



INTO University Partnerships Limited

Annual report for the year ended 31 July 2020

Registered number: 05507863

THE PARENT ACCOUNTS TO

INTO EXETER LIMITED (05980246)

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Directors and advisers

Directors

A J Colin
J B Sykes
S G Smale
J C Latham
J T Leeds
D S Eastwood
C J Mairs

Registered office

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Brighton
United Kingdom
BN1 4AA

Independent auditors

Grant Thornton UK LLP
Chartered Accountants
2nd Floor
St Johns House
Haslett Avenue West
Crawley
West Sussex
RH10 1DQ

Strategic report for the year ended 31 July 2020

The directors present their strategic report on the group for the year ended 31 July 2020.

Review of the business

The principal activity of the group is the provision of educational, recruitment and marketing services for international students through subsidiary undertakings and in partnership with joint ventures with universities.

The subsidiary and associated undertakings of the group are listed in Note 25 to the financial statements.

The principal activity of the company in the year under review was that of the provision of marketing, management and other corporate services including to the company's joint ventures and direct recruitment of students on behalf of partners and affiliates.

The INTO group specialises in large-scale long-term partnerships that support and drive leading universities' internationalisation goals. Through these partnerships, INTO expands opportunities for students to pursue higher education, investing in the resources, systems and processes to reach, recruit, retain and support international students through the provision of a first-class student experience.

Students benefit from university-designed and delivered programmes, highly supportive learning environments and state-of-the-art learning and living spaces while enjoying full access to their host university's facilities, resources and services. Universities benefit from access to resources and global reach beyond that which an individual institution could achieve on its own.

Results and performance

The group saw strong growth during the first half of the financial year, was on track for a very good financial performance and had embarked on continued investment focused on enhancing the group's sales, marketing and technology capabilities. The latter half of the financial year has been focused on the group's response to the COVID-19 pandemic. In common with many businesses, the temporary reduction in international student mobility significantly impacted operations and revenues globally. The group worked to transition all courses online in a short period of time and to develop its "triple" promise to give clarity to students looking to continue their studies in FY21. The group is debt free with strong cash reserves so is amongst the best placed within its sector to withstand a period of revenue interruption caused for example by the closure of visa offices, testing centres and the implementation of significant travel restrictions. The group implemented cash protection and cost saving measures to ensure that it enters the next financial year in a strong position in response to the disruption that the temporary drop in international student mobility presents. As students continue to seek out new opportunities, albeit via a mixture of online and in person delivery, this report reflects on how we, together with our partners, have responded to the changes.

The results of the group for the year, as set out on pages 13 to 18, show that overall performance for FY20 was strong due to the quick and decisive measures taken to respond to the COVID-19 pandemic. The results show turnover up 12% to £100,456k (2019: £89,428k). Management monitor and review the business on a constant foreign exchange basis including the group's share of joint venture performance. On this basis adjusted turnover is also up 3% to £201,945k (2019: £195,512k) and net EBITDA is up 11% to £22,884k (2019: £20,558k). The underlying group and share of joint ventures operating profit was in-line with the prior year at £15,430k (2019: £15,277k). The shareholders' funds for the group total £35,742k (2019: £35,198k).

Whilst the results for the year to 31 July 2020 included mitigation of COVID-19 impact, due to the timing of the recognition of student income over the period of the course, the full impact of the reduced volumes expected in the Aug – Nov 20 /Fall 20 intake will have a large impact in FY21 with a recovery expected in FY22 when it is hoped that international student mobility will be significantly restored. The Group has secured a £40m revolving credit facility with revised covenants to help to provide flexibility as required during this period. As at 31 July 2020 £10m of the facility was drawn (which was subsequently repaid after year end).

New type of partnership with the University of Arizona

Despite the challenging environment INTO continues to look to the future and as such during the year INTO was delighted to announce a new partnership with the University of Arizona to support the University of Arizona's global campus system. It is a top-tier research institution and a member of the Association of American Universities (AAU), which is composed of 65 elite research universities in the United States. The University is ranked 85th among universities around the world in the 2020 U.S. News & World Report Best Global Universities rankings. It is also ranked in the world's top 100 by reputation in the Times Higher Education 2020 World University Rankings.

The partnership will support Arizona's ambitious global strategy to provide world-class education opportunities to students wherever they are located. INTO will leverage its extensive global recruitment network to ensure students discover the opportunity and are guided to the programs most appropriate for them. Students have the option to start their academic journey at the University's main campus in Tucson, at one of the University's global campus locations, or in a blended online format where they can begin their academic program virtually, then complete their degree on campus in Tucson.

INTO Marshall strategic review

During the period INTO agreed with Marshall University that from October 2019 there would be an orderly wind down of the joint venture and its activities. INTO intends to continue to work with Marshall University to provide direct entry students (where INTO places students directly within the University) to support its continuing internationalisation goals.

University of Gloucestershire strategic review

During the period INTO agreed with the University of Gloucestershire that from September 2019, there would no longer be on-campus preparation programmes at the University's campus in Cheltenham. As such, the entity has ceased trading and its wind up is currently being undertaken.

Investing in systems and service

In this period of change the group has continued to invest in areas that it believes will allow it to thrive in the long term. In May 2020, the group acquired Schoolapply AG as part of its strategy to continue develop its technology platform to maximise student recruitment in the coming years. For more details see Note 24.

Investment in new technologies continues to be a key strategic focus for the coming year. It ensures we better serve our partners and students and enables us to drive our operating margins through a more detailed understanding of the student journey and student experience aligned with our core business values.

Office for Students

During the year INTO University Partnerships applied to the Office for Students, as the new regulator in England in relation to its English centres. INTO University Partnerships was registered in September 2020 and therefore must apply the accounts direction published by the Office for Students in its accounts for year ending 31 July 2022 (as the first financial year ending more than 12 months from registration)

Key performance indicators ("KPIs")

The Board monitors progress against the company's strategy by reference to the following KPIs:

	2020	2019 (restated, see Note 5)
	£'000	£'000
Adjusted turnover *	201,945	195,512
Net EBITDA**	22,884	20,558
Adjusted EBITDA***	26,056	28,670
Underlying group and share of joint ventures operating profit	15,430	15,277
Student satisfaction****	N/A	91%
Cash	28,992	30,237

* Adjusted turnover is calculated as statutory turnover plus the group's share of joint venture turnover. This helps INTO to ensure it is measuring the value we deliver to our Partners. Turnover is adjusted to remove discontinued operations and the prior year is presented at current year foreign exchange rates.

