

Starcrest Education Limited

(Incorporated and registered in Cayman Islands with
registered number 337619)

**Annual Report and Financial Statements
For the Year Ended 31 December 2021**

Starcrest Education Limited
Annual Report and Financial statements for the year ended 31 December 2021

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COMPANY INFORMATION

Directors

Xiao Jun Zhang
Peng Luo
Lim Hun Soon @ David Lim
Jasbeer Singh A/L Banta Singh

Company number

337619

Registered Office

Starcrest Education Limited
Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Financial Adviser and Broker

Allenby Capital Limited
5 St. Helen's Place
London
EC3A 6AB

Company Secretary

Nigel Cartwright

STRATEGIC REPORT

Introduction

I am pleased to report the final results for the year ended 31 December 2021.

Strategy and Transactions

Upon the Company's admission to trading on 31 January 2019, Starcrest initially had a strategic focus on opportunities in the Chinese education sector, as well as in the UK and Europe. However, the Company's international strategy has been constrained by the measures imposed in response to the COVID-19 pandemic. Accordingly, the Company now intends to provide premier education services and products in the UK and Europe. In September 2021, the Company's shareholders approved its intention to change its name from "Starcrest Education The Belt & Road Limited" to "Starcrest Education Limited" to better reflect our new strategic focus.

In line with the Group's strategy, we have been proactively seeking relevant acquisition opportunities that fit with Starcrest's search criteria and that offer attractive growth potential.

In August 2021, with uncertainties as a result of the COVID-19 pandemic a major contributory factor, the Company announced its decision to no longer proceed with the Company's previously stated intention to acquire 60% of the issued share capital of The London School of Science and Technology Limited ("LSST"), as first announced on 18 September 2019.

At the same time, Starcrest announced its intention to acquire up to 80% of the issued share capital of National Training Company Limited ("NTC"). Subsequently, in December 2021, the Company announced the cancellation of its intended acquisition of NTC. The Directors considered NTC to be an excellent opportunity for the Company, however, due to market conditions, the Company was not able to proceed with the reverse takeover.

Post period end, on 23 March 2022, the Company announced that it had signed an agreement with Fairview International School (UK) Limited, for an advance of up to £1 million ("Advance Agreement"). As part of the terms of the Advance Agreement, Starcrest and Fairview have also agreed to acquire an interest in several Fairview IB World Schools (together the "Proposed Acquisition") subject to negotiation on the specific details.

Fairview is the largest network of IB World Schools with 5 campuses across Malaysia and Scotland being the latest addition to the network. Fairview has been in education for over 4 decades and was recognised as among the Top 1% Global IB Schools for excellence in its academic achievement for the last 2 years.

Results and Trading

As of 31 December 2021, the Group had cash balances of £42,427. Loss before tax for the year ended 31 December 2021 was £1,391,381.

The majority of the losses reported in the year, representing approximately £0.95m, is attributed to professional fees and associated costs relating to the reverse takeover project in 2021 and funds incurred in legal and financial due diligence.

Working Capital and Going Concern

As at 31 May 2022, funds held at our banks equated to £65,479. The agreement with Fairview has provided an advance of up to £1 million of which the Company has drawn £200,000.

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The Board has reviewed its cash flows for the next 12 months on two scenarios, having taken into account current overheads and projected costs associated with the due diligence on the Proposed Acquisition. Further details of the scenarios can be found in Note 4 to the financial statements.

Having considered the cash flow forecast scenarios, the Directors have identified circumstances that give rise to material uncertainties that may cast significant doubt on the ability of the Company and Group to continue as a going concern. Further details can be found in Note 4 to the financial statements.

Annual General Meeting

We anticipate our Annual General Meeting will be held in August 2022. The Company will notify shareholders of our proposed date and venue when the Annual Accounts are circulated.

Summary and Outlook

Throughout the period, the Company remained proactively seeking acquisition targets that fit its search criteria and offer attractive growth potential and returns to shareholders.

Post period end, following their appointments to the Board in April 2022 we are also pleased to announce that Lim Hun Soon @ David Lim and Jasbeer Singh A/L Banta Singh have been appointed as the interim Co-Chairman of the Company. Lim Hun Soon @ David Lim and Jasbeer Singh A/L Banta Singh bring extensive relevant financial and legal expertise across a broad range of businesses at this transformational time in the Company's development.

We would like to take this opportunity to thank the Company's shareholders for their continued support and all employees for their hard work.

The Directors look forward to updating the market with our progress as and when possible.

