats. We have also completed a NCSC IT Health Check (CHECK) which aims to provide assurance that an organisation's external and internal systems are protected from unauthorised access or change, therefore helping to ensure the confidentiality, integrity and availability of our systems and data. We continuously undertake a range of activities covering areas such as access reviews, vulnerability and penetration tests and have invested in market leading technology and monitoring services to support these activities.

The Group's principal trading entity in the United States (QA USA, Inc.) is now officially part of the Data Privacy Framework (DPF). Being part of the DPF demonstrates the Group's commitment to the lawful handling of data and its transfer to the United States. This also ensures adherence to global data privacy laws under recognised international frameworks.

The emergence of Artificial Intelligence has resulted in new governance activities to ensure compliance with legal and regulatory requirements. Such governance is managed by the Group's information technology and legal functions to ensure robust compliance.

Directors' report

The Directors present their report and the audited consolidated financial statements of the Group and the Company for the year ended 31 May 2024.

Directors

The Company is incorporated under the law of England and Wales. The Directors of the Company who were in office during the year and up to the date of signing the financial statements are as follows:

Charlie Mayfield

Richard Blackburn

Nathan Runnicles

Dividends

The Directors do not recommend the payment of a dividend for the year ended 31 May 2024 (2023: nil).

Political donations

The Group did not make any political donations during the year (2023: nil).

Supplier payment policy

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

Trade creditors of the Group at 31 May 2024 were equivalent to 46 days purchases (2023: 52 days).

Principal risks and uncertainties

The principal risks and uncertainties facing the business are set out in the CFO Statement.

Directors and officers indemnity

The Group maintains liability insurance for its Directors and Officers and had this in place throughout the year and up to the date of the signing the financial statements.

Subsequent events

There have been no events since the balance sheet date requiring disclosure.

Going concern

The Group's cashflow from operating activities of £48.0m (2023: £40.0m) and balance sheet strength enabled the wider Group to refinance its debt facilities and reduce its external debt by £25.0m (2023: £30.0m) while also funding debt issue costs of £10.0m. In addition, it supported the Group to acquire the remaining shares held by management in Circus Street for £11.9m and end the year with cash of £23.5m (2023: £62.4m).

The forecasting process undertaken by the Directors recognises the inherent uncertainty of the current economic environment where inflationary and recessionary risks are heightened. The Directors believe, given Group performance across the recent economic pressures, that trading results will remain robust and that there are growth opportunities for the business to pursue. However, the Directors have assessed various revenue and cashflow scenarios that factor in the impact of an economic recession on the demand for the Group's services. The analysis confirmed the Group has sufficient liquidity and is forecast to comply with its financial covenants.

In October 2023 the Group entered into a new financing agreement with a term loan of £265m and revolving credit facility of £40m. The facilities are in place until October 2029 and April 2029 respectively.

On this basis, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing and approving these financial statements. In making this assessment, the Directors have considered the cash flow forecasts of the Group, the availability of financial resources and facilities and compliance with covenants.

Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Statement by the Directors in performance of statutory duties in accordance with s172

As the Group's subsidiaries are primarily based in the UK, we have also considered UK governance requirements in respect of s172 of Companies Act 2006 as well as applicable law.

Throughout this Annual Report, we provide examples of how we: take into account the likely consequences of long-term decisions; build relationships with stakeholders; understand the importance of engaging with our employees; understand the impact of our operations on the communities and the environment we depend upon; and attribute importance to behaving as a responsible business. The Board appreciates the importance of effective stakeholder engagement and that stakeholders' views should be considered in its decision-making.

The Board of Directors of Ichnaea UK Bidco 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 Group for the benefit of its members as a whole and having regard (amongst other matters) to factors (a) to (f) S172 Companies Act 2006, in the decisions taken during the year ended 31 May 2024.

Statement by the Directors in performance of statutory duties in accordance with s172 (continued)

Our governance is designed to ensure that we take into account the views of all our stakeholders, so that our decision-making is collaborative and well-informed – both before and after we make our decisions public.

We engage with our stakeholders as follows:

Customers - our ambition is to deliver best-in-class service our customers. We build strong lasting relationships with our customers and spend considerable time with them to understand their needs and views and listen to how we can improve our offer and service for them. We use this knowledge to inform our decision-making, for example to tailor our proposition to suit customer demands.

People - our people are key to our success, and we want them to be successful individually and as a team. There are many ways we engage with and listen to our people including colleague surveys, forums, listening groups, face-to-face briefings, internal communities, newsletters and through our anonymous colleague concern line. Key areas of focus include health and well-being, development opportunities, pay and benefits. Regular reports about what is important to our people are made to the Board ensuring consideration is given to our people's needs.

Shareholders - the Board aims to understand the views of its shareholders and always to act in their best interests. The Board engages with both CVC as majority shareholder and management shareholders throughout the year providing updates on trading performance. As part of these meetings shareholders are able to ask questions of the Directors.

We believe these actions are in line with our culture and the high standards of business conduct and good governance we set ourselves.

Auditor

Deloitte LLP has expressed its willingness to continue in office as auditor of the Group and Company and their reappointment has been approved by the Board.

Statement of Directors' responsibilities

The Directors are responsible for preparing 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 applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

The financial statements are required by law to 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 year.

In preparing the Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows.

This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

However, Directors are also required to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

Statement by the Directors in performance of statutory duties in accordance with s172 (continued)

- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that 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 (Jersey) Law 1991.

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.

Walker guidelines

The Directors consider the Annual Report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

Signed on behalf of the Board of Directors by:

Nathan Runnicles
Director
4 October 2024

Opinion

In our opinion:

- the financial statements of Ichnaea UK Bidco Limited (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 May 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Income Statement and Other Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Consolidated Statement of Changes in Equity;
- the Consolidated Statement of Cash Flows;
- the related notes 1 to 31 to the Consolidated Financial Statements;
- the Parent Company Statement of Financial Position;
- the Parent Company Statement of Changes in Equity; and
- the notes 1 to 9 to the Parent Company Financial Statements

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the Directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's business sector.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislations.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the UK Data Protection Act 2018, the UK Bribery Act, the UK Borders Act 2007, and relevant employment and health and safety law.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our procedures performed to address it are described below:

- Higher Education – valuation of revenue and bad debt provisions. There is a risk that the provisions in relation to student withdrawals and payments are valued inappropriately. We have substantively tested historical withdrawal and bad debt rates. We have considered corroborative and contradictory challenges to management's position due to the macroeconomic environment specific to the student demographic. We have also assessed and challenged management's assumptions used to calculate the provision for expected credit losses.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Other matter

As the Company was exempt from preparing consolidated financial statements under section 401 of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.

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.

Louise Cooper

Louise Cooper FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory auditor
Leeds, United Kingdom
4 October 2024

Consolidated Income Statement and Other Comprehensive Income for the year ended 31 May 2024

	Note	2024 £'m	2023 £'m
Revenue	2	360.7	351.0
Cost of sales		(152.4)	(144.6)
Gross Profit		**208.3**	**206.4**
Administration expenses		(191.7)	(201.6)
Share of results of joint ventures		7.7	9.9
Operating Profit	3	**24.3**	**14.6**
Finance income	6	0.9	0.5
Finance costs	6	(64.8)	(37.7)
Other gains and losses	6	(0.2)	-
		(64.1)	**(37.2)**
Loss Before Taxation		**(39.8)**	**(22.5)**
Taxation credit	7	13.0	1.7
Loss For The Year		**(26.8)**	**(20.8)**
Loss Attributable to:			
Owners of the Company		(26.8)	(20.8)
Other Comprehensive Income			
Loss for the year		(26.8)	(20.8)
Exchange differences on translation of foreign operations		0.6	0.3
Total Comprehensive Loss For The Year		**(26.2)**	**(20.5)**

All results derive from continuing operations.

Consolidated Statement of Financial Position as at 31 May 2024

	Note	2024 £'m	2023 £'m
Non-current assets			
Goodwill	**9**	31.0	31.0
Other intangible assets	**12**	133.8	151.7
Property, plant and equipment	**13**	58.9	55.7
Amounts due from Group undertakings	**32**	228.7	177.0
Interest in joint ventures	**11**	16.7	9.4
Deferred tax assets	**21**	2.4	2.5
		471.5	**427.3**
Current assets			
Inventories	**14**	0.1	0.1
Trade and other receivables	**15**	71.7	69.6
Cash and cash equivalents	**16**	23.5	62.4
		95.3	**132.1**
Total Assets		**566.8**	**559.4**
Current liabilities			
Loan and borrowings	**18**	(27.7)	(5.3)
Trade and other payables	**17**	(178.7)	(206.4)
Provision for liabilities	**19**	(4.0)	(2.8)
Derivative financial instruments	**20**	(0.3)	-
		(210.7)	**(214.5)**
Non-current liabilities			
Loan and borrowings	**18**	(587.5)	(547.5)
Provision for liabilities	**19**	(3.0)	(4.4)
Deferred tax liabilities	**21**	(30.5)	(34.0)
		(621.0)	**(585.9)**
Total Liabilities		**(831.7)**	**(800.4)**
Net Liabilities		**(264.9)**	**(241.0)**
Equity			
Share capital	**22**	6.8	6.8
Translation reserve	**23**	(0.6)	(1.2)
Share based payments reserve	**22**	4.0	1.7
Retained earnings	**23**	(275.1)	(248.3)
Equity attributable to owners of the Company		**(264.9)**	**(241.0)**
Non-controlling interests	**23**	-	-
Total Equity		**(264.9)**	**(241.0)**

The consolidated financial statements of Ichnaea UK Bidco Limited (Registered company number 02413137) were approved and authorised for issue by the Board of Directors on 4 October 2024.