** Net EBITDA is a metric used by management to assess the underlying performance of the business. This metric adjusts for non-coterminous year ends and other timing movements and is measured at current year foreign exchange and includes group and share of joint ventures.

*** Adjusted EBITDA. In addition to the adjustments above, this metric also adjusts for losses incurred for both new partnerships and products, one off items and board costs, which can distort profitability. This metric is also measured at current year foreign exchange and includes group and share of joint ventures.

**** This was not undertaken in the current year due to COVID-19 making it difficult to run the survey.

	2020	2019 (restated)
	£'000	£'000
Turnover	100,456	89,428
Share of joint venture turnover	101,605	105,557
Adjust prior year at current year foreign exchange rates	-	1,551
Adjust for discontinued operations (see Strategic report)	(116)	(1,024)
Adjusted turnover (at constant foreign exchange rates)	201,945	195,512

	2020	2019 (restated)
	£'000	£'000
Group and share of joint ventures operating profit	9,808	14,490
Add: group and share of joint ventures administrative exceptional charge	5,622	787
Add: depreciation and amortisation of group	4,416	3,426
Add: share of joint ventures' depreciation and amortisation	2,060	1,847
Adjustment for non-coterminous year end and other timing movements	978	(113)
Adjustment to current year foreign exchange rates	-	121
Net EBITDA (at constant foreign exchange rates)	22,884	20,558
Board and one off costs	779	4,043
New partnership and product start-up losses	2,393	4,069
Adjusted EBITDA (at constant foreign exchange rates)	26,056	28,670

The INTO group continued to grow and develop during the year resulting in a strong financial performance for the year ended 31 July 2020 despite the COVID-19 impact. Statutory group turnover increased 12% to £100,456k (2019: £89,428k). Adjusted turnover which includes the group's share of joint venture turnover, stated at constant foreign exchange rates increased 3% to £201,945k in 2020 (2019: £195,512k).

Underlying group and share of joint ventures operating profit in the year was £15,430k, an increase of £153k on the prior year (2019: £15,277k). This growth in the underlying performance of the business has been driven by continued focus on outcomes for our partner universities and ongoing cost control initiatives.

Net EBITDA, measured at current year foreign exchange rate, is £22,884k, an increase of £2,326k on the prior year (2019: £20,558k) and the highest ever achieved by the group. This was predominantly driven by increased turnover, particularly in the UK and Asia.

The annual student satisfaction surveys were not performed in the year. They were due to run mid-March to April and it was deemed inappropriate to run the surveys at time when centres and students were dealing with the impact of COVID-19.

The year end cash balance was £28,992k (2019: £30,237k) due to the reduced forward cash received as at year end for future courses due to the impact of COVID-19. As at 31 July 2020 £10m of the £40m banking facility was drawn (which was subsequently repaid after year end).

Principal risks and uncertainties

Process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the group and the group finance department take on an important oversight role in this regard. The Audit Committee is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and the controls operate effectively.

The directors consider the following to be principal risks and uncertainties facing the company:

- global economic recession;
- changes to government regulations, particularly those affecting student visas;
- natural disasters, acts of terrorism and the consequent impact on the ability of international students to travel; and
- global pandemic and the consequent impact on the ability of international students to travel.

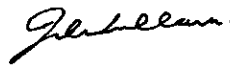
The Board actively monitor these risks on an on-going basis. New initiatives are constantly being developed to attract and retain high quality students. The Board constantly reviews competitor activity. The directors also keep abreast of risk through market awareness, investment in information systems and process improvement, building robust working relationships with partners and developing a strong senior management team.

These risks are monitored by the management board on an ongoing basis and actions taken to mitigate these risks when appropriate.

Outlook

In light of the continuing temporary reduction in international student mobility due to COVID-19, INTO anticipate a significant reduction in financial performance in the year ending 31 July 2021. The group have prepared a plan based on student volumes being reduced in the short term and have worked with our partners, staff and bankers to respond to this. INTO enters the year in a strong position due to the quick mitigating actions taken to reduce costs, preserve cash reserves and ensure the group has significant liquidity available as required. These measures and careful monitoring of mitigation plan delivery will continue into FY21 which should enable INTO to continue to invest in new products, recruitment and technology to help ensure the future business will thrive. Surveys show that students continue to demand high quality international education opportunities and as such the Board believe that INTO is well positioned to respond to the market when student mobility increases.

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



12/2/2021

John Latham, Director and Executive Chairman

Date



12/2/2021

Anmar Kawash, COO

Date

Directors' report for the year ended 31 July 2020

The directors present their annual report together with the audited consolidated financial statements of the group and company for the year ended 31 July 2020.

Future developments

Please see Strategic Report for details

Results and dividends

The profit for the financial year amounted to £6,907k (2019: £12,993k). The directors paid a dividend of £6,693k in the year (2019: £nil).

Financial risk management

The group is exposed to foreign exchange risk through the ownership of subsidiaries and joint venture operations in North America and Asia and the income generated in these regions. In order to mitigate part of the risk in relation to this income certain forward exchange contracts have been entered into as described in the accounting policies and Note 18 to the financial statements.

The group has a £40m rolling cash facility with its bankers. The financial commitments in relation to this facility are as disclosed in Note 20. Given the current low rates of interest available, the board consider the group's exposure to fluctuations in interest rates not to be significant at the present time, but this is kept under continual review.

The board do not consider the group to be subject to significant cash flow or liquidity risk and, aside from the facilities above, does not actively use any complex financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

A J Colin
D S Eastwood
J C Latham
J T Leeds
C J Mairs
S G Smale
J B Sykes

Company registration number

The company registration number is 05507863. The company is a limited company incorporated in the United Kingdom. The company's registered office is detailed on page 3.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

After considering the cash flow projections for the twelve months from the date these financial statements were issued for approval, the directors believe the group has sufficient funds to meet its liabilities as they fall due and have accordingly prepared the financial statements on a going concern basis.

The COVID 19 crisis has significantly impacted the international education sector and caused significant uncertainty over the ability of the group to recruit students in the coming months. Management have taken steps to transfer the group and joint ventures courses online whilst maintaining the quality of education offered to students both remotely and, when travel regulations permit, in person. Management have also taken steps to maintain the financial

resilience of the group in the short and long term through diligent liquidity planning including securing significant revolving credit facilities.

As a result this uncertainty has been considered as part of the groups assessment of the going concern basis in the preparation of the financial statements. In preparing this analysis the board have considered the groups ability to meet its liabilities based on various levels of reductions in student numbers, as well as a number of cost mitigation strategies that can and have been employed.