Xiao Jun Zhang
Executive Director
30 June 2022



CORPORATE GOVERNANCE REPORT

Introduction

As a Cayman Islands registered company and a company with a Standard Listing from 31 January 2019 on the London Stock Exchange, the Company is not required to comply with the provisions of the UK Corporate Governance Code. Nevertheless, the Directors are committed to maintaining high standards of corporate governance as overseen by the Chairman and, so far as is practicable given the Company's size and nature, are in the process of voluntarily adopting and complying with the Quoted Companies Alliance Code ("QCA Code").

The Board has established three committees: Audit committee, Nominations committee and Remuneration committee. The Audit committee is required to review the integrity of the financial results of the Company expressed in the annual report and accounts and other relevant public announcements of the Company. The Remuneration committee is required to ensure that remuneration arrangements are aligned to support the implementation of the Company's strategy and effective risk management for the medium to long-term. The Remuneration committee is also required to ensure that the remuneration policy encourages and rewards the right behaviours, values and culture. See details of Directors' Remuneration in Note 11. The Nomination committee is required to ensure there is a robust process for the appointment of new Directors. It will consider succession plans and possible candidates for future Board roles. If necessary, the Nomination committee will provide support to the Interim Co-Chairman in taking the steps to remove any underperforming director.

In addition, the Company entered into a relationship agreement with all shareholders, to ensure the independence and management of the Company in relation to the day-to-day management, affairs and governance of the Company.

As the Company is a cash shell, the Board has adopted those elements of the QCA code which are pertinent to finding a potential acquisition and in doing so, they have not fully adopted all provisions of the code.

Leadership

The Board is currently comprised of the following persons, unless otherwise stated:

Xiao Jun Zhang

Peng Luo

Lim Hun Soon @ David Lim (Appointed on 4 April 2022)

Jasbeer Singh A/L Banta Singh (Appointed on 4 April 2022)

Nicholas Petford DSc (Resigned on 4 April 2022)

Norman Cumming (Resigned on 4 April 2022)

John McLean OBE (Resigned on 20 June 2022)

Mr Peng Luo is also considered a main shareholder by virtue of his indirect significant securities (57.38%) in the Company as at 31 December 2021. Mr Zhang has interest of 7.88% respectively in the Starcrest Education Limited's shares at 31 December 2021.

The terms and conditions of appointment of the non-executive Directors are available for inspection at the Company's registered office.

CORPORATE GOVERNANCE REPORT (Continued)

Role of the Board

The Board has responsibility for setting the Company's core values and standards of business conduct and for ensuring that these, together with the Company's obligations to its stakeholders, are widely understood throughout the Company. The Board sets the Company's strategy, ensuring that the necessary resources are in place to achieve the agreed strategic priorities, and reviews management and financial performance. It is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and monitoring the Company's affairs within a framework of controls which enable risk to be assessed and managed effectively. The Board has a formal schedule of matters reserved which is detailed later in this report.

Board Meetings

The core activities of the Board are carried out in scheduled meetings of the Board and its Committees. These meetings are timed to link to key events in the Company's corporate calendar. Outside the scheduled meetings of the Board, the Directors maintain frequent contact with each other to keep them fully briefed on the Company's operations.

Matters reserved specifically for Board

The Board has a formal schedule of matters reserved that can only be decided by the Board. The key matters reserved are the consideration and approval of;

- The Company's overall strategy;
- Financial statements and dividend policy;
- Management structure including succession planning, appointments and remuneration (supported by the Remuneration Committee);
- Material acquisitions and disposal, material contracts, major capital expenditure projects and budgets;
- Capital structure, debt and equity financing and other matters;
- Risk management and internal controls (supported by the Audit Committee);
- The Company's corporate governance and compliance arrangements; and
- Corporate policies.

Summary of the Board's work in the period

During the period under review, the Board considered all relevant matters within its remit.

The Chairman sets the Board Agenda and ensures adequate time for discussion.

The Non-executive Directors bring a broad range of business and commercial experience to the Company and have a particular responsibility to challenge, independently and constructively, the performance of the Executive management (where appointed) and to monitor the performance of the management team in the delivery of the agreed objectives and targets. Further information of relevant experience and skills is found at the Company website:

<https://www.starcresteducation.com/index.php/key-people>.

The Board considers Lim Hun Soon @ David Lim, Jasbeer Singh A/L Banta Singh to be independent in character and judgement.

Non-executive Directors are initially appointed for a term of 12 months, which may, subject to satisfactory performance and re-election by shareholders, be extended by mutual agreement.

CORPORATE GOVERNANCE REPORT (Continued)

Other governance matters

All the Directors are aware that independent professional advice is available to each Director in order to properly discharge their duties as a Director.

Appointments

The Board is responsible for reviewing the structure, size and composition of the Board and making recommendations to the Board with regards to any required changes.

Commitments

All Directors have disclosed any significant commitments to the Board and confirmed that they have sufficient time to discharge their duties.