Nathan Runnicles, Director

Consolidated Statement of Changes in Equity for the year ended 31 May 2024

	Share capital £'m	Translation reserve £'m	Share based payments reserve £'m	Retained earnings £'m	Attributable to owners of the Company £'m
As at 31 May 2022	**-**	**(1.5)**	**4.3**	**(227.5)**	**(224.7)**
Loss For Year	-	-	-	(20.8)	(20.8)
Other comprehensive income	-	0.3	-	-	0.3
Total Comprehensive Loss For The Year	**-**	**0.3**	**-**	**(20.8)**	**(20.5)**
Ordinary share issue	6.8	-	-	-	6.8
Share based payment	-	-	(2.6)	-	(2.6)
As at 31 May 2023	**6.8**	**(1.2)**	**1.7**	**(248.3)**	**(241.0)**
Loss For Year	-	-	-	(26.8)	(26.8)
Other comprehensive income	-	0.6	-	-	0.6
Total Comprehensive Loss For The Year	**-**	**0.6**	**-**	**(26.8)**	**(26.2)**
Ordinary share issue	-	-	-	-	-
Share based payment **(note 4)**	-	-	2.3	-	2.3
As at 31 May 2024	**6.8**	**(0.6)**	**4.0**	**(275.1)**	**(264.9)**

Consolidated Statement of Cash Flows for the year ended 31 May 2024

	Note	2024 £'m	2023 £'m
Net cash inflow from operating activities	**29**	**48.0**	**40.0**
Cash flows from financing activities			
Advances on third party debt		274.4	-
Repayment of intra-group loans		(302.2)	-
Repayment of lease liabilities[1]		(7.9)	(6.7)
Cash received from the settlements of the derivative financial instruments held for hedging purposes		4.0	-
Interest paid		(23.0)	(0.9)
Cash flows from financing activities		**(54.7)**	**(7.6)**
Cash flows used in investing activities			
Purchase of property, plant and equipment		(21.6)	(17.4)
Acquisition of subsidiaries		(11.9)	-
Investments in Group undertakings		-	(6.8)
Interest received		0.9	0.5
Cash flows from investing activities		**(32.6)**	**(23.7)**
(Decrease) / increase in cash and cash equivalents		**(39.3)**	**8.7**
Cash and cash equivalents, beginning of year		62.4	53.1
Foreign currency movements		0.4	0.6
Cash and cash equivalents, end of year	**16**	**23.5**	**62.4**

[1] Includes £2.2m of interest paid on lease liabilities (2023: £1.9m)

Notes to the Consolidated Financial Statements for the year ended 31 May 2024

1. Accounting Policies

General information

Ichnaea UK Bidco Limited (the 'Company') is a private company limited by shares and domiciled in England and Wales. The Company's registered office is at International House, 1 St Katherines Way, London, E1W 1UN. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group'). The nature of the Company's operations and its principal activities are set out in the revenue recognition policy below.

The consolidated financial statements have been prepared under International Financial Reporting Standards (IFRS) adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. These financial statements have been prepared under the historical cost convention except for the valuation of financial instruments that are measured at fair value. The comparatives for the year ended 31 May 2024 are unaudited as the company was exempt from preparing consolidated financial statements under para 4(a) of IFRS 10 in the prior year.

The Group and Company financial statements are presented in Sterling (£) and all values are rounded to the nearest hundred thousand pounds (£0.1m) except where otherwise indicated.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up for the year ended 31 May.

Business combinations are accounted for under the acquisition method. Assets and liabilities of overseas operation are translated at the closing rate and the results of these businesses are translated at average exchange rates for inclusion in the Consolidated Income Statement. The acquisition date and the date from which the subsidiary is consolidated is the date the Group obtains control.

Control is achieved when the parent company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The financial results of subsidiaries used in preparation of the consolidated financial statements are based on consistent accounting policies. All intragroup balances and transactions, including unrealised profits arising from them are eliminated in full.

Profit or loss and each component of other comprehensive income ('OCI') are attributed to equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance.

Basis of accounting

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting period beginning on or after 1 June 2024 The Group has elected not to early adopt these standards which are described below:

- Amendments to IFRS 10 and IAS 28; Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1; Classification of Liabilities as Current or Non-current
- Amendments to IAS 1; Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7; Supplier Finance Arrangements; and
- Amendments to IFRS 16; Lease Liability in a Sale and Leaseback

The above are not expected to have a material impact on the financial statements. There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

During the year the Group has adopted the following amendments and interpretations which have not had a material effect on the financial statements.

- IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17);
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies;
- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 12 Income Taxes— International Tax Reform — Pillar Two Model Rules; and
- Amendments to IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates.

Notes to the Consolidated Financial Statements for the year ended 31 May 2024

Revenue recognition

The Group's main training activities consist of supplying learning services, providing courses in IT technical skills, project and service management, business applications and management and personal development to Corporate and Government customers with revenue streams arising from the training of apprenticeships, recruiting, training and deploying consultants, and the teaching of degrees in partnership with our University partners.

Revenue represents amounts receivable for services provided in the normal course of business together with non-refundable fees, exclusive of value added tax. The Group's principal activity is the provision of training courses and recognises revenue from rendering services upon delivery of training. The undelivered amount is included within deferred income and the majority is expected to be recognised within the next 12 months. Revenue relating to the expected unused portion of training contracts is recognised over the term of the contract period. The estimation of the unused portion is updated annually. Third party revenues arising from services outsourced on behalf of customers are recognised gross where the Group is the principal in the arrangement with the associated risks and rewards flowing to the Group.

Skills licenses and subscriptions

Skills licenses sold to our training customers are typically 12-month non-cancellable licenses providing courses at pre-agreed rates that are pre-paid, and then drawn down by the customer as needed. Revenue is recognised upon the delivery of training, as the performance obligation is satisfied. Cloud Academy and Circus Street licenses are sold as 12-month non-cancellable license which allow the customer unrestricted use of the platform over the license term. Revenue is recognised straight line over the license period.

The undelivered amount is included within deferred income and the majority is expected to be recognised within the next twelve months. The estimate of the unused portion at the end of a skills license is updated annually.

Levy income

The Group provides courses paid for through the Apprenticeship levy, with funding drawn from the relevant funding bodies in England and Scotland. The performance obligation is the provision of educational and training services to apprentices over a period of time and therefore revenue is recognised over time and differs from the cash funding profile from the funding body. For apprenticeships that require an End Point Assessment (being the final assessment to ensure an apprentice can do the job they are training for) this is treated as a separate performance obligation and the transaction price is allocated using the cost-plus method. End Point Assessment revenue is recognised at a point in time, when the End Point Assessment has been successfully completed.

Higher education

The Group provides educational programmes on a full or part time basis, including programmes leading to MSc and BSc designations to individuals. Programme revenue is recognised over the period of teaching, on a monthly basis in a straight-line manner over time. For the provision of services, there is no significant judgement required to determine when the customer benefits from that service, as the benefits are received over the period of teaching at the same point in time as the revenue is recognised.

Talent

There are two Talent services from which revenue is derived; Recruit, Train, Deploy ("RTD") and skills bootcamps. For RTD, we recruit and train graduates looking for a technical role predominantly on a twelve-to-sixteen-week training programme at our academy who are then deployed at customer sites to provide consulting services over a contract period of up to two years. Alongside our academy trained tech specialists, we also employ senior tech specialists to assist in the provision of consulting services.

The customers receive benefits from the consultancy services provided as the Group, via the consultant, performs the service. Therefore, the performance obligation is deemed to be satisfied over time. Customers are invoiced monthly in arrears on a time and materials basis.

Under the skills bootcamp programme we recruit and train graduates for a specific customer whereby the graduate would join the customer at the start or at the end of a training programme. We recognise revenue on skills bootcamp straight line over the period that the training is provided. In some cases, the customer contracts include variable consideration. In this case the Group estimates the level of variable consideration that will be earned. Some of our customers take on our RTD tech specialists for which a transfer fee is paid. This is recognised upon transfer.

Finance income and finance costs

Finance income comprises the interest income on external bank deposits which are recognised in the consolidated income statement in the year using the effective interest method. Finance costs comprise the interest expense on external borrowings and intra-group loans which are recognised in the consolidated income statement (under the effective interest rate method) in the period in which they are incurred.

Share based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 22. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Government grants

Where the Group receives government grants this is netted against the associated costs which the grant is funding.

Capitalisation of development costs

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if all of the following conditions have been demonstrated:

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

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Capitalised software and development costs are amortised on a straight-line basis over their expected economic lives, normally between 3 and 5 years. Computer software under development is held at cost less any recognised impairment loss. Any impairment in value is recognised within the consolidated income statement. Expenditure related to software as a service is expensed to the consolidated income statement as incurred.