The group has a £40m facility with HSBC Bank plc which was renegotiated in the year based on the expected impact of COVID-19. This renegotiation means that a breach of the original covenant tests for the period to 31 October 21 will not be an event of default. Management will renegotiate this facility beyond this period at an appropriate time. As the current modelling does not require usage of this facility beyond the currently agreed period this is not deemed to impact the going concern of the group.

Based on these circumstances, the Board believe that it remains appropriate to prepare the financial statements on the going concern basis

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Political and charitable donations

INTO University Partnerships allocates a proportion of its profits to fund the operating costs of INTO Giving, a charity supporting educational projects for poor and disadvantaged children around the world. During the year this amounted to £129,899 (2019: £110,604).

Post balance sheet events

Post balance sheet events can be found in Note 27.

Environmental, social and community issues

The company is committed to the promotion of environmental initiatives and minimising the environmental impact of its businesses. Through focusing on creating an efficient and sustainable business the company is taking steps to reduce its on-going carbon footprint.

The INTO group is driven by the desire to provide life-changing experiences for our students. Moreover, the investment and additional revenue generated are helping to revitalise our partner universities and the local and regional economy that surrounds them. The group also works closely with INTO Giving, a charity that supports educational and humanitarian projects for some of world's poorest and most disadvantaged children. The group supports INTO Giving through fundraising activities, and through staff volunteering their time and skills. In 2019/20, INTO Giving donated £211,272 in support of educational, community and humanitarian projects in Afghanistan, Colombia, Guatemala, India, Lebanon, Nepal, Nigeria, Malawi, Uganda, the UK, US and Zambia. Over the past year, funds raised by INTO employees and students have, for example, supported an anti-sexual exploitation programme for at-risk Colombian schoolchildren, supported anti-racism and civil rights groups in the UK and US, supported COVID-19 research and relief in more than twenty countries, and girls' education in ten countries worldwide.

Employees

Consultations with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic business units and the company as a whole. Communication with all employees continues through multiple media and employee engagement surveys are conducted twice a year.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged, if required. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer a disability.

INTO publishes a gender pay gap report covering the one entity on which INTO are required by law to report, as well as voluntary reporting of other entities and organisations which help round out the picture of the gender pay gap at INTO in the UK. INTO is working towards wider reporting in this area covering all entities within the group. The full report can be obtained from the INTO corporate website at <https://intoglobal.com/corporate-information>.

Branches outside the UK

The following branches exist outside of the UK in addition to the statutory entities listed in Note 25.

- In China the regional offices in Dalian, Shanghai, Beijing and Tianjin are branches of Guangzhou INTO Education Ltd (incorporated in China).
- In China there is also a Beijing branch of DPU (Shanghai) Business Consulting Ltd (incorporated in China).
- Schoolapply AG has a branch based in Dubai.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

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

Statement of disclosure of information to auditors

The directors confirm that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

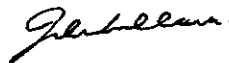
The directors are responsible for preparing the annual report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.

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

Independent auditors

The auditors, Grant Thornton UK LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Board Meeting.

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



12/2/2021

John Latham, Director and Executive Chairman

Date



12/2/2021

Anmar Kawash, COO

Date

Independent auditors' report to the members of INTO University Partnerships Limited

Opinion

We have audited the financial statements of INTO University Partnerships Limited's (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2020, which comprise: the Consolidated statement of comprehensive income, the Consolidated and Company balance sheets as at 31 July 2020, the Consolidated and Company statements of changes in equity and the Consolidated cash flow statement for the year then ended, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor'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 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

In our evaluation of the directors' conclusions, we considered the risks associated with the group's business model, including effects arising from macro-economic uncertainties such as Covid 19 and Brexit, and analysed how those risks might affect the group's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group will continue in operation.

Other information

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

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

We have nothing to report in this regard

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement on page 11, 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this 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.

Grant Thornton UK LLP

12/2/2021

Christian Heeger BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Crawley

Date

Consolidated statement of comprehensive income for the year ended 31 July 2020

Registration number: 05507853

	Note	2020 Underlying £'000	2020 Non- underlying £'000	2020 £'000	2019 Underlying (Restated) £'000	2019 Non- underlying £'000	2019 (Restated) £'000
Group turnover¹	1	100,456	-	100,456	89,428	-	89,428
Cost of sales		(26,164)	-	(26,164)	(19,344)	-	(19,344)
Gross profit		74,292	-	74,292	70,084	-	70,084
Administrative expenses	2	(60,213)	(5,662)	(65,875)	(55,698)	(396)	(56,094)
Other income	3	607	-	607	-	-	-
Loss on disposal of tangible fixed assets		-	-	-	(27)	-	(27)
Group operating profit	4	14,686	(5,662)	9,024	14,359	(396)	13,963
Existing operations		14,884	(5,662)	9,222	14,359	(396)	13,963
Acquisitions		(198)	-	(198)	-	-	-
Share of operating profits / (losses) in joint ventures	11	744	40	784	918	(391)	527
Group and share of joint ventures operating profit		15,430	(5,622)	9,808	15,277	(787)	14,490
Net interest and similar (charges) / credits							
Group	7	(1,435)	-	(1,435)	3,879	-	3,879
Share of joint ventures'	7	(663)	-	(663)	(602)	-	(602)
Profit on ordinary activities before taxation		13,332	(5,622)	7,710	18,554	(787)	17,767
Tax on profit on ordinary activities of subsidiaries	8	(1,616)	932	(684)	(4,494)	69	(4,425)
Share of joint ventures taxation	8	(124)	-	(124)	(349)	-	(349)
Profit on ordinary activities after taxation		11,592	(4,690)	6,902	13,711	(718)	12,993
Profit for the financial year		11,592	(4,690)	6,902	13,711	(718)	12,993
Currency translation difference on foreign currency net investments		423	-	423	(1,691)	-	(1,691)
Total comprehensive income		12,015	(4,690)	7,325	12,020	(718)	11,302

¹ Adjusted turnover which includes statutory turnover and share of joint ventures' turnover was £201,945k (2019: £195,512k).

Please see the Strategic Report on page 6 for details of this.

There is no material difference between the profit on ordinary activities before taxation and the profit for the current and prior financial year stated above and their historical cost equivalents.



The notes on pages 30 to 51 form part of these financial statements.