Induction

All new Directors receive an induction as soon as practical on joining the Board.

Conflict of interest

A Director has a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Group. The Board had satisfied itself that there is no compromise to the independence of those Directors who have appointments on the Boards of, or relationships with, companies outside the Group. The Board requires Directors to declare all appointments and other situations which could result in a possible conflict of interest.

Board performance and evaluation

The Group has a policy of appraising Board performance annually. The Group has concluded that for a company of its current scale, an internal process administered by the Board is most appropriate at this stage.

Accountability

The Board is committed to providing shareholders with a clear assessment of the Group's position and prospects. This is achieved through this report and as required in other periodic financial and trading statements.

Internal controls - The Board of Directors reviews the effectiveness of the Group's system of internal controls in line with the requirements of the QCA Code. The internal control system is designed to manage the risk of failure to achieve its business objectives. This covers internal financial and operational controls, compliances and risk management. The Group had necessary procedures in place for the period under review and up to the date of approval of the Annual Report and Accounts.

The Directors acknowledge their responsibility for the Group's system of internal controls and for reviewing its effectiveness. The Board confirms the need for an ongoing process for identification, evaluation and management of significant risks faced by the Group. A risk assessment for each project is carried out by the Directors before making any commitments.

CORPORATE GOVERNANCE REPORT (Continued)

Accountability (continued)

The Audit committee has responsibility for monitoring the Group's financial reporting. Given the size of the Group and the relative simplicity of the systems, the Board considers that there is no current requirement for an internal audit function. The procedures that have been established to provide internal financial controls are considered appropriate for a company of its size and include controls over expenditure, regular reconciliations and management accounts.

Provision of non-audit services is considered by the Audit committee. The Audit committee has considered the use of external accounting service providers for non-audit services, and all the current providers have been retained and considered appropriate.

During the period BDO LLP received fees set out in Note 12 to the Financial Statements, for acting as auditors and providing Corporate Finance advisory services. The non-audit services received were provided by separate, independent engagement teams. The Audit committee, after due consideration, consider the threats to auditor objectivity and independence, by providing this additional service, as appropriately mitigated by the safeguards in place and do not consider the auditor's independence to be impaired.

The Remuneration and Nomination committee have responsibility for agreeing the remuneration policy for senior executives and for the review of the composition and balance of the Board.

Shareholder relations, communication and dialogue

Open and transparent communication with shareholders is given high priority and the Directors are available to meet with shareholders who have specific interests or concerns. The Group issues its results to shareholders and publishes them on the Company's website.

Annual General Meeting

At every AGM individual shareholders are given the opportunity to put questions to the Chairman and to other members of the Board that may be present. Notice of the AGM will be sent to shareholders before the meeting, which is planned to be held remotely in August 2022. Details of proxy votes for and against each resolution, together with the votes withheld will be announced to the London Stock Exchange and published on the Company's website as soon as practical after the meeting.

Xiao Jun Zhang
Executive Director
30 June 2022



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DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2021. The Company is incorporated in Cayman Islands.

Results and dividends

The results for the period are shown on page 17. The Directors do not recommend the payment of a dividend for the period.

Principal activity and future developments

The principal activity of the Group is to seek acquisition opportunities, initially focusing on the education sector.

The Directors expect to continue with the Group's principal activity for the coming year.

Directors' Confirmation

Each of the Directors who are a Director at the time when the report is approved confirms that:

- (a) so far as each Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- (b) each Director has taken all the steps that ought to have been taken as a director, in order to be aware of any information needed by the Groups auditors in connection with preparing their report and to establish that the Group's auditors are aware of that information.

By Order of the Board

Xiao Jun Zhang
Executive Director
30 June 2022



STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Cayman Islands Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

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

The Directors are responsible for causing to be kept proper books of account with respect to:

- all sums of money received and expensed by the Company and Group and the matters in respect of which the receipt and expenditure takes place;
- all sales and purchases of goods by the Company and Group; and
- the assets and liabilities of the Company and Group.

They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors also confirm, in accordance with the provisions of the DTR 7.2, that:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Strategic Statement includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

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**Independent Auditor's report to the members of Starcrest
Education Limited**

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

We have audited the financial statements of Starcrest Education Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

We remain 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 FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 4 to the financial statements, which indicates that the Company and Group is reliant on completing the Proposed Acquisition in December 2022 or, in a scenario under which the Proposed Acquisition does not occur before 30 June 2023, needs to secure additional funding and an extension of their current financing arrangements which are due to expire on 11 March 2023 to enable it to continue as a going concern. As stated in note 4, these events or conditions, along with the other matters as set out in note 4, indicate the existence of material uncertainties that may cast significant doubt on the ability of the Company and Group to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

We considered the ability of the Group and the Parent Company to continue as a going concern to be a key audit matter based on the fact that the Group and Parent Company's financing arrangements are due to be repaid within one year of the date of these financial statements.