Taxation

Taxation comprises current and deferred tax. It is recognised in the profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Consolidated Financial Statements for the year ended 31 May 2024

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is valued at the prevailing rates at which it is expected to unwind.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials for the courseware that have been incurred in bringing the inventories to their present location and condition.

Investments in associates

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Investments in associates relate to joint ventures with university partners, and throughout this report we refer to these using interchangeable terms as joint ventures or associates.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration over the fair value of the identifiable net assets acquired. Goodwill arising on acquisition of subsidiaries and businesses is capitalised as an asset.

Goodwill is allocated to cash generating units and is subject to an annual impairment review, with any impairment losses being recognised immediately in the consolidated income statement. Goodwill is not amortised.

Other intangible assets

Initial recognition of other intangible assets Customer relationships, tradenames and content and materials acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values. Finite-lived intangible assets are subsequently accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. The estimated useful lives for the period are as follows:

- Customer relationships - 5 to 17 years;
- Tradename - 20 years; and
- Content and platforms - 3 to 5 years.

Amortisation has been presented within administration expenses.

Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in "Impairment testing of goodwill, other intangible assets and property, plant and equipment" when there is an indicator of impairment.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in profit or loss within other income or other expenses.

Property, plant and equipment

Property plant and equipment are measured at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates based on the following economic lives in order to write off the cost less estimated residual value of each asset over its estimated useful life.

- Short-term leasehold improvements - straight line over the life of the lease;
- Fixtures, fittings and equipment - straight line over 2 to 5 years; and
- Right of Use Asset - straight line over the life of the lease.

Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at the cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually in accordance with accounting standards (IAS 36). All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value in-use.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget or forecast, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements.

Discount factors are determined for the cash-generating units and reflect current market assessments of the time value of money and asset-specific risk factors. Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed (up to the carrying value of the asset with no impairment being recognised) if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. For a provision to be recognised, it must be probable that the Group will be required to settle the obligation, and it must be possible for 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When 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).

Dilapidations

Where the Group has a legal obligation to restore leased properties at the end of the lease term, a dilapidations provision is recognised and represents management's estimate of the present value of future cash flows, including an amount for wear and tear costs which are likely to be incurred throughout the lease term.

The costs are recognised as an asset at inception of the lease and are included within leasehold improvements.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances. Balances held with money market funds are presented as cash where their maturity is less than three months.

Trade and other receivables

Financial instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They include trade and other receivables, bank balances and cash and loans to subsidiary undertakings, are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Pension costs and other post retirement benefits

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

Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life or the end of the lease term. The estimated useful lives of right of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments; and
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets in "property, plant and equipment" and lease liabilities in "loans and borrowings" in the statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery (such as photocopiers) that have a lease term of 12 months or less and leases of low-value assets (assets that fall below the Group's capital equipment recognition policy), including IT equipment.

The Group recognises the lease payments associated with these assets as an expense on a straight-line basis over the lease term.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured 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

Financial assets and liabilities (continued)

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 (FVTPL) are recognised immediately in profit or loss. Classification of financial assets Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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. On the other hand, 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 in profit or loss and is included in the "finance income" line item. The Group does not have any financial assets measured at fair value through other comprehensive income or FVTPL.

Impairment of financial assets

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

Credit losses are recognised as being the ECL within 12 months of the reporting date unless there has been a significant increase in credit risk, in which case lifetime credit losses are recognised.

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

Derecognition of financial assets

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

Financial liabilities

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, or 2) it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in finance costs.

Financial assets and liabilities (continued)

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised 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 remaining amount of change in the fair value of liability

is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability. Fair value is determined in the manner described in note 25.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments, as appropriate, to manage its exposure to interest rate risks, including interest rate swaps.

Details of derivative financial instruments are disclosed in note 20. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the income statement immediately.

Going concern

The Group's cashflow from operating activities of £48.0m (2023: £40.0m) and balance sheet strength enabled the wider Group to refinance its debt facilities and reduce its external debt by £25.0m (2023: £30.0m) while also funding debt issue costs of £10.0m. In addition, it supported the Group to acquire the remaining shares held by management in Circus Street for £11.9m and end the year with cash of £23.5m (2023: £62.4m).

The forecasting process undertaken by the Directors recognises the inherent uncertainty of the current economic environment where inflationary and recessionary risks are heightened. The Directors believe, given Group performance across the recent economic pressures, that trading results will remain robust and that there are growth opportunities for the business to pursue. However, the Directors have assessed various revenue and cashflow scenarios that factor in the impact of an economic recession on the demand for the Group's services. The analysis confirmed the Group has sufficient liquidity and is forecast to comply with its financial covenants.

In October 2023 the Group entered into a new financing agreement with a term loan of £265m and revolving credit facility of £40m. The facilities are in place until October 2029 and April 2029 respectively.

On this basis, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing and approving these financial statements. In making this assessment, the Directors have considered the cash flow forecasts of the Group, the availability of financial resources and facilities and compliance with covenants.

Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Exceptional costs

Exceptional costs are items that are unusual because of their size, nature or incidence and which the Directors consider should be disclosed separately to enable a full understanding of the Group's results.

Exceptional costs are recognised in the consolidated income statement in the period they are incurred.

Items classified as exceptional are as follows:

Acquisition and disposal related costs

Acquisition costs relate to the deferred acquisition costs of Circus Street London Limited. No further costs, with the exception of share based payment costs, are expected to be incurred going forward in respect of this past transaction. Disposal costs relate to the Group's review of whether it should divest of the Higher Education business.

Restructuring costs

Restructuring costs of £5.4m (2023: £3.7m) have been incurred in the year as a result of the changes to bring the Group's Learning businesses together, including rebranding costs and consultancy costs incurred as well as the restructuring of the Group's Talent business.

Property expenses

Property expenses of £1.3m (2023: £nil) were incurred in the year largely as a result of unutilised costs associated with a new property for the Higher Education business.

Strategic Review and digital transformation

Strategic review and digital transformation costs of £6.1m (2023: £0.9m) have been incurred in the year as the Group looks to leverage new technologies. The most significant of these being the implementation of a customer relationship management software for the Higher Education business.

Cyber related costs

The Group has net income of £nil (2023: £1.0m) in the year related to the Cyber incident in September 2021. The income in the year relates to costs reimbursed by insurers. These one-off costs are significant in size and will not be incurred under the ongoing structure or operating model of the Group.

Share based payment cost

The Group issued share options to employees during the year as set out in note 22. The Group valued these share options and recognised a cost of £2.3m (2023: £1.8m) in the year.

Other specific items

Other specific items are recorded in exceptional costs where they do not form part of the underlying trading activities of the Group. Further details are provided in note 4.

Research and development

These development costs, net of related research and development investment tax credits, are not amortised until the products or technologies are commercialised or when the asset is available for use, at which time, they are amortised over the estimated life of the commercial production of such products or technologies.

The amortisation method and the life of the commercial production are assessed annually, and the assets are tested for impairment whenever an indication exists that an asset might be impaired.

During the year the Group has expended £1.2m (2023: £1.0m) of research and development expenditure.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies described above, 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 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 revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Higher education provisions

A key estimation in calculating the revenue and bad debt provisions within the higher education business is using historical data to predict future defaults or student drop out rates. If the actual experience differs from the assumptions in the provision, this could result in a material difference to the revenue recognised in the higher education business.

Critical accounting judgements

In the opinion of the directors there are no critical accounting judgements impacting the Group or Company.

Parental Guarantee

The Group has provided the following subsidiaries with a parental guarantee in accordance with section 479C of the Companies Act. As such, advantage has been taken of the audit exemption available for the below named subsidiaries only, conferred by section 479A of the Companies Act, relating to the audit of individual financial statements.

The subsidiaries taking advantage of this exemption are:

- Seckloe 208 Limited
- QA Limited
- Focus Project Management (Europe) Limited
- QAHE Holdings Limited
- QA Gateway Limited
- QA Talent Limited
- Circus Street London Limited

The Directors acknowledge their responsibilities for the above-named companies, for:

- Ensuring the company keeps adequate accounting records which comply with section 386 of the Companies Act 2006; and
- Preparing financial statements which give a true and fair view of the state of affairs of the Company at 31 May 2024 and of its profit or loss for the year then ended in accordance with the requirements of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to the financial statements so far as applicable to the company.

Notes to the Consolidated Financial Statements for the year ended 31 May 2024

2. Revenue

All revenue was primarily derived from sales in the United Kingdom and the United States with a small proportion related to other territories. The Group's revenue is derived from the provision of services to customers. The following table shows the impact of the acquisition accounting adjustment of deferred revenue (i.e. the unwinding of fair value adjustment to acquired deferred revenue) on reported revenues.