Consolidated balance sheet as at 31 July 2020

Registered in England No. 11017603

	Note	2020 £'000	2019 (Restated) £'000
Fixed assets			
Intangible assets	9	11,307	11,630
Tangible assets	10	5,963	4,809
Investments in joint ventures	11	7,441	3,849
Investments	12	150	150
Total fixed assets		24,861	20,438
Current assets			
Debtors	13	68,893	66,844
Prepayments and accrued income			
– amounts falling due within one year	13	24,533	25,591
– amounts falling due after one year	13	5,943	7,192
Cash at bank and in hand		28,992	30,237
		128,361	129,864
Creditors: amounts falling due within one year	14	(19,307)	(15,804)
Accruals and deferred income	14	(27,201)	(48,052)
Provisions for liabilities: amounts falling due within one year	15	(8,409)	(2,472)
Net current assets		73,444	63,536
Total assets less current liabilities		98,305	83,974
Creditors: Amounts falling due after more than one year	16	(10,704)	(166)
Provisions for liabilities: Amounts falling after more than one year	15	(1,541)	(969)
Liabilities in respect of joint ventures	11	(50,318)	(47,641)
Net assets		35,742	35,198
Capital and reserves			
Called up share capital	19	1,270	1,271
Share premium account		2	2
Capital redemption reserve		18	17
Hedging reserve		(88)	-
Foreign exchange translation reserve		1,222	799
Profit and loss reserve		33,318	33,109
Total shareholders' funds		35,742	35,198

The consolidated financial statements on pages 16 to 51, were approved by the Board of Directors and signed on its behalf by:

	12/2/2021		12/2/2021
John Latham, Director and Executive Chairman	Date	Anmar Kawash, COO	Date

The notes on pages 30 to 51 form part of these financial statements.

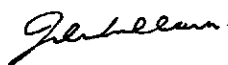
Company balance sheet as at 31 July 2020

Registered number: 03401658

	Note	2020 £'000	2019 £'000
Investments	12	36,066	36,066
		36,066	36,066
Current assets			
Debtors	13	6,236	14,120
Prepayments and accrued income	13	870	2,053
Cash at bank and in hand		189	487
		7,295	16,660
Creditors: amounts falling due within one year	14	(9,389)	(11,789)
Accruals and deferred income	14	(594)	(1,066)
Provisions for liabilities: amounts falling due within one year	15	(3,838)	(2,423)
Net current (liabilities) / assets		(6,526)	1,382
Total assets less current liabilities		29,540	37,448
Net assets		29,540	37,448
Capital and reserves			
Called up share capital	19	1,270	1,271
Share premium account		2	2
Capital redemption reserve		18	17
Hedging reserve		(88)	-
Profit and loss reserve		28,338	36,158
Total shareholders' funds		29,540	37,448

As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company. The result for the financial year ended 31 July 2020 of the parent company was a £1,127k loss (2019: £219k loss).

The financial statements on pages 16 to 51, were approved by the Board of Directors and signed on its behalf by:



12/2/2021

John Latham, Director and Executive Chairman

Date



12/2/2021

Anmar Kawash, COO

Date

The notes on pages 30 to 51 form part of these financial statements

Consolidated statement of changes in equity for the year ended 31 July 2020

GROUP	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Hedging reserve £'000	Translation reserve £'000	Profit and loss reserve £'000	Total shareholders' funds £'000
As at 1 August 2018	1,277	2	-	-	2,490	20,827	24,596
Prior year restatement (Note 5)	-	-	-	-	-	(866)	(866)
As at 1 August 2018 (restated)	1,277	2	-	-	2,490	19,961	23,730
Profit for the financial year	-	-	-	-	-	13,484	13,484
Prior year restatement (Note 5)	-	-	-	-	-	(491)	(491)
Profit for the financial year (restated)	-	-	-	-	-	12,993	12,993
Movements in relation to the Management Incentive Plan	(6)	-	17	-	-	-	11
Charge for equity settled share based payments	-	-	-	-	-	155	155
Translation Reserve	-	-	-	-	(1,691)	-	(1,691)
As at 31 July 2019	1,271	2	17	-	799	33,109	35,198
Profit for the financial year	-	-	-	-	-	6,902	6,902
Movements in relation to the Management Incentive Plan	(1)	-	1	-	-	-	-
Dividends	-	-	-	-	-	(6,693)	(6,693)
Movement in Hedging reserve	-	-	-	(88)	-	-	(88)
Translation Reserve	-	-	-	-	423	-	423
As at 31 July 2020	1,270	2	18	(88)	1,222	33,318	35,742

The credit to the capital redemption reserve during the year represents the buy back of shares associated with the management incentive scheme.

The notes on pages 30 to 51 form part of these financial statements

Company statement of changes in equity for the year ended 31 July 2020

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Hedging reserve £'000	Profit and loss reserve £'000	Total shareholders' funds £'000
As at 1 August 2018	1,277	2	-	-	36,222	37,501
Loss for the financial year	-	-	-	-	(219)	(219)
Movements in relation to the Management Incentive Plan	(6)	-	17	-	-	11
Charge for equity settled share based payments	-	-	-	-	155	155
As at 31 July 2019	1,271	2	17	-	36,158	37,448
Loss for the financial year	-	-	-	-	(1,127)	(1,127)
Movements in relation to the Management Incentive Plan	(1)	-	1	-	-	-
Dividends	-	-	-	-	(6,693)	(6,693)
Movement in Hedging reserve	-	-	-	(88)	-	(88)
As at 31 July 2020	1,270	2	18	(88)	28,338	29,540

The credit to the capital redemption reserve during the year represents the buy back of shares associated with the management incentive scheme

The notes on pages 30 to 51 form part of these financial statements

Consolidated cash flow statement for the year ended 31 July 2020

Registration number 05502853

	2020 £'000	2019 (Restated) £'000
Cash flows from operating activities		
Profit for the financial year	6,902	12,993
Depreciation charge	1,238	1,213
Amortisation of intangibles	3,178	2,213
Impairment of intangibles	384	-
Loss on disposal of tangible assets	-	27
Net movement in relation to management incentive plan	-	11
Share based payment charge	-	155
Net interest and similar charges / (credits)	1,435	(3,879)
Share of profit for the financial year in joint ventures	(784)	(527)
Share of interest in joint ventures	663	602
Taxation	808	4,774
Decrease / (Increase) in debtors	1,030	(17,459)
(Decrease) / Increase in creditors	(10,711)	13,174
Cash from operations	4,143	13,297
Income taxes paid	(2,255)	(3,779)
Net cash inflow from operating activities	1,888	9,518
Cash flow from investing activities		
Interest received	1,823	4,343
Interest paid	(1,048)	(464)
Purchase of tangible fixed assets	(2,433)	(1,195)
Purchase of intangible fixed assets	(5,520)	(4,826)
Acquisition of subsidiary	(225)	-
Net cash acquired with subsidiary	15	-
Dividends received from joint ventures	1,999	6,099
Net cash (outflow) / inflow from investing activities	(5,389)	3,957
Cash flow from financing activities		
Dividends paid	(6,693)	-
Increase / (Decrease) in borrowings	10,538	(10)
Net cash inflow / (outflow) from financing activities	3,845	(10)
Net increase in cash and cash equivalents	344	13,465
Cash and cash equivalents at beginning of the year	30,237	16,583
Exchange adjustments	(1,589)	189
Cash and cash equivalents at the end of the year	28,992	30,237
Cash and cash equivalents consists of:		
Cash at bank and in hand	28,992	30,237
Cash and cash equivalents	28,992	30,237