Our evaluation of the Directors' assessment of the Company's and Group's ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included:

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INDEPENDENT AUDITOR'S REPORT (Continued)

- We obtained the financing agreements entered into by the Company in March 2022 and reviewed the key terms as to the timing and availability of the financing.
- We assessed the likelihood of the Proposed Acquisition occurring and held discussions with the Directors and obtained the latest correspondence between the parties to understand the current status of negotiations.
- We obtained the going concern assessment, approved by the Directors, including detailed cash flow forecasts to 30 June 2023 and where applicable agreed this to third party documentation.
- We assessed the reasonableness of management's assumptions in the cash flow forecasts which included consideration of the ability of the Directors to defer the timing of expenditure in light of the nature of the costs of the Company and Group and their relationships with creditors. We also considered the ability of the ultimate parent entity to continue to provide the necessary financial support.
- We agreed the level of cash in the business as at 31 May 2022 to bank statements.
- We reviewed the adequacy of disclosures in note 4 to the financial statements regarding going concern in light of the cash flow forecasts prepared by the Directors and our understanding of the nature of the financing available to the Company and Group and the likelihood of the Proposed Acquisition completing.

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

Overview

Coverage	<i>100% (2020: 100%) of Group loss before tax 100% (2020: 100%) of Group expenditure 100% (2020: 100%) of Group total assets</i>		
Key audit matters		2021	2020
	Completeness of expenses	✓	
	Going concern	✓	✓
Materiality	<i>Group financial statements as a whole</i> £69,000 (2020: £65,500) based on 5% (2020: 5%) of loss before tax		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

INDEPENDENT AUDITOR'S REPORT (Continued)

In determining the scope of our audit we considered the size and nature of each component within the Group to determine the level of work to be performed at each in order to ensure sufficient assurance was obtained to allow us to express an opinion on the financial statements as a whole. The components identified as significant were Starcrest Education Limited and Starcrest Education UK PLC, which were subject to a full scope audit by the Group engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Completeness of expenditure.</p> <p>As set out in the Consolidated Statement of Comprehensive Income, the Group has recognised £1,391,381 of administrative expenses in the year to 31 December 2021.</p>	<p>On 10 December 2021, the Group aborted the acquisition of a target. As part of the aborted transaction, the Group incurred professional advisor costs. These costs can sometimes include abortive payment clauses and in addition, the invoicing for these costs can occur much later than the point at which the cost was incurred.</p> <p>In view of the proximity of the aborted transaction to the Group's year end, we consider that there is a material risk of misstatement in relation to whether the associated professional advisory costs have been recognised in the correct period. We consider this to be a key audit matter for our audit.</p>
	<p>In addressing this matter we performed the following procedures:</p> <ul style="list-style-type: none"> - We reviewed the key terms of the contracts between the Group and its professional advisors in connection with the aborted transaction; and - We tested a sample of post year end payments made by the Group and post year end invoices received by the Group to verify whether costs were recorded in the correct period. <p>Key observations: From the testing performed we consider that expenses had been recorded in the correct accounting period.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	
	2021 £	2020 £
Materiality	£69,000	£65,500
Basis for determining materiality	5% of loss before tax	5% of loss before tax
Rationale for the benchmark applied	This benchmark is considered the most appropriate as it most accurately reflects the focus of the users of the financial statements.	
Performance materiality	£51,750	£49,450
Basis for determining performance materiality	In setting the level of performance materiality we considered a number of factors including our understanding of the Group's overall control environment, the areas of estimation with the financial statements and the type of audit testing to be completed. On this basis performance materiality was set at 75% of Group materiality.	

Component materiality

We set materiality for each component of the Group based on a percentage of between 23% and 77% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £15,800 to £53,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £3,400 (2020: £3,250). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

INDEPENDENT AUDITOR'S REPORT (Continued)

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 Statement of Directors' Responsibilities, 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 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 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.

Extent to which the audit was 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 obtained an understanding of the legal and regulatory frameworks that are applicable to the Company through discussions with the Directors and review of Board minutes and other relevant documentation, which include but are not limited to compliance with the requirements of International Financial Reporting Standards adopted by the European Union, and tax legislation;
- We held discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- We reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations that have a direct effect on the financial statements;
- We requested and reviewed Board meeting minutes to obtain an understanding of any legal matters relating to the Company or Group and the status of the Proposed Acquisition;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. The financial statements are most susceptible to fraud in connection with the accurate recording of expenses and whether

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INDEPENDENT AUDITOR'S REPORT (Continued)

expenses have been recorded in the correct period. We have performed procedures to address the risk of fraud in connection with the recording of expenses as described in the Key audit matters section of our report. In addition, we addressed the risk of management override, by testing any journal entries containing material or round sum amounts, and any irregular journals together with testing over large, unusual or round sum amounts paid through bank statements during the year; and

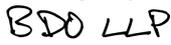
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with our engagement letter dated 22 April 2022. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

ACDBBDEF1FD247D...