	2024 £'m	2023 £'m
UK	336.0	322.0
USA	21.0	24.6
Other	3.7	4.6
Revenue before deferred income adjustment	**360.7**	**351.2**
Deferred income adjustment	-	(0.2)
Revenue	**360.7**	**351.0**

3. Operating profit

Operating profit is stated after charging:	Note	2024 £'m	2023 £'m
Depreciation - owned assets	13	4.0	2.9
Depreciation - right of use assets	13	4.5	4.9
Amortisation of intangibles	12	31.6	29.5
Training materials	14	5.9	5.5
Salary costs	5	158.0	163.2
Exceptional items	4	14.8	28.5
Research costs		1.2	1.0

The analysis of auditor's remuneration is as follows:

Subsidiary audit fees	0.3	0.4
Total audit fees	**0.3**	**0.4**
Taxation advisory services	**0.1**	**0.1**
Total non-audit fees	**0.1**	**0.1**

Fees for the audit of the Company for the year ended 31 May 2024 were less than £0.1m and this was also the case in the prior year ended 31 May 2023. Fees to the auditors for non-audit assurance services were less than £0.1m for the current and prior financial year. Fees payable to the auditor for tax advisory services were less than £0.1m for the current and prior financial year.

4. Exceptional costs

	2024 £'m	2023 £'m
Acquisitions and disposals	0.3	16.2
Restructuring	5.4	3.7
Strategic review and digital transformation	6.1	0.9
Property expenses	1.3	-
Cyber related costs	-	(1.0)
Share based payment cost	2.3	1.8
Other specific items	(0.6)	1.8
Exceptional costs excluding impairment of intangibles	**14.8**	**23.4**
Impairment of intangibles (note 12)	-	5.1
Total exceptional costs	**14.8**	**28.5**

Acquisition costs relates to the deferred acquisition costs of Circus Street London Limited. No further costs, with the exception of share based payment costs, are expected to be incurred going forward in respect of this past transaction. Disposal costs relate to the Group's review of whether it should divest of the Higher Education business.

Restructuring costs of £5.4m (2023: £3.7m) have been incurred in the year as a result of the changes to bring the Group's Learning businesses together, including rebranding costs and consultancy costs incurred as well as the restructuring of the Group's Talent business.

Strategic review and digital transformation costs of £6.1m (2023: £0.9m) have been incurred in the year as the Group looks to leverage new technologies. The most significant of these being the implementation of a customer relationship management software for the Workforce Learning and Higher Education businesses.

Property expenses of £1.3m (2023: £nil) were incurred in the year largely as a result of unutilised costs associated with a new property for the Higher Education business.

The Group has net income of £nil (2023: £1.0m) in the year related to the Cyber incident in September 2021. The income in the prior year relates to costs reimbursed by insurers.

There was an impairment charge relating to intangibles of £nil (2023: £5.1m) with the prior year charge relating to software that was assessed to have £nil value following changes to the Group's technology strategy.

Other specific items include legal and professional costs in relation to significant non-recurring projects. In the prior year, the Group incured expenses associated with both the buy-back of loan notes during the year in addition to due diligence costs incurred as part of the refinancing of long term debt which occurred during 2023. In the current year the Group capitalised part of these transaction costs which resulted in a credit to exceptional costs of £0.4m.

Notes to the Consolidated Financial Statements for the year ended 31 May 2024

5. Staff costs

	2024 £'m	2023 £'m
Wages and salaries	137.6	142.9
Social security costs	16.1	15.3
Pension costs	4.3	5.0
	158.0	**163.2**

Staff costs include redundancy and other exceptional costs of £4.5m (2023: £3.8m). See note 4 for further details.

'Pension costs' include only the defined contribution scheme charge.

The average monthly number of employees during the year, including Directors that are paid by the Group, was as follows:

	2024 No.	2023 No.
Learning, teaching and consulting services	967	1,012
Sales and administration	1,610	1,697
	2,577	**2,709**

	2024 £'m	2023 £'m
Directors' Remuneration		
Directors' emoluments	0.4	0.7
Directors' pension contributions to money purchase pension schemes	-	-
	0.4	**0.7**
Number of Directors accruing benefits under:		
Defined contribution scheme	**1**	**1**

Information regarding the highest paid Director is as follows:

	2024 £'m	2023 £'m
Emoluments	**0.4**	**0.7**

Total remuneration to key management personnel, including remuneration to Directors, is disclosed within note 27, Related Party Transactions. Director pension costs are less than £0.1m (2023: less than £0.1m).

Company

The Company does not pay staff costs, as it has no employees. The Company has not made any payments to Directors during the year. The Directors do not believe that it is practicable to allocate their time between the Group companies. The payments were borne by another Group company.

6. Finance Income, costs and other gains and losses

Finance Income:	2024 £'m	2023 £'m
Bank interest receivable	0.9	0.5
Total finance income	**0.9**	**0.5**

Finance costs	2024 £'m	2023 £'m
Bank loan interest	24.3	0.9
Interest on intra-group loans	38.2	34.6
Interest on lease liability	2.3	2.2
Total finance costs	**64.8**	**37.7**

Other gains and losses		
Net gain arising on derecognition of financial liabilities measured at amortised cost	0.1	-
Fair value movement on derivatives*	(0.3)	-
Total other gains and losses	**(0.2)**	**-**

* includes the movement on interest rate contracts on the Group's debt.

Derivatives are used as appropriate by the Group. There is a derivative liability of £0.3m in the Statement of Financial Position as at 31 May 2024 (2023: £nil). See note 20.

Notes to the Consolidated Financial Statements for the year ended 31 May 2024

7. Taxation

Analysis of the tax charge

The tax charge on loss before tax for the year was as follows:

	2024 £'m	2023 £'m
Current tax:		
UK corporation tax	(9.0)	4.7
Adjustment in respect of prior periods	(0.7)	(2.1)
Total	**(9.7)**	**2.6**
Deferred tax:		
Origination and reversal of timing differences	(3.9)	(6.8)
Adjustment in respect of prior periods	0.6	0.2
Effect of change of tax rates	-	2.3
Total	**(3.3)**	**(4.3)**
Total Tax (credit)/charge	**(13.0)**	**(1.7)**

During the year ended 31 May 2024 UK Corporation tax has been calculated at a rate of 25% (2023: 20% being 19% until 31 March 2023 and 25% thereafter) on estimated assessable profits for the year.

7. Taxation (continued)

Analysis of the tax charge

The tax charge on loss before tax for the year was as follows:

	2024 £'m	2023 £'m
Loss before tax	(39.8)	(70.2)
Loss multiplied by the standard rate of corporation tax in the UK of 25% (2023: 20%):	(10.0)	(14.0)
Effects of:		
Expenses not deductible for tax purposes (including interest)	0.3	17.8
Associate profits taxed in associate entity	(1.9)	(2.0)
Effect of overseas tax rates	-	(3.8)
Effect of changes in tax rate	-	2.4
Adjustment in respect of prior periods	(0.1)	(2.0)
Utilisation of brought forward losses	(1.3)	-
Deferred tax not recognised	-	(0.1)
Tax on loss	**(13.0)**	**(1.7)**

Excluding the £8.9m credit from Group relief the tax credit in the current year is higher (2023: lower) than the standard tax as a result of the level of the Group's disallowable expenses, related principally to interest which is non-deductible under the Corporate Interest Restriction rules.

Notes to the Consolidated Financial Statements for the year ended 31 May 2024

8. Dividend paid and proposed

No dividends have been paid or proposed by the Group or the Company (2023: nil).

9. Goodwill

Cost	£'m
At 31 May 2022	**32.5**
Exchange differences	0.1
At 31 May 2023 and at 31 May 2024	**32.6**
Impairment	
At 31 May 2022, 31 May 2023 and 31 May 2024	**(1.6)**
Net book value	
At 31 May 2023	**31.0**
At 31 May 2024	**31.0**

Allocation of goodwill to cash generating units

For the purpose of annual impairment testing, goodwill is allocated to the cash generating units expected to benefit from the business combinations in which the goodwill arises. The carrying value of the cash generating units (including goodwill) is compared to its recoverable value:

	2024 £'m	2024 £'m	2024 £'m	2023 £'m	2023 £'m	2023 £'m
	Goodwill	Other Assets / (Liabilities)	Total Carrying Value	Goodwill	Other Assets / (Liabilities)	Total Carrying Value
Learning	30.5	58.1	88.6	30.5	44.5	75.0
Funded Learning	-	14.8	14.8	-	13.8	13.8
Higher Education	0.5	(41.0)	(40.5)	0.5	(41.1)	(40.6)
Total goodwill	**31.0**	**31.9**	**62.9**	**31.0**	**17.2**	**48.2**

9. Goodwill (Continued)

The recoverable amount of each segment was determined based on value-in-use calculations, covering a five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful life. The present value of the expected cash flows of each cash generating unit is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the Group. An impairment charge of £nil (2023: £nil) arose from this review.

Recoverable amount of each CGU	**2024 £'m**	**2023 £'m**
Learning	315.9	365.9
Funded Learning	109.2	154.7
Higher Education	404.8	443.8

Growth rates

Terminal value has been calculated using a long term growth rate of 3% per annum, in line with the target long term inflation rates expected for the sector.

Discount rates

The pre tax discount rate applied is 13.6% (2023: 14.9%). Management estimates discount rates that reflect the current market assessment of the time value of money and the risks specific to each CGU at the date of assessment. The pre-tax discount rates are derived from the Group's post-tax weighted average cost of capital which has been calculated using the capital asset pricing model, the inputs of which include risk free rates, equity risk premiums, size premiums and risk adjustments.