The company is a qualifying entity for the purposes of FRS 102 and has elected to take the exempt on under FRS 102, para 1.12(b) not to present the company statement of cash flows. The notes on pages 30 to 51 form part of these financial statements

Principal accounting policies

General information

The company is a private company limited by shares and is incorporated in England. The address of its registered office is One Gloucester Place, Brighton, United Kingdom, BN1 4AA.

Statement of compliance

The group and individual financial statements of INTO University Partnerships Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and the Companies Act 2006.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed on page 29.

The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

The following accounting policies have been applied consistently in both the current and preceding periods in dealing with items which are considered material in relation to the company's financial statements. These financial statements are prepared in Pounds Sterling (£) and in accordance with the Companies Act 2006 and Financial Reporting Standard 102 (FRS 102), issued by the Financial Reporting Council.

The functional and presentation currency of the company is considered to be Pounds Sterling (£) because that is the currency of the primary economic environment in which the group operates.

Exemptions for qualifying entities under FRS 102

INTO University Partnerships Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

The company has taken advantage of the following exemptions in its individual financial statements:

- from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A as the information is provided in the consolidated financial statement disclosures;
- from disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments, as the company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein; and
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

After considering the cash flow projections for the twelve months from the date these financial statements were issued for approval, the directors believe the group has sufficient funds to meet its liabilities as they fall due and have accordingly prepared the financial statements on a going concern basis.

The COVID 19 crisis has significantly impacted the international education sector and caused significant uncertainty over the ability of the group to recruit students in the coming months. Management have taken steps to transfer the group and joint ventures courses online and whilst maintaining the quality of education offered to students both remotely and, when travel regulations permit, in person. Management have also taken steps to maintain the financial resilience of the group in the short and long term through diligent liquidity planning including securing significant revolving credit facilities.

As a result this uncertainty has been considered as part of the groups assessment of the going concern basis in the preparation of the financial statements. In preparing this analysis the board have considered the groups ability to meet its liabilities based on various levels of reductions in student numbers, as well as a number of cost mitigation strategies that can and have been employed.

The group has a £40m facility with HSBC Bank plc which was renegotiated in the year based on the expected impact of COVID-19. This renegotiation means that a breach of the original covenant tests for the period to 31 October 21 will not be an event of default. Management will renegotiate this facility beyond this period at an appropriate time. As the current modelling does not require usage of this facility beyond the currently agreed period this is not deemed to impact the going concern of the group.

Based on these circumstances, the Board believe that it remains appropriate to prepare the financial statements on the going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings, together with the group's share of results of its joint ventures. A separate statement of comprehensive income has not been included for the company by virtue of section 408 of the Companies Act 2006.

The results of subsidiaries and share of profits and losses from joint ventures represent an annual year to 31 July 2020, with comparatives representing an annual year to 31 July 2019.

INTO USF Inc and INTO Illinois State University LLC prepare their financial statements to 30 June. Given non-coterminous balance sheet dates, the share of profits and losses and net assets in relation to these joint ventures represent the annual period to 30 June 2020. As INTO USF Inc and INTO Illinois State University LLC balance sheet date is less than 3 months prior to the group's balance sheet date, this is permitted under FRS 102.

Subsidiaries

Acquisitions of subsidiaries are accounted for using the acquisition method.

Inter-company transactions, balances and unrealised gains arising between the company and its subsidiaries are eliminated in preparing the consolidated financial statements. Accounting policies of subsidiaries have been aligned where necessary to ensure consistency with the policies adopted by the group. In the parent company financial statements investments in subsidiaries are accounted for at cost less impairment.

Investments in joint ventures

The results, assets and liabilities of a jointly controlled entity are incorporated in these financial statements using the equity method of accounting. Under the equity method, the investment in a jointly controlled entity is carried in the balance sheet at cost, plus post-acquisition changes in the group's share of net assets of the jointly controlled entity, less distributions received and less any impairment in value of the investment. The group statement of comprehensive income reflects the group's share of the results after tax of the jointly controlled entity.

Where necessary, adjustments are made to financial statements of jointly controlled entities to bring the accounting policies used into line with those of the group.

Unrealised gains on transactions between the group and its jointly controlled entities are eliminated to the extent of the group's interest in the jointly controlled entities.

The group assesses investments in jointly controlled entities for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication of impairment exists, the carrying amount of the investment is compared with its recoverable amount, being the higher of its fair value less costs to sell and value in use. Where the carrying amount exceeds the recoverable amount, the investment is written down to its recoverable amount.

In the parent company financial statements investments in joint ventures are accounted for at cost less impairment.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Unrealised gains and losses on intercompany balances are treated as investing activities and therefore included in the statement of comprehensive income within net interest receivable and similar credits / charges.

Foreign operations

The assets and liabilities of foreign operations are translated to Pounds Sterling at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Pounds Sterling at the average rate for the year. Exchange differences arising on retranslation of foreign operations from the opening / average rate to the closing rate are recognised in other comprehensive income and are included in the translation reserve.

Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of 4 – 7 years, on a straight line basis.

Goodwill represents the excess of the cost of acquisition of a subsidiary over the group's share of the fair value of identifiable net assets acquired.

Agency relationships acquired as part of acquisitions of businesses are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the group.