BDO LLP, Chartered Accountants
Bristol, UK
Date 30 June 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Note	Year Ended 31 December 2021 £	Year Ended 31 December 2020 £
Administrative expenses		(1,391,381)	(1,537,335)
Operating loss	10	<u>(1,391,381)</u>	<u>(1,537,335)</u>
Loss before taxation		(1,391,381)	(1,537,335)
Taxation	13	<u>-</u>	<u>-</u>
Loss for the year		(1,391,381)	(1,537,335)
Other comprehensive loss			
Exchange (loss)/gain arising on translation to presentation currency		<u>(10,709)</u>	<u>209,581</u>
Total comprehensive loss for the year		<u>(1,402,090)</u>	<u>(1,327,754)</u>
Loss per share – basic and diluted (pence per share)	14	<u>(6.45)</u>	<u>(7.13)</u>

The notes on pages 22 to 31 form an integral part of these financial statements.

Starcrest Education Limited
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2021

Note	As at 31 December 2021 £	As at 31 December 2020 £
Assets		
Non-current assets		
Right-of-use assets	-	-
Total non-current assets	-	-
Current assets		
Cash and cash equivalents	16 42,427	1,454,672
Trade and other receivables	1,441	16,681
Total current assets	43,868	1,471,353
Total assets	43,868	1,471,353
Equity and liabilities		
Capital and reserves attributable to owners of the company		
Share capital	18 215,600	215,600
Share premium	19 3,454,364	3,454,364
Other reserve	-	-
Retained earnings	(4,335,160)	(2,943,779)
Foreign exchange reserves	85,444	96,153
Total equity	(579,752)	822,338
Liabilities		
Current liabilities		
Trade and other payables	17 623,620	649,015
Total liabilities	623,620	649,015
Total equity and liabilities	43,868	1,471,353

These financial statements were approved by the Board of Directors for issue on 30 June 2022 and signed on behalf by:

Xiao Jun Zhang
 Executive Director



The notes on pages 22 to 31 form an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Share capital £	Share premium £	Other Reserve £	Retained earnings £	Foreign exchange reserves £	Total equity £
Balance at 01 January 2021	215,600	3,454,364	-	(2,943,779)	96,153	822,338
Loss for the year	-	-	-	(1,391,381)	-	(1,391,381)
Other comprehensive loss for the year	-	-	-	-	(10,709)	(10,709)
Balance at 31 December 2021	215,600	3,454,364	-	(4,335,160)	85,444	(579,752)

The notes on pages 22 to 31 form an integral part of these financial statements.

Starcrest Education Limited
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Share capital £	Share premium £	Other Reserve £	Retained earnings £	Foreign exchange reserves £	Total equity £
Balance at 01 January 2020	215,600	3,454,364	-	(1,406,444)	(113,428)	2,150,092
Loss for the year	-	-	-	(1,537,335)	-	(1,537,335)
Other comprehensive loss for the year	-	-	-	-	209,581	209,581
Balance at 31 December 2020	215,600	3,454,364	-	(2,943,779)	96,153	822,338

The notes on pages 22 to 31 form an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	Note	Year Ended 31 December 2021 £	Year Ended 31 December 2020 £
Cash flows from operating activities			
Loss for the year		(1,391,381)	(1,537,335)
Decrease/(Increase) in receivables		15,240	(2,081)
Decrease in payables		(25,395)	(2,539)
Net cash used in operating activities		(1,401,536)	(1,541,955)
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the financial period		1,454,672	2,787,046
Exchange losses on cash and cash equivalents		(10,709)	209,581
Cash and cash equivalents at end of financial period	14	42,427	1,454,672

The notes on pages 22 to 31 form an integral part of these financial statements.

Starcrest Education Limited

Annual Report and Financial statements for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

Starcrest Education Limited (“the Company”) was incorporated and registered in the Cayman Islands as a private company limited by shares on 23 May 2018 under the Companies Law (as revised) of The Cayman Islands, with the name Starcrest Education The Belt & Road Limited, and registered number 337619. The Company has officially changed the name to Starcrest Education Ltd on 30 September 2021, the RNS was released on 5 October 2021.

The Company's registered office is located at Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

2. PRINCIPAL ACTIVITIES

The principal activity of the Group is to seek education related acquisition opportunities in Europe.