Sensitivity

The estimate of recoverable amount is particularly sensitive to the discount rate, growth rate and operating cashflow. The below table shows the impact of reasonably possible changes in these assumptions and their impact on the recoverable value stated in the table above.

	Growth Rate		**Discount Rate**		**Cashflow**	
	+1%	**-1%**	**+2%**	**-2%**	**+10%**	**-10%**
Learning	40.1	(31.5)	(70.7)	115.1	35.1	(35.1)
Funded Learning	12.5	(9.8)	(26.2)	42.9	12.1	(12.1)
Higher Education	72.7	(53.3)	(111.4)	211.1	45.0	(45.0)

The Board has actively reviewed the forecasts associated with the CGUs noting the assumptions used, the sensitivity analysis performed and the ability of the businesses to adapt to challenging economic environments in which they operate, and is satisfied that no impairments are necessary at 31 May 2024.

10. Investments in associates

	2024 Group investments in associates £'m
Cost	
At 31 May 2022, 31 May 2023 and 31 May 2024	**1.8**
Impairment	
At 31 May 2023 and 31 May 2024	**1.8**
Net Book Value	
At 31 May 2023 and 31 May 2024	**-**

The Group's investment is in CPI Limited (Hong Kong) which is held through M2 Education (Hong Kong) Limited. The Group impaired the value of the investment to nil reflecting the uncertainty over receipt of further dividends.

11. Joint ventures

Name of joint venture	Principal activity	Place of incorporation	Principal place of business	Proportion of ownership interest and voting rights held by the Group	
				31/05/2024	31/05/2023
Northumbria London Campus Limited	Provision of Higher Education Services	England	Sutherland Building, Nortumbria University, Ellison Place, Newcastle Upon Tyne, England NE1 8ST	49.9%	49.9%
Roehampton Pathway Campus Limited	Provision of Higher Education Services	England	Grove House, Roehampton Lane, London United Kingdom SW15 5PJ	49.9%	49.9%
Branch Campus (London and Birmingham) Limited NI	Provision of Higher Education Services	Northern Ireland	Murray House, 4 Murray St., Belfast, Northern Ireland BT1 6DN	49.0%	49.0%
Solent Pathway Campus Limited	Provision of Higher Education Services	England	Finance Services, East Park Terrace, Southampton, Hampshire, England SO14 0YN	49.0%	49.0%

The above joint ventures are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in note 1.

The Group's investments in joint ventures are valued at £16.7m (2023: £9.4m) with Northumbria London Campus Limited contributing £16.4m (2023: £9.4m) to this. Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts in joint ventures financial statements prepared in accordance with IFRS Accounting Standards.

11. Joint ventures (continued)

Northumbria London Campus Limited	2024 £'m	2023 £'m
Current assets	64.6	43.6
Current liabilities	(48.2)	(34.0)
Net Assets	**16.4**	**9.6**
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	0.1	0.3

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements.

Northumbria London Campus Limited	2024 £'m	2023 £'m
Net assets of joint venture	16.4	9.6
Proportion of the Group's ownership interest in the joint venture	8.2	4.8
Other adjustments	8.2	4.6
Carrying amount of the Group's interest in the joint venture	**16.4**	**9.4**

12. Other intangible assets

	Customer relationships £'m	Tradename £'m	Content and materials £'m	Software and development costs £'m	Total £'m
Cost					
At 31 May 2022	**269.8**	**19.6**	**17.1**	**37.3**	**343.8**
Additions from development	-	-	-	14.9	14.9
Disposals	-	-	-	(1.5)	(1.5)
Exchange differences	-	-	-	0.6	0.6
At 31 May 2023	**269.8**	**19.6**	**17.1**	**51.3**	**357.8**
Additions from development	-	-	-	14.1	14.1
Disposals	-	-	-	(0.3)	(0.3)
Exchange differences	(0.1)	-	(0.1)	-	(0.2)
At 31 May 2024	**269.7**	**19.6**	**17.0**	**65.1**	**371.4**
Amortisation					
At 31 May 2022	**137.8**	**5.7**	**10.4**	**18.1**	**172.0**
Charge for year	15.1	1.0	2.2	11.2	29.5
Disposals	-	-	-	(1.5)	(1.5)
Impairment	-	-	-	5.1	5.1
Exchange differences	-	-	-	0.9	0.9
At 31 May 2023	**152.9**	**6.7**	**12.6**	**33.8**	**206.0**
Charge for year	14.9	1.0	2.2	13.5	31.6
Disposals	-	-	-	-	-
Exchange differences	-	-	-	-	-
At 31 May 2024	**167.8**	**7.7**	**14.8**	**47.3**	**237.6**
Net Book Value					
At 31 May 2023	**116.9**	**12.9**	**4.4**	**17.5**	**151.7**
At 31 May 2024	**101.9**	**11.9**	**2.2**	**17.8**	**133.8**

There was an impairment charge relating to intangibles of £nil (2023: £5.1m) relating to software that was assessed to have £nil value following changes to the Group's technology strategy.

Notes to the Consolidated Financial Statements for the year ended 31 May 2024

13. Property, plant and equipment

	Right of use assets £'m	Short term leasehold improvements £'m	Fixtures, fittings and equipment £'m	Total £'m
Cost				
At 31 May 2022	**68.3**	**21.5**	**19.9**	**109.7**
Additions	8.4	2.9	1.1	12.4
Disposals	(13.3)	(3.9)	(0.4)	(17.6)
At 31 May 2023	**63.4**	**20.5**	**20.6**	**104.5**
Additions	4.1	5.5	2.6	12.2
Disposals	(3.8)	(3.1)	(1.7)	(8.6)
At 31 May 2024	**63.7**	**22.9**	**21.5**	**108.1**
Depreciation				
At 31 May 2022	**29.7**	**13.5**	**15.4**	**58.6**
Disposals	(13.3)	(3.9)	(0.4)	(17.6)
Charge for year	4.9	0.9	2.0	7.8
At 31 May 2023	**21.3**	**10.5**	**17.0**	**48.8**
Disposals	(3.8)	(2.5)	(1.8)	(8.1)
Charge for year	4.5	1.8	2.2	8.5
At 31 May 2024	**22.0**	**9.8**	**17.4**	**49.2**
Net book value				
At 31 May 2023	**42.1**	**10.0**	**3.6**	**55.7**
At 31 May 2024	**41.7**	**13.1**	**4.1**	**58.9**

During the year the Group has recognised a cost of £7.4m (2023: £7.1m) in respect of leases including depreciation of £4.5m (2023: £4.9m) and interest of £2.9m (2023: £2.2m).

14. Inventories

	2024 £'m	2023 £'m
Training material and goods for resale	0.1	0.1

In 2024, training materials of £5.9m (2023: £5.5m) were recognised as an expense during the period and included in 'cost of sales'. The value of inventories is stated after provision for obsolescence of £nil (2023: £nil).

15. Trade and other receivables

	2024 £'m	2023 £'m
Amounts falling due within one year		
Trade receivables	34.0	39.6
Accrued income	10.5	11.1
Corporation tax	15.0	5.2
Prepayments	12.2	13.7
	71.7	**69.6**

No interest is charged on outstanding trade receivables. Trade receivables are stated after a provision of £8.8m (2023: £8.0m). Accrued income includes £nil (2023: £2.0m) of related party receivables (see note 28).

Trade Receivables

Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Of the trade receivables balance at the end of the year, £1.4m (2023: £1.1m) is due from the Group's largest customer. There are no other customers who represent more than 5 per cent of the total balance of trade receivables.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of trade receivables on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 180 days past due because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group defines default of a trade receivable 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. The Group will then write off the trade receivable balance. None of the trade receivables that have been written off is subject to enforcement activities.

15. Trade and other receivables (continued)

Trade Receivables

As at 31 May, the analysis of trade receivables and Lifetime ECL by risk profile is set out below:

	Gross carrying amount 2024 £'m	Lifetime ECL 2024 £'m	Net carrying amount 2024 £'m
Not past due	28.3	(2.8)	25.5
< 30 days past due	5.4	(0.4)	5.0
30 - 60 days past due	1.8	(0.2)	1.6
60 - 180 days past due	7.3	(5.4)	1.9
Total	**42.8**	**(8.8)**	**34.0**

	Gross carrying amount 2023 £'m	Lifetime ECL 2023 £'m	Net carrying amount 2023 £'m
Not past due	31.2	(2.7)	28.5
< 30 days past due	7.0	(0.4)	6.6
30 - 60 days past due	1.6	(0.1)	1.5
60 - 180 days past due	7.8	(4.8)	3.0
Total	**47.6**	**(8.0)**	**39.6**

16. Cash and cash equivalents

	2024 £'m	2023 £'m
Cash at bank and in hand	23.5	62.4
Cash and cash equivalents in the statement of cash flows	**23.5**	**62.4**

17. Trade and other payables: amounts falling due within one year

	2024 £'m	2023 £'m
Amounts falling due within one year		
Trade payables	16.6	17.1
Social security and other taxes	7.5	8.9
Amounts owed to Group undertakings	4.9	-
Other creditors	36.7	54.3
Accrued expenses	27.7	31.9
Deferred income	85.3	94.2
Total	**178.7**	**206.4**

Amounts owed to Group undertakings due within one year are repayable on demand and attract no interest. Other creditors includes £28.3m (2023: £34.0m) of payables to related parties. See note 28.