Goodwill and agency relationships are amortised on a systematic basis over its useful life, which is 10 -15 years. It is believed that the useful life of 10-15 years is appropriate as the contacts in the acquired entities are expected to generate benefits over at least this period.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Assets under course of construction represents software being developed by the group's subsidiaries

At each reporting date an assessment is conducted to review if there is any indication of impairment. If there is objective evidence of impairment an impairment loss is recognised in the statement of comprehensive income.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure directly attributable to acquisition. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Estimated depreciation is made on the following basis to write off the assets over their estimated useful economic lives:

Land freehold	Not depreciated
Buildings freehold	2% straight line
Leasehold improvements	Life of the lease
Fixtures and fittings	20% - 25% straight line
Office equipment	20% - 25% straight line

Useful lives and residual values are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is impaired immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Employee benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

- **Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

- **Defined contribution pension plan**

Contributions in respect of defined contribution pension schemes are charged to the statement of comprehensive income when they are payable. The group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

- **Defined benefit multi employer plans**

Certain of the employees of the group's joint ventures are members of defined benefit pension schemes as a result of their being transferred from the partner university to the joint venture under TUPE arrangements when the joint ventures were formed. Liabilities in respect of each joint venture's required contributions to deficit recovery plans are included within the share of liabilities in relation to joint ventures at the balance sheet date. In relation to a scheme administered by Newcastle University it has been agreed that liabilities relating to the recovery of this deficit will be met by the shareholding companies of INTO Limited, a related company which holds these employees' contracts of employment. A provision of £42k has therefore been provided in the financial statements recognising the group's liability in respect of this deficit.

- **Annual bonus plan**

The group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

- **Long term incentive plans**

The company operates a long term incentive plan for certain key employees and Directors which is accounted for under the provisions of FRS102. See Note 23 for details of the scheme.

Financial instruments

Financial assets and liabilities are recognised when the group becomes a part to the contractual provisions of the instrument. All financial assets and liabilities are measured at transaction price.

The group has entered into a number of forward currency contracts in order to mitigate the foreign exchange risk arising on US dollar receipts in respect of marketing fees receivable from its joint ventures. Prior to maturity, the value of these contracts is recognised on the balance sheet within current assets and liabilities at their Mark To Market value. An assessment is made of the effectiveness of each contract as to whether they relate to highly probably forecast transactions, and therefore whether hedge accounting can be applied. Profits and losses are taken to the hedging reserve to the extent that the hedge is effective, and directly to the profit and loss account where the hedge is considered to be ineffective.

Basic financial assets, including trade and other receivables, cash and bank balances and investments, and basic financial liabilities, including trade and other payables, are recognised at fair value which is normally the transaction price.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the provision of services in the ordinary course of the group's activities. Revenue is shown net of value-added tax and amounts due to third parties and after elimination of revenue within the group.

Amounts invoiced in advance of services being performed are deferred within creditors due in less than one year until the service is performed. Where services are performed prior to amounts being invoiced, amounts are recognised as accrued income within debtors.

- **Tuition**

Tuition fees represent all fees chargeable to students or their sponsors, attributable to the current accounting year, net of discounts. Tuition fees are attributed to accounting periods based on the tuition actually provided in that period. The costs of any fees waived or discounts are deducted from tuition fee income.

- **Accommodation**

Accommodation fees are spread over the period of occupancy to which they relate.

- **Catering and other ancillary services**

Catering income represents the sale of food and beverages from ancillary catering facilities and other services performed on students' behalf. Revenues are recognised in the period that they are provided.

- **Management and corporate services fees**

Marketing services, management services and other corporate services are provided by the group to its joint ventures. Such turnover is recognised in the accounting period in which the services are provided. The majority of these fees are based on services performed over a fixed period of time (monthly or quarterly) and are spread evenly over that period.

- **Progression fees**

The group receives contractual payments from certain Universities in relation to students progressing to join the University from INTO study centres and/or from direct applicants joining the University as a result of marketing activity conducted by the group.

For students applying directly to join the University turnover is recognised at the point students accept and become entitled to a place to study at the University and is recognised for all future payments in full less a provision for estimated student withdrawals.

For students progressing from INTO study centres turnover is recognised based on the current student cohort and historic student progression data from individual study centres. Turnover is recognised for all future payments in full less a provision for estimated student withdrawals, discounted where appropriate.

In some cases, INTO has additional obligations relating to the receipt of progression fees, relating to the provision of scholarships to pathway students. In those cases revenues are not recognised until those obligations are met.

- **Placement / Commission fees**

Contractual payments are received from certain education providers in relation to placing students where the group acts as agent. Such turnover is recognised at the point students accept and become entitled to a place to study and only the agency commission due is recognised as revenue. The Group also receives marketing fees, that are based on student numbers, from its joint ventures which are accounted for as commission fees and recognised over the period of tuition.

- **Student deposits and credit balances**

The group holds credits on its balance sheet in relation to deposits and other credits held on behalf of students. In some cases in spite of multiple attempts to contact the relevant individuals the group is unable to identify an account into which to return the funds. These amounts are released to the Statement of comprehensive income after they become refundable.

- **Rental income**

Rental income receivable is recognised in the period to which it relates.

- **Other income**

Other income represents government grants received under the Coronavirus Job retention scheme. The amounts are recognised using the accrual model.

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Contingent liabilities

Because of the nature of the business it is possible that from time to time the group will enter into disputes with third parties. Contingent liabilities are disclosed if the possibility of an outflow of economic benefit to settle the obligation is more than remote.

In approving these financial statements, the Board of Directors have confirmed their view that no further provisions need to be booked in respect of such matters.

Share based payments

The Group provides share based payment arrangements to certain employees and Directors. These arrangements include shares which have distribution rights in the event of a share sale or capital return. Equity settled arrangements are measured at fair value at the date of the grant. The fair value is expensed on a straight line basis over the vesting period. The amount recognised

as an expense is adjusted to reflect the actual number of shares that will vest. Cash settled arrangements are measured at fair value and the fair value of the liability is recalculated at each reporting date. The Directors take into account various factors, including the scheme rules, the award value and the likelihood of a qualifying event when deciding whether to recognise an expense in relation to these arrangements.

Taxation

Current tax including UK corporate tax and foreign tax, is provided at amounts expected to be paid using the tax rates and laws enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date and the reversal of these items is deemed likely. Deferred tax is provided at amounts expected to be paid using the tax rates and laws enacted or substantially enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax is not provided for unused tax losses due to current uncertainties surrounding the reversal of the underlying differences.

Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Administrative exceptional items

The group classifies certain one-off charges or credits that have a material impact on the group's finance results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the group.

Agent Commission

Commission paid to third party agents, where the entity has a right to recover the payments in the event the student leaves before the completion of their course, are deferred on the balance sheet and recognised over the same period as the related student revenue. Payments made where the entity has no recourse to recover them are expensed as they are earned by the third party.

Dilapidations

Provisions for dilapidations represent management's best estimate of liabilities in respect of dilapidations clauses likely to arise on expiry of the group's property leases. These amounts are included within Provisions for Liabilities and Charges and are discounted at an appropriate rate.