3. RECENT ACCOUNTING PRONOUNCEMENTS

(a) New interpretations and revised standards effective for the year ended 31 December 2021

The International Accounting Standards Board (Board) has issued an amendment to IFRS 16 Leases to make it easier for lessees to account for COVID-19-related rent concessions such as rent holidays and temporary rent reductions.

The Group's had no lease contract in the last financial year.

(b) Standards and interpretations in issue but not yet effective

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 1 January 2021. The Directors do not believe these standards and interpretations will have a material impact on the financial statements once adopted.

4. BASIS OF PREPARATION

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and prepared under the historic cost convention.

The consolidated financial statements include the audited financial statements for the Company for the year ended 31 December 2021 and its subsidiary companies (See **Note 15**).

The Group's functional currency is USD as cash raised by shareholders was in USD. The Company listed its shares on the Main market of the London Stock Exchange on 31 January 2019. The directors have decided to present the financial information in Pounds Sterling (£) rounded to nearest £1, which is the Company's presentation currency, as the Company is listed in the UK.

Going Concern

On 11 March 2022, the Company signed a loan agreement with Fairview International School (UK) Limited (Fairview) for an advance of up to £1,000,000. The loan is made available in tranches, with £200,000 received to date and further tranches totalling £800,000 to be made available for expenses incurred by the Group. The loan is repayable on the earlier of the successful completion of the reverse takeover of the Company by Fairview and the acquisition of certain Fairview IB World Schools (the Proposed Acquisition) or 12 months from the date of the loan agreement. The agreement contains a call option over up to 75% of the share capital of the Company which can be exercised at any time.

In order assess the going concern position of the Company and Group, the Directors have prepared forecasts and projections for a period of at least 12 months from the date of these financial statements under two scenarios. The first scenario is that the Proposed Acquisition of Fairview, as announced on

Starcrest Education Limited
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

4. BASIS OF PREPARATION (Continued)

23 March 2022, completes in December 2022. The expectation is that, under this scenario, sufficient additional capital will be received by the Company from new shareholders enabling repayment of the Fairview loan. Having considered the financial position of the businesses subject to the Proposed Acquisition, the Directors' expectation is that the enlarged Group will be cash generative from the date of the acquisition such that it is expected to be able to continue as a going concern. In connection with the Proposed Acquisition, discussions with the Fairview and professional advisors to support the transaction are progressing well and the Directors expect to be able to agree terms with all parties. The Group needs to agree extended payment terms with its creditors and is reliant on its immediate parent not requesting repayment of the amounts owed to it by the Company as disclosed in Note 21, in order that it is able to complete the Proposed Acquisition.

The second scenario is that the Proposed Acquisition does not take place before 30 June 2023. Under this scenario, in addition to the need to extend payment terms with creditors and avoid repayment of the amounts due to the immediate parent company as described above, the Directors intend to amend and extend the loan arrangement with Fairview and to obtain additional working capital from Fairview in order that the Group and Company can continue to meet their obligations as they fall due for a period of at least one year from the date of these financial statements. The Directors envisage such a scenario would only arise in the event that there was an unexpected delay in the timing of the Proposed Acquisition.

The existence of the circumstances above gives rise to material uncertainties that may cast significant doubt on the ability of the Group and Company to continue as a going concern, and therefore that it may not be able to realise its assets and discharge its liabilities in the ordinary course of business. However, the Directors are confident in their ability to execute the Proposed Acquisition, to raise sufficient capital from new shareholders, to agree extended payment terms with their creditors and, if necessary, obtain alternative sources of funds as described above. The Directors have received a letter of support from the immediate parent company stating that it will not seek repayment of the amounts owed by the Company prior to completing the Proposed Acquisition.

On the basis of the above, Directors have a reasonable expectation that the Company and Group will have sufficient resources to meet their obligations as they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Foreign currency translation

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Results at 31 December 2021 are translated into the presentation currency. Assets and liabilities are translated at the closing rate while income and expenses are translated at exchange rates at the dates of the transactions. Differences arising are recognised in Other Comprehensive Income in the period in which they arise.

5.2 Financial instruments

A financial asset or a financial liability is recognised only when the Group becomes a party to the contractual provisions of the instrument.

Starcrest Education Limited
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial instruments are initially recognised at the transaction price as this represents fair value, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest.

Financial assets

Financial assets are initially recognised at fair value, less transaction costs. Subsequent to initial recognition, they are recorded at amortised cost.

Financial liabilities

Financial liabilities are initially recognised at fair value less transaction costs. Subsequent to initial recognition, they are recorded at amortised cost.

5.3 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares or options in relation to ordinary shares are shown in equity as a deduction, net of taxation, from the proceeds.