Other creditors includes £nil (2023: £11.9m) of deferred consideration in relation to the exercise of the put/call option over the remaining shares owned by management in Circus Street London Limited. The payment was contingent upon FY23 EBITDA performance. The deferred consideration was recognised in the Consolidated Income Statement as an employment cost as the earnout was subject to shareholders remaining as an employee of the Group. This was recognised over the employment period.

Notes to the Consolidated Financial Statements for the year ended 31 May 2024

18. Loan and borrowings

	Current 2024 £'m	Non-current 2024 £'m	Total 2024 £'m	Current 2023 £'m	Non-current 2023 £'m	Total 2023 £'m
Bank loans	20.0	255.7	275.7	-	0.3	0.3
Intra-group loans	-	287.9	287.9	-	500.3	500.3
Lease liabilities	7.7	43.9	51.6	5.3	46.9	52.2
	27.7	**587.5**	**615.2**	**5.3**	**547.5**	**552.8**

In October 2023, the Group entered into a senior credit and a revolving credit facility included in bank loans above. The revolving credit facility attracts interest at SONIA +3.75% and the facility is available until 2029. The senior credit facility, is repayable in 2029 and attracts interest at SONIA +6.0%. Intra-group loans are repayable in 2047 and attract interest at a rate of 10.0% (2023: 10.0%). The intra-group loans are considered to be related party transactions. Further disclosure is included in note 28 of the Group financial statements. The bank loans are secured via a fixed and floating charge over all of the assets of the Group.

The Directors consider that the carrying value of loans approximates their fair value.

19. Provisions

	2024 £'m	2023 £'m
Dilapidations		
At start of year	5.9	4.9
Utilised in the year	(0.9)	(0.5)
Recognised in the year	-	1.8
Released	(0.3)	(0.4)
Unwind of discount on provision	0.2	0.1
Total	**4.9**	**5.9**
Onerous contracts		
At start of year	0.5	1.4
Utilised in the year	(0.4)	(0.9)
Total	**0.1**	**0.5**
Restructuring and other		
At start of year	0.8	-
Utilised in the year	(0.8)	(0.6)
Recognised in the year	2.0	1.4
Total	**2.0**	**0.8**
Current liabilities	4.0	2.8
Non-current liabilities	3.0	4.4
Total Provisions	**7.0**	**7.2**

The provision for dilapidations represents management's best estimate of the future dilapidations associated with leased properties. The provisions are based on the best estimate of the Directors, with reference to past experience, of the expected future cash flow. The cash flows are expected to occur between 1 and 15 years. The provision has not been discounted to reflect the time value of money as it is not considered material..

The provision for onerous contracts includes both vacant leasehold property provisions and the provision for onerous customer contracts. The cash flows are expected to occur in between 1 and 3 years. The payments may vary depending on whether negotiated positions can be achieved with landlords. The range of outcomes is not expected to be material.

Restructing provisions are for redundancy costs and are expected to be utilised within 1 year.

Should a provision ultimately prove to be unnecessary then it is credited back into the Consolidated Income Statement. Where the provision was originally established as an exceptional cost, any release is shown as an exceptional credit.

Notes to the Consolidated Financial Statements for the year ended 31 May 2024

20. Derivative financial instruments

The Group's derivative financial instruments are measured at fair value and are summarised below:

	2024 £'m	2023 £'m
Interest rate swap	(0.3)	-
Total	**(0.3)**	**-**

To reduce the interest rate risk of changes in SONIA the Group entered into a cap and collar arrangement commencing 31 May 2024. The notional principal is £150.0m and it terminates on 31 May 2026. The instrument caps SONIA at 6% and has a collar rate of 3.655%. A loss of £0.3m (2023: £nil) is included within Finance Income for the year. See note 6 to the financial statements.

As at the balance sheet date of 31 May 2024, the value of the interest rate cap/collar was a liability of £0.3m (2023: £nil).

21. Deferred tax

	2024 £'m	2023 £'m
Temporary differences	29.8	34.0
Net deferred tax liability	**29.8**	**34.0**
Amounts brought forward	34.0	38.6
Charge/(credit) for the year	(3.5)	(4.6)
Balance at end of year-deferred tax liability	**30.5**	**34.0**
Amounts brought forward	2.5	2.8
Charge/(credit) for the year	(0.1)	(0.3)
Deferred tax assets	**2.4**	**2.5**

Deferred tax assets relate predominantly to fixed asset timing differences. The deferred income tax assets disclosed above are deemed to be recoverable. The majority of the deferred taxation balance is expected to reverse after more than 12 months.

The Group has an unrecognised deferred tax asset of £3.8m (2023: £4.8m) in respect of unrecognised tax losses as it is not expected they can be utilised in the foreseeable future. The Group does not have any unrecognised deferred tax liabilities.

22. Called up share capital

Ordinary shares of £1 each	Shares No.	Share Capital £'m
At 31 May 2023 and 31 May 2024	**6,787,604**	**6.8**

The Company has authorised and issued 6,787,604 (2023: 6,787,604) Ordinary shares of £1 each at par which were issued for cash. Each share carries pari passu voting and distribution rights. During the year, the Company issued nil (2023: 6,787,504) Ordinary A shares for consideration of £nil (2023: £6.8m).

Share Based Payments

During the year ended 31 May 2024, the Group issued nil (2023: 30,025) shares to management. Vesting of the shares occurs at two points; 80% of the shares are vested at the balance sheet date with the remaining 20% vesting on change of control of the Group. The estimated value of the shares granted is £nil (2023: £2.7m).

This has resulted in a charge to the consolidated income statement in the year ended 31 May 2024 of £0.2m (2023: £1.8m) during the year.

The market value of the shares at the grant date is calculated using the Black-Scholes formula. The key assumptions used in the calculation are set out below:

Grant Date	**2023 Awards**	**2022 Awards**	**2021 Awards**
Expected volatility	43.1%	32.2%	31.8%
Expected term	2.0 years	4.0 years	3.0 years
Risk free rate	0.9-3.9%	0.7%	0.2%
Dividend yield	0.0%	0.0%	0.0%

22. Called up share capital (continued)

	Shares 2024 no.	Weighted average exercise price 2024 £	Shares 2023 no.	Weighted average exercise price 2023 £
Outstanding at beginning of year	16,286	-	12,014	-
Granted during the year	-	-	32,865	-
Forfeited during the year	(3,767)	-	(2,301)	-
Vested during the year	-	-	(26,292)	-
Expired during the year	-	-	-	-
Not vested at the end of the year	**12,519**	**-**	**16,286**	**-**
Vested at the end of the year	**50,076**	**-**	**65,144**	**-**

23. Reserves

Retained earnings reserve
The retained earnings reserve represents cumulative profit or losses, net of dividends.

Share premium reserve
This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Group, as well as from the translation of liabilities that hedge the Group's net investment in a foreign subsidiary.

Share based payment reserve
The share-based payment reserve represents the fair value of equity-settled instruments granted to employees based on the Group's estimate of equity instruments that will eventually vest.

24. Retirement benefit schemes

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of the trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. The total costs charged of £4.3m (2023: £5.0m) represent contributions payable to these schemes by the Group at rates specified in the rules of the plans. Contributions payable to the schemes at the year end were £0.9m (2023: £1.5m).

25. Financial instruments

The Group's activities expose it to a number of financial risks including liquidity, price risk and credit risk. The Group does not use derivative financial instruments for speculative purposes. The Group's principal financial instruments are amounts receivable from customers, cash, bank overdrafts and bank loan.

As at 31 May 2024 the Group's indebtedness amounted to £615.2m including lease liabilities (2023: £552.8m) of which £287.9m (2023: £500.3m) is intra-group loans. The Group's indebtedness increased due to the draw down of debt in October 2023 as set out in note 18.

Liquidity risk

Liquidity risk is the risk that the Group will have insufficient liquid resources available to fulfil its operational plans and/or to meet its financial obligations as they fall due.

In order to maintain liquidity and to ensure that sufficient funds are available for ongoing operating and future developments, the Group operates a centralised treasury function, features of which includes intercompany cash transfers and management of operating lease contracts.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The Group's principal financial assets are bank balances and trade receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of provisions for doubtful debts. Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk other than with UK government bodies. The remaining exposure is spread over a large number of counterparties and customers.

Price risk

The Group is exposed to limited price risk and historically market prices have shown a high level of stability.

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

Interest rate risk

The Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group uses interest rate swaps to minimise its exposure to interest rate risks, details of the interest rate swap can be found in note 20.

25. Financial instruments (continued)

Fair values of financial assets and liabilities

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: unobservable inputs for the asset or liability.