Share capital, share premium and capital redemption reserve

The called up share capital reserve represents the nominal value of the shares issued. Ordinary shares are classified as equity. The share premium reserve includes the premium on issue of equity shares, net of any issue costs. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, against share premium. The capital redemption reserve is a reserve generated from the buy back of shares associated with the management incentive scheme.

Hedging Reserve

Gains and losses on effective hedging transactions are taken directly to the hedging reserve.

Translation reserve

Exchange differences arising on a monetary item that forms part of the company's net investment in a foreign operation, are recognised in other comprehensive income and are accumulated in the translation reserve.

Profit and loss reserve

This represents cumulative profits or losses, net of dividends paid and other adjustments.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management consider there to be no significant accounting judgements impacting the financial statements.

Key accounting estimates and assumptions

In the application of the groups accounting policies the directors are required to make key estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and / or future period as applicable.

The following are the key accounting estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements

- **Progression fees**

The estimation of contractual payments in relation to students progressing to the Universities from INTO study centres is the largest estimation in the year. The key assumptions are student volumes which includes the drop out rate, which has been adjusted for the estimated COVID-19 impact, and the discounting rate which is based on the group's current cost of borrowing.

- **Useful economic lives of tangible and intangible assets**

The annual depreciation charge for tangible and intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Notes 9 and 10 for the carrying amount and Principal accounting policies for the useful economic lives for each class of assets.

- **Provisions for liabilities**

The provision in the year relates to a charge in respect of settlement of disputes and associated costs and a provision in respect of balances due from related parties. Management consider them a prudent assessment of the likely settlement and costs

- **Share based payments**

During the year the company recognised a total expense of £nil related to equity share based payments in the year (2019: £155k) directly to the profit and loss reserve, and a release of £73k (2019: £nil) related to cash settled share based payments within administrative expenses (see Note 23).

Notes to the financial statements

1 Turnover

	2020	2019 (Restated)
	£'000	£'000
Geographical analysis		
UK	54,867	47,495
North America	38,790	37,298
Asia	6,799	4,635
	100,456	89,428

Geographical analysis is based on the country in which the services are received.

All turnover is derived from services provided in relation to the provision of education and marketing services for international students.

The figures shown above are at actual exchange rates (not at constant foreign exchange rate).

2 Administrative exceptional items

Administrative exceptional items relate to a £5,880k charge and a £649k release in respect of provisions (see Note 1.5), a £48k release in respect of strategic project costs, a £384k charge in respect of the impairment of goodwill and a £95k charge in respect of consultancy and legal costs on projects aborted due to COVID-19 impacts. This totals a £5,662k charge (2019: £396k charge).

3 Other income

	2020	2019
	£'000	£'000
Government grants	607	-

Other income represents amounts received in respect of the government's Coronavirus Job Support Scheme and is recognised as the amounts become due.

4 Group operating profit

The operating profit is stated after charging:

	2020 £'000	2019 £'000
Amortisation of intangible fixed assets	3,178	2,213
Depreciation of tangible fixed assets	1,238	1,213
Loss on disposal of tangible fixed assets	-	27
Operating lease charges	7,765	3,308
Foreign exchange gains / (losses)	54	(248)

Services provided by the Company's auditors

Fees payable for the audit of the company's annual financial statements	20	19
Fees payable for other services – audit of subsidiaries pursuant to legislation	136	118
Fees payable for other services – tax services	-	52
Fees payable for other services – corporate finance	-	-
Fees payable for other services – other advisory	-	7

The company's auditors also audit a number of the joint ventures. The audit does not include fees payable by the respective joint ventures for those services

5 Prior year restatement

During the year a review was performed of the legal status of certain amounts held on behalf of students. These amounts relate to unclaimed deposits paid by students where attempts have been made to contact the relevant individuals, but where the subsidiary company or joint venture was unable to identify an account into which to return the funds. On review it was concluded that these amounts should not have been taken to the statement of comprehensive income until there is no longer a legal right for the student to collect this cash, as opposed to one year after the deposit becomes refundable.

As a result of this the prior year's results of the group have been restated. The impact of this change on the year ended 31 July 2019 has been to reduce Turnover by £162k, reduce Share of operating profits in joint ventures by £329k, increase Other creditors by £536k, decrease Investments in joint ventures by £684k, increase Liabilities in respect of joint ventures by £137k and to decrease the opening Profit and loss reserve by £866k.

The profit and loss reserve as at 1 August 2019 has decreased by £1,357k (£491k relating to the year to 31 July 2019 and £866k to prior years to 31 July 2018) as a result of this misstatement.

6 Staff costs

Staff costs comprise:

GROUP	2020	2019
	£'000	£'000
Wages and salaries	33,166	30,704
Social security costs	3,317	3,148
Other pension costs	2,304	2,076
	38,787	35,928

COMPANY	2020	2019
	£'000	£'000
Wages and salaries	3,999	3,766
Social security costs	567	538
Other pension costs	252	245
	4,818	4,549

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

GROUP	2020	2019
	Number	Number
Teaching	148	127
Marketing	201	203
Admission and enrolment	147	142
Administration	343	306
	839	778

COMPANY	2020	2019
	Number	Number
Marketing	7	9
Administration	15	15
	22	24

Directors' remuneration	2020	2019
	£'000	£'000

Directors' remuneration consists of:

Emoluments	1,273	1,116
Payments to defined contribution pension scheme	42	40
	1,315	1,156

There were 2 directors in the company's defined contribution pension scheme during the year (2019: 2).

6 Staff costs (continued)

The emoluments of the highest paid director in the year were £606k (2019: £492k). Payments to defined contribution pens on scheme in respect of the highest paid director were £nil (2019: £nil). Key management personnel are considered to be directors only and therefore is disclosed above.