5.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks and other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

5.5 Earnings per share

Basic earnings per share is computed using the weighted average number of shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares during the period plus the dilutive effect of dilutive potential ordinary shares outstanding during the year.

5.6 Leases

Where the Group enters into leases that are longer than 12 months, the Group recognises right-of-use assets measured at an amount equal to the lease liability. The lease liability is measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at date of lease commencement. Lease modifications are accounted for at the effective date of the lease modification.

6. ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Other than the assessment of going concern as described in Note 4, there are no significant accounting estimates or judgements that affect reported amounts of assets, liabilities, income and expenses in this period.

7. FINANCIAL RISK MANAGEMENT

The Group has exposure to liquidity risk, foreign currency risk and capital risks from its use of financial instruments. Credit, interest rate and market risks are not considered to be material to the Group. The Group is not subject to any external imposed capital requirements.

Starcrest Education Limited
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

7. FINANCIAL RISK MANAGEMENT (Continued)

The Group's financial instruments consist mainly of cash and accounts payable.

a) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's financial liabilities comprise amounts due to the parent company and accruals. The Group's financial assets comprise cash and cash equivalents.

b) Foreign currency risk

The impact of exchange rate fluctuations that are recognised through other comprehensive income are those that arise on translation from functional to presentation currency. The carrying amounts of the balances and transactions denominated in a currency other than the Group's presentation currency are as follows:

2021	United States Dollar	RMB
Cash at bank	5,227	-
Amounts due to the parent company	-	(175,055)
Total	5,227	(175,055)
2020	United States Dollar	RMB
Cash at bank	256,446	-
Amounts due to the parent company	-	(167,781)
Total	256,446	(167,781)

A ten percent strengthening of GBP (£) against the following currencies at 31 December would have (decreased)/increased reported equity and other comprehensive income by the following amounts:

	2021	
	Other comprehensive income	Equity
United States Dollar	(475)	(475)
RMB	15,914	15,914

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NOTES TO THE FINANCIAL STATEMENTS
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7. FINANCIAL RISK MANAGEMENT (Continued)
b) Foreign currency risk (Continued)

	2020	
	Other comprehensive income	Equity
United States Dollar	(17,081)	(17,081)
RMB	15,253	15,253

A ten percent weakening of GBP (£) against the following currencies at 31 December would have (decreased)/increased reported equity and other comprehensive income by the following amounts:

	2021	
	Other comprehensive income	Equity
United States Dollar	581	581
RMB	(19,451)	(19,451)

	2020	
	Other comprehensive income	Equity
United States Dollar	20,876	20,876
RMB	(18,642)	(18,641)

The impact of the exchange rate fluctuations that are recognised through profit or loss are those that arise on translation to functional currency. The carrying amounts of the balances and transactions denominated in a currency other than the entity's functional currency (United States Dollar) are as follows:

2021	GBP	RMB
Amounts due to the parent company	(56,164)	(235,921)
Creditors	(18,868)	-
Accruals	(529,499)	-
Trade and other receivables	1,887	
Total	<u>(602,645)</u>	<u>(235,921)</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

7. FINANCIAL RISK MANAGEMENT (Continued)

b) Foreign currency risk (Continued)

2020	GBP	RMB
Amounts due to the parent company	(56,881)	(229,005)
Creditors	(63,143)	-
Accruals	(528,873)	-
Other creditor	(7,940)	-
Trade and other receivables	21,515	-
Total	(635,321)	(229,005)

A ten percent strengthening of USD (\$) against the following currencies at 31 December would have (decreased)/increased reported equity and profit or loss by the following amounts:

	2021	
	Profit or loss	Equity
GBP	49,685	49,685
RMB	21,447	21,447

	2020	
	Profit or loss	Equity
GBP	51,749	51,749
RMB	20,819	20,819

A ten percent weakening of USD (\$) against the following currencies at 31 December would have (decreased)/increased reported equity and profit or loss by the following amounts:

	2021	
	Profit or loss	Equity
GBP	(40,651)	(40,651)
RMB	(26,213)	(26,213)

	2020	
	Profit or loss	Equity
GBP	(42,316)	(42,316)
RMB	(25,445)	(25,445)

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

7. FINANCIAL RISK MANAGEMENT (Continued)

c) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit allowances are made for estimated losses that have been incurred by the reporting date.

8. CAPITAL MANAGEMENT

The Group actively manages the capital available to fund the Group, comprising equity and reserves. The Group's objectives when maintaining capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders.