Interest rate swaps – Level 2

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

The following table sets out the carrying value of the Group's financial assets and liabilities by category:

25. Financial instruments (continued)

The following table sets out the carrying value of the Group's financial assets and liabilities by category:

	2024 £'m	2023 £'m
Financial assets		
Amortised cost		
Cash and bank balances	23.5	62.4
Trade and other receivables	34.0	39.6
	57.5	**102.0**
Financial liabilities		
Amortised cost		
Trade and other payables	81.0	91.3
Other financial liabilities measured at amortised cost (see note 18)	563.7	500.6
	644.7	**591.9**
FVTPL		
Deferred consideration	-	11.9
Interest rate cap/collar	0.3	-
	0.3	**11.9**

26. Capital commitments

The Group has capital commitments relating to property, plant and equipment of less than £0.1m (2023: £0.6m).

27. Ultimate parent company

The Directors regard Ichnaea Jersey Topco Limited, a company registered in Jersey as the immediate Parent Company, and IndigoCyan Holdings Jersey Limited, a company registered in Jersey, as the ultimate parent company. IndigoCyan Holding Jersey is controlled by funds managed by CVC Credit Partners LLC.

28. Related party transactions

Other Related Parties

The Group's immediate parent Ichnaea Jersey Topco Limited has provided the Group with loans totalling £287.9m (2023: £261.7m). These loans accrued interest of £33.4m (2023: £30.6m) during the year. The Group's parent IndigoCyan Bidco Limited has provided the Group with loans payable/(receivable) of £(36.5)m (2023: £238.6m). A net repayment of £287.9m was made during the year (2023: repayment of £46.8m).

Joint Venture Partners

The Group's Higher Education business has partnerships with its University partners to deliver degree programs through Branch campuses. These are held through joint venture arrangements. During the course of the year the Group paid net interest income of £1.3m (2023: £0.5m) to these joint venture partners, and made sales of £22.5m (2023: £16.8m) and received a £0.8m dividend (2023: £0.4m). At the balance sheet date the Group owed the joint ventures £28.3m (2023: £34.0m) included in other creditors. In addition to this the Group's University partners receive student funding on behalf of the Group and remit this to QA. During the year the Group received funds from its University Partners totalling £54.0m (2023: £27.8m) and made purchases of £3.3m (2023: £9.2m) and at the balance sheet date the partners owed the Group £1.7m (2023: £9.2m debtor).

Key Management Compensation

Key management personnel are deemed to be the Directors and executive management Board. Remuneration for key management personnel is £3.4m (2023: £5.1m). Amounts payable to defined contribition schemes in respect of key management personnel are £0.1m (2023: £0.1m).

	2024 £'m	2023 £'m
Salaries and short-term benefits	3.0	4.0
Termination benefits	0.4	0.7
Share-based payment	-	0.4
Total	**3.4**	**5.1**

29. Net cash flow from operating activities

	2024 £'m	2023 £'m
Loss for the year	(26.8)	(20.8)
Adjustments for:		
Net finance costs	63.9	37.2
Gain on derecognition of financial liabilities	(0.1)	-
Fair value movement on derivatives	0.3	-
Gain/loss on modification/disposal of lease liabilities	0.7	(0.7)
Depreciation	8.5	7.8
Amortisation of intangibles excluding software and development	18.1	18.3
Amortisation of intangibles relating to software and development	13.5	11.2
Impairment charges - goodwill and intangibles	-	5.1
Share based payments	2.3	4.2
Income tax	(13.0)	(1.7)
Decrease in provisions	(2.2)	(2.0)
	92.0	79.4
Changes in:		
Decrease in receivables	8.7	6.5
Decrease in payables	(25.7)	(16.9)
	(17.0)	(10.4)
Taxation paid	(0.2)	(8.2)
Net cash inflow from operating activities	**48.0**	**40.0**

Notes to the Consolidated Financial Statements for the year ended 31 May 2024

29. Net cash flow from operating activities (continued)

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	At 1 June 2022 £'m	Financing cash flows £'m	Fair value adjustments £'m	Other changes* £'m	At 31 May 2023 £'m
Bank loans	0.3	-	-	-	0.3
Intra-group loans	504.1	-	-	(3.8)	500.3
Lease liabilities	48.3	(6.7)	-	10.6	52.2
Total	**552.7**	**(6.7)**	**-**	**6.8**	**552.8**

	At 1 June 2023 £'m	Financing cash flows £'m	Fair value adjustments £'m	Other changes* £'m	At 31 May 2024 £'m
Bank loans	0.3	274.4	-	1.0	275.7
Intra-group loans	500.3	(302.2)	-	89.8	287.9
Lease liabilities	52.2	(7.9)	-	7.3	51.6
Interest rate swaps	-	-	0.3	-	0.3
Total	**552.8**	**(35.7)**	**0.3**	**98.1**	**615.5**

* Other changes include interest accruals and recognition of the lease liability.

30. Events subsequent to the balance sheet date

There have been no events subsequent to the balance sheet date requiring disclosure.

31. Non-IFRS measures

Table 1 : Financials

£'m	2024	2023
Revenue	360.7	351.2
Gross profit	208.3	206.6
Operating expenses	158.7	154.5
Adjusted EBITDA	80.7	84.8

Table 2 : Key performance indicators

	2024	2023
Revenue growth (£'m)	9.5	33.1
Adjusted EBITDA (£'m)	80.7	84.8
Free cash flow (£'m)	37.2	34.2
Learners (No.'000)	519	538

Table 3 : Adjusting items

£'m	2024	2023
Adjusted EBITDA	**80.7**	**84.8**
Deferred revenue adjustment (note 2)	-	(0.2)
Depreciation and amortisation	(40.1)	(37.3)
Impairment of Fixed Assets and Goodwill	-	(5.1)
Tax on share of joint venture partner results and other related adjustments	(1.6)	(2.2)
Exceptional costs	(14.8)	(23.4)
Finance income, finance costs and other gains and losses	(64.1)	(37.2)
Other one-off adjustments	0.1	(1.8)
Loss for the for year before taxation	**(39.8)**	**(22.4)**

Notes to the Consolidated Financial Statements for the year ended 31 May 2024

Table 4 : Material Contractual Commitments

£'m	Less than 1 year	More than 1 year	2024 Total	2023 Total
Senior debt facility	-	255.7	255.7	0.3
Revolving credit facility**	20.0	-	20.0	-
Lease commitments	7.7	43.9	51.6	52.2
Total	**27.7**	**299.6**	**327.3**	**52.5**

**£65m of the revolving credit facility remained undrawn at year end.

Table 5 : Free Cash Flow

£'m	2024	2023
Adjusted EBITDA	80.7	84.8
Working Capital Movement	(13.6)	(18.3)
Taxation paid	(0.2)	(8.2)
Capital expenditure	(21.7)	(17.4)
Lease payments	(7.9)	(6.7)
Free Cash Flow	**37.3**	**34.2**

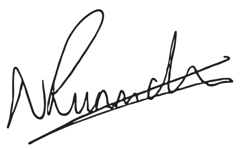
32. Amounts due from Group undertakings

Amounts due from group undertakings	**Group 2024 £'m**	**Group 2023 £'m**
Amounts due from Group undertakings	228.7	177.0

Company Statement of Financial Position
As at 31 May 2024

	Note	2024 £'m	2023 £'m
Non-current Assets			
Investment in subsidiary	2	617.1	617.1
Current Assets			
Trade and other receivables	3	53.4	17.0
Total Assets		**670.5**	**634.1**
Liabilities			
Current Liabilities			
Trade and other payables	4	(173.4)	(154.9)
Loans and borrowings		(20.0)	-
Derivative financial instruments	5	(0.3)	-
		(193.7)	(154.9)
Non-current Liabilities			
Loan and borrowings	6	(543.5)	(500.3)
		(543.5)	(500.3)
Total Liabilities		**(737.2)**	**(655.2)**
Net Liabilities		**(66.7)**	**(21.1)**
Equity			
Share capital	7	6.8	6.8
Retained earnings		(73.5)	(27.9)
Total Equity		**(66.7)**	**(21.1)**

The Parent Company's loss for the financial year was £45.6m (2023: £38.1m). The financial statements of Ichnaea UK Bidco Limited (registered company number 02413137) were approved and authorised for issue by the Board of Directors on 4 October 2024.



Signed on behalf of the Board of Directors by:

Nathan Runnicles
Director

Company Statement of Changes in Equity
For the year ended 31 May 2024

	Notes	Share capital £'m	Retained earnings £'m	Total equity £'m
As at 31 May 2022		**-**	**10.2**	**10.2**
Loss for the year		-	(38.1)	(38.1)
Total comprehensive loss for the year		-	(38.1)	(38.1)
Ordinary share issue in the year	7	6.8	-	6.8
As at 31 May 2023		**6.8**	**(27.9)**	**(21.1)**
Loss for the year		-	(45.6)	(45.6)
Total comprehensive loss for the year		-	(45.6)	(45.6)
As at 31 May 2024		**6.8**	**(73.5)**	**(66.7)**

Notes to the Company Financial Statements for the year ended 31 May 2024

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation of parent financial statements

The Company's financial statements are presented in Sterling (£) and all values are rounded to the nearest hundred thousand pounds (£0.1m) except where otherwise indicated. The financial statements of the Company present the results of the Company for the year to 31 May 2024, and the prior year comparative to 31 May 2023. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") as the Company is a qualifying entity.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but takes advantage of the following disclosure exemptions available under FRS 101 (where required equivalent disclosures are given in the consolidated financial statements):

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The Company's accounting policies are the same as those set out in the consolidated financial statements except for the following.