9. SEGMENT REPORTING

IFRS 8 defines operating segments as those activities of an entity about which separate financial information is available and which are evaluated by the Board of Directors to assess performance and determine the allocation of resources. The Board of Directors are of the opinion that under IFRS 8 the Group has only one operating segment. The Board of Directors assess the performance of the operating segment using financial information which is measured and presented in a manner consistent with that in the Financial Statements. Segmental reporting will be reviewed and considered in light of the development of the Group's business over the next reporting period.

10. OPERATING LOSS

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

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Foreign exchange (gains)	-	-

Administrative expenses incurred in the year principally include amounts incurred in connection with the Proposed Transaction, being legal and professional fees, together with directors and staff costs as shown in note 11.

11. STAFF COSTS AND KEY MANAGEMENT EMOLUMENTS

	Year ended 31 December 2020	Year ended 31 December 2020
	£	£
Key management emoluments		
Remuneration	202,500	178,333
	£	£
Executive Directors		
Xingchen Zhu	-	10,000
Xiaojun Zhang	107,500	63,833
Peng Luo	-	7,500

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

11. STAFF COSTS AND KEY MANAGEMENT EMOLUMENTS

Non-executive Directors

John McLean OBE	35,000	35,000
Norman Cumming	30,000	30,000
Nicholas Petford DSc	30,000	30,000
	<u>202,500</u>	<u>178,333</u>

Employees

Staff costs	<u>145,796</u>	<u>131,917</u>
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National Insurance

Employers N.I. (Directors)	15,050	5,921
Employers N.I. (Employees)	12,453	9,026
	<u>27,503</u>	<u>14,947</u>

Pension

Staff pensions (Directors)	3,225	1,375
Staff pensions (Employees)	4,200	4,121
	<u>7,425</u>	<u>5,496</u>

12. AUDITORS' REMUNERATION

The following remuneration was received by the Company's auditors:

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Remuneration for the audit of the Company's financial statements	31,580	29,625
Corporate finance services	227,300	90,000

13. TAXATION

The Company is incorporated in the Cayman Islands, and its activities are subject to taxation at a rate of 0%.

14. EARNINGS PER SHARE

The Company presents basic and diluted earnings per share information for its ordinary shares. Basic earnings per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the reporting period.

There is no difference between the basic and diluted loss per share.

	Year ended 31 December 2021	Year ended 31 December 2020
Loss attributable to ordinary shareholders (£)	(1,391,381)	(1,537,335)
Weighted average number of shares	21,560,000	21,560,000

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

14. EARNINGS PER SHARE (Continued)

Loss per share (expressed as pence per share)	(6.45)	(7.13)
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The loss per share for the period has been calculated using the weighted average number of shares in issue during the year.

15. SUBSIDIARIES

All subsidiaries which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December 2021	Proportion of ownership interest at 31 December 2020
Starcrest Education UK Plc	United Kingdom	100%	100%
Starcrest Education Management (UK) Limited	United Kingdom	100%	100%

16. CASH AND CASH EQUIVALENTS

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Cash at bank	42,427	1,454,672

Cash at bank earns interest at floating rates based on daily bank deposit rates.

17. TRADE AND OTHER PAYABLES

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Amounts due to the parent company	216,729	209,455
Accruals	107,133	387,481
Trade payables	299,758	46,262
Other creditors	-	5,817
	623,620	649,015

All payables are financial liabilities measured at amortised cost.

Amounts due to the parent company are unsecured, interest free and repayable on demand.

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For the year ended 31 December 2021

18. SHARE CAPITAL

	Number of shares	Nominal value £
Authorised		
Ordinary shares of £0.01 each	1,000,000,000	10,000,000
Issued and fully paid		
Issue of ordinary shares of £0.01 each	21,560,000	215,600

19. SHARE PREMIUM

The transaction costs of £111,177 incurred in the year ended 31 December 2019 and £291,222 incurred in the year ended 31 December 2018 have been deducted from equity.

The opening and closing balance of Share premium of £3,454,364 has been recognised.

20. RESERVES

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Other reserve	Consideration received for shares which are not yet issued.
Retained earnings	All other net gains and losses and transactions not recognised elsewhere.
Foreign exchange reserve	Gains/losses arising on retranslation of net assets from functional to presentation currency.

21. RELATED PARTY TRANSACTIONS

As at 31 December 2021, an amount of £216,729 (31 December 2020: £209,455) was owed to Starcrest Education Management Company Ltd. This amount mainly arose from business expenses paid on behalf of the Company by the parent company.

The remuneration of the Directors, the key management personnel of the Company, is set out in **note 11**.

22. ULTIMATE CONTROLLING PARTY

The immediate parent company is Starcrest Education Management Company Ltd. The ultimate parent company is Shenzhen Xing Chen Investment Holdings Limited. The ultimate controlling party is Mr Peng Luo, who is also a director of the Company.