Investments in subsidiaries

Subsidiaries are entities over which the Company has power to govern the financial and operating policies so as to obtain benefits from its activities. They are deconsolidated from the date on which control ceases. Investments in subsidiaries are stated at cost less any provision for impairment. The investments in subsidiaries are considered for impairment on an annual basis.

Critical accounting judgements and key sources of estimation uncertainty

In application of the Company's accounting policies described above the Directors 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 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 revision and future periods if the revision affects both current and future periods.

The following critical accounting estimates have had the most significant effect on amounts recognised in the financial statements:

Impairment of non-financial assets

The Group's impairment test for the carrying value of investments and intercompany loans is based on either on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset.

1. Accounting Policies (continued)

The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the strategic plan for the next three years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the estimate of expected future cash-inflows and the growth rate used for extrapolation purposes. Further information on the Group's approach is set out in the Group's accounting policies on page 69.

There are no further judgements related to the Company.

Staff costs

The Company does not pay staff costs, as it has no employees. The Company has not made any payments to Directors during the year (2023: nil). The Directors do not believe that it is practicable to allocate their time between the Group companies. The payments were borne by another Group company.

2. Investments

	Investments in subsidiaries 2024 £'m	Investments in subsidiaries 2023 £'m
Cost		
At the start of the year	943.6	936.8
Additions	-	6.8
At the end of the year	**943.6**	**943.6**
Accumulated impairment charges		
At the start and end of the year	(326.5)	(326.5)
Net Book Value	**617.1**	**617.1**

The Company owns the following subsidiary undertakings, which are included in the Group's consolidation (except where noted as being acquisitions after the balance sheet date):

Name	Country of incorporation	Ownership	Principal activity	Class of holding
Entities with registered office: International House, 1 St Katherine's Way, London, E1W 1UN				
Seckloe 208 Limited	England and Wales	100%	Holding company	Ordinary
QA Limited*	England and Wales	100%	Provision of training services	Ordinary
Focus Project Management (Europe) Limited*	England and Wales	100%	Non-trading	Ordinary
QAHE Holdings Limited*	England and Wales	100%	Holding company	Ordinary
QAHE (Ulst) Limited*	England and Wales	100%	Provision of higher education	Ordinary
QAHE (NU) Limited*	England and Wales	100%	Provision of higher education	Ordinary
QAHE (UR) Limited*	England and Wales	100%	Provision of higher education	Ordinary
QAHE (SU) Limited*	England and Wales	100%	Provision of higher education	Ordinary
QAHE Limited*	England and Wales	100%	Provision of higher education	Ordinary
QAHE Services Limited*	England and Wales	100%	Provision of higher education	Ordinary

2. Investments (continued)

Name	Country of incorporation	Ownership	Principal activity	Class of holding
QAHE (MDX) Limited*	England and Wales	100%	Provision of higher education	Ordinary
QAHE Solent Limited*	England and Wales	100%	Non-trading	Ordinary
QAHE (LM) Limited*	England and Wales	100%	Provision of higher education	Ordinary
QAHE Pathways Limited*	England and Wales	100%	Provision of higher education	Ordinary
QA Gateway Limited*	England and Wales	100%	Non-trading	Ordinary
QA Consulting Services Limited*	England and Wales	100%	Non-trading	Ordinary
QA Talent Limited*	England and Wales	100%	Provision of consultancy services	Ordinary
Circus Street London Limited*	England and Wales	100%	Non-trading	Ordinary
Entities with registered office: 4th Floor, VC House, 4-6 Lan Street, Central, Hong Kong				
M2 Education (Hong Kong) Limited*#	Hong Kong	100%	Provision of higher education	Ordinary
Entities with registered office: 530 Fifth Avenue, Suite 703, 10036 New York, United States				
QA Americas Inc*	United States of America	100%	Holding company	Ordinary
QA USA Inc*	United States of America	100%	Provision of on-line training services	Ordinary
QA Consulting USA Inc*	United States of America	100%	Non-trading	Ordinary
Entities with registered office: Via Penate 16, 6850 Mendrisio, Switzerland				
Cloud Academy Sagl*	Switzerland	100%	Software and content developer	Ordinary
Entities with registered office: c/o Kellaway Cridland Ptd Limited, Suite 1802, Level 18, 9-13 Hunter Street, Sydney, NSW 2000, Australia				
Circus Street Australia Pty Limited*	Australia	100.0%	Provision of on-line training services	Ordinary

* Indirect subsidiaries

The Group has commenced with a process of disposing of its investment in Hong Kong

3. Trade and other receivables

	2024 £'m	2023 £'m
Amounts falling due after one year:		
Loans to Group undertakings	53.4	17.0
Total	**53.4**	**17.0**

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

4. Trade and other payables: amounts falling due within one year

	2024 £'m	2023 £'m
Amounts falling due within one year:		
Accrued expenses	5.0	-
Amounts owed to Group undertakings	168.4	154.9
Total	**173.4**	**154.9**

Amounts owed to Group undertakings due within one year are repayable on demand, unsecured and attract interest at 4.5% (2023: 4.5%). Of the balance, £1.8m (2023: £nil) is due to IndigoCyan Holdco 3 Limited.

Notes to the Company Financial Statements for the year ended 31 May 2024

5. Derivative financial instruments

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company does not trade in derivative financial instruments for speculative purposes. The Company does not apply hedge accounting and the movements in the fair value of the derivatives are recognised in the Consolidated Income Statement at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

The Company's derivative financial instruments are measured at fair value and are summarised below:

	2024 £'m	2023 £'m
Interest rate cap/collar	(0.3)	-
Total	**(0.3)**	**-**

To reduce the interest rate risk of changes in SONIA the Group entered into a collar of 3.66% and a cap of 6.0% commencing 31 May 2024. The notional principal is £150.0m and it terminates on 31 May 2026.

Fair values of financial assets and liabilities

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows: Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

Interest rate swaps – Level 2

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Company and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

6. Loan and borrowings

	Current 2024 £'m	Non-Current 2024 £'m	Total 2024 £'m	Current 2023 £'m	Non-Current 2023 £'m	Total 2023 £'m
Bank loans	20.0	255.6	275.6	-	-	-
Intra-group loans	-	287.9	287.9	-	500.3	500.3
	20.0	**543.5**	**563.5**	**-**	**500.3**	**500.3**

In October 2023, the Group entered into a senior credit and a revolving credit facility included in bank loans above. The revolving credit facility attracts interest at SONIA +3.75% and the facility is available until 2029. The senior credit facility, is repayable in 2029 and attracts interest at SONIA +6.0%. Intra-group loans are repayable in 2047 and attract interest at a rate of 10.0% (2023: 10.0%). The intra-group loans are considered to be related party transactions. Further disclosure is included in note 28 of the Group financial statements.

The Directors consider that the carrying value of loans approximates their fair value.

7. Called up share capital

	2024 shares no.	2024 Share Capital £'m	2023 shares no.	2023 Share Capital £'m
At start of year	6,787,604	6.8	100	6.8
Issued for cash	-	-	6,787,504	-
At end of year	**6,787,604**	**6.8**	**6,787,604**	**6.8**

The Company has authorised and issued 6,787,504 (2023: 6,787,504) Ordinary shares of £1 each at par which were issued for cash. Each share carries pari passu voting rights. 6,787,504 shares were issued during the period in the prior year (2024: nil).

The Company's immediate and ultimate controlling party is disclosed in note 27 to the Group financial statements.

8. Events subsequent to the balance sheet date

There have been no events subsequent to the balance sheet date requiring disclosure.

9. Related party transactions

The Group's immediate parent Ichnaea Jersey Topco Limited has provided the Group with loans totalling £287.9m (2023: £261.7m). These loans accrued interest of £33.4m (2023: £30.6m) during the year. The Group's parent IndigoCyan Bidco Limited has provided the Group with loans payable/(receivable) of £(36.5)m (2023: £238.6m). A net repayment of £287.9m was made during the year (2023: repayment of £46.8m).

Cautionary statement

This document contains various forward-looking statements that reflect management's current views with respect to future events and anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statements as to historical facts or present facts or circumstances.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future.

Forward-looking statements are not guarantees of future performance and the Group's actual financial condition, results of operations and cash-flows, and the development of the industry in which the Group operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this document. In addition, even if the Group's financial condition, results of operations, and cash-flows and the development of the industry in which it operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, no assurance can be provided that they will materialise or prove to be correct. Because these forward-looking statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements.

The information contained in this Report has been prepared on the basis of the knowledge and information available to Directors at the date of its preparation and the Group does not undertake any obligation to update or revise this Report during the financial year ahead.

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2024

Company information

International House
1 St Katherine's Way
London
E1W 1UN

Solicitors

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London
United Kingdom
EC4Y 1HS

Auditor

Deloitte LLP
1 City Square
Leeds
LS1 2AL