7 Net interest and similar (charges) / credits

GROUP	2020 £'000	2019 £'000
Unrealised exchange (losses) / gains	(2,210)	3,081
Bank interest payable	(305)	-
Bank interest receivable	103	81
Loan interest receivable from related parties	1,158	1,064
Loan interest payable to related parties	(64)	(22)
Other interest payable and similar charges	(167)	(325)
Other interest receivable and similar credits	50	-
	(1,435)	3,879

SHARE OF JOINT VENTURES'	2020 £'000	2019 £'000
Unrealised exchange gains / (losses)	4	(2)
Bank interest receivable	65	67
Loan interest payable to related parties	(770)	(723)
Other interest receivable and similar credits	38	56
	(663)	(602)

8 Tax on profit on ordinary activities

	2020 £'000	2019 (Restated) £'000
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a) Tax on profit on ordinary activities

Current tax:

UK corporation tax on profits of the year	2,218	5,200
Foreign corporation tax on profits of the year	(932)	462
Tax charge relating to the prior period	(865)	(374)
Total current tax charge	421	5,288

Deferred tax:

Effect of changes in the tax rate	-	-
Origination and reversal of temporary differences	404	516
Tax credit relating to the prior period	(17)	(1,030)
Total deferred tax credit	387	(514)

Tax on profit on ordinary activities including share of joint venture taxation	808	4,774
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b) Factors affecting the total tax charge

Tax calculated at the domestic UK rate applicable (2020: 19%, 2019: 19%)	1,465	3,376
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Effects of:

Expenses not deductible	564	551
Income not taxable	40	(209)
Adjustments in respect of foreign tax rates	26	60
Difference in tax rates	(508)	-
Deferred tax not recognised	104	2,400
Prior year adjustment	(883)	(1,404)
Total tax charge	808	4,774

c) Factors that may affect future tax charges:

Deferred tax has been recognised at a rate of 19%. Deferred tax was recognised at a rate of 17% at 31 July 2019.

Deductible temporary differences and unused tax losses for which no deferred tax asset has been recognised total £5,154k (2019: £6,641k). This asset has not been recognised in the financial statements due to current uncertainties surrounding the reversal of the underlying differences. This deferred tax asset would be recovered if there were future taxable profits from which the reversal of the underlying difference could be deducted.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries as the group can control the timing of any dividends payable.

9 Intangible assets

GROUP	Goodwill	Agency relationships	Computer software	Assets under course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 August 2019	6,897	1,433	13,447	88	21,865
Additions	-	-	458	4,651	5,109
Acquisition of a subsidiary (note 24)	1,038	-	262	-	1,300
Movement in contingent consideration	60	-	-	-	60
Reclassification from tangible assets	-	-	918	(918)	-
Disposals	-	-	(4,155)	(2,966)	(7,121)
Foreign exchange	(294)	(102)	(18)	-	(414)
At 31 July 2020	7,701	1,331	10,912	855	20,799
Accumulated amortisation					
At 1 August 2019	2,867	421	6,947	-	10,235
Charge	469	98	2,611	-	3,178
Impairment	384	-	-	-	384
Disposals	-	-	(4,155)	-	(4,155)
Foreign exchange	(114)	(32)	(4)	-	(150)
At 31 July 2020	3,606	487	5,399	-	9,492
Net book value					
At 31 July 2020	4,095	844	5,513	855	11,307
At 31 July 2019	4,030	1,012	6,500	88	11,630

Disposals include software developed by the group's subsidiaries that is sold to the group's joint ventures.

Amortisation is charged to administrative expenses in the consolidated statement of comprehensive income.

The carrying value of the goodwill balance includes £2,524k in relation to the acquisition of International Student Education Services, Inc, which has been subsequently subsumed by the group's direct entry business. The goodwill is being amortised over 15 years, 9 years of which remain at 31 July 2020.

10 Tangible assets

GROUP	Land & buildings freehold	Land & buildings leasehold improvements	Fixtures & fittings	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 August 2019	1,032	3,919	2,825	3,701	11,477
Additions	-	1,058	585	790	2,433
Acquisition of subsidiary (note 24)	-	-	-	1	1
Disposals	-	(9)	(1,573)	(1,291)	(2,873)
Foreign exchange	-	(25)	(29)	(47)	(101)
At 31 July 2020	1,032	4,943	1,808	3,154	10,937
Accumulate depreciation					
At 1 August 2019	151	1,534	2,224	2,759	6,668
Charge for the year	21	437	310	470	1,238
Disposals	-	(9)	(1,573)	(1,291)	(2,873)
Foreign exchange	-	(9)	(19)	(31)	(59)
At 31 July 2020	172	1,953	942	1,907	4,974
Net book value					
At 31 July 2020	860	2,990	866	1,247	5,963
At 31 July 2019	881	2,385	601	942	4,809

Depreciation is charged to administrative expenses in the consolidated statement of comprehensive income.

11 Investments in joint ventures

GROUP	2020	2019 (Restated)
	£'000	£'000
Share of assets		
Share of current assets	52,729	75,695
Share of fixed assets	10,244	10,342
	62,973	86,037
Share of liabilities		
Liabilities due within one year	(105,850)	(129,829)
Share of net liabilities	(42,877)	(43,792)
Presented on the balance sheet as:		
Investment in joint ventures	7,441	3,849
Liabilities in respect of joint ventures	(50,318)	(47,641)
	(42,877)	(43,792)
 Share of turnover	 101,606	 105,228
Share of expenses	(100,822)	(104,701)
Share of operating profit	784	527

Administrative exceptional items in the year relate to a £28k release in respect of flood damage and a £12k release in respect of restructuring.

A significant joint venture is defined as one which represents 25% of the group's (excluding joint ventures) gross assets, gross liabilities, turnover or operating profit. The group's individually significant joint ventures are analysed in Note 26.

12 Investments

GROUP	Other Investments £'000
At 1 August 2019	150
At 31 July 2020	150

COMPANY	Investment in subsidiaries £'000	Other investments £'000	Total £'000
At 1 August 2019	35,962	104	36,066
At 31 July 2020	35,962	104	36,066

The directors believe that the carrying value of the investments is supported by their underlying net assets.

A full list of the subsidiaries and joint ventures of the group can be found in Note 25.

13 Debtors

GROUP	2020	2019
	£'000	£'000
Due within one year:		
Trade debtors	14,810	24,161
Amounts owed by related undertakings	49,684	39,846
Corporation Tax	605	-
Other debtors	3,794	2,837
	68,893	66,844

Prepayments and accrued income	24,533	25,591
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Due after more than one year:

Prepayments and accrued income	5,943	7,192
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COMPANY	2020	2019
	£'000	£'000
Due within one year:		
Trade debtors	89	26
Amounts owed by group undertakings	5,827	13,703
Amounts owed by related undertakings	270	292
Other debtors	50	99
	6,236	14,120

Prepayments and accrued income	870	2,053
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Prepayments and accrued income, for the Company, include Enil (2019: Enil) falling due after more than one year.

Amounts owed by related undertakings are as disclosed in Note 21 are unsecured and have no fixed repayment date.

Trade debtors for the group is stated net of a £355k provision for bad debts (2019: £186k).

Trade debtors for the company is stated net of a £nil provision for bad debts (2019: £nil)

14 Creditors

GROUP	2020	2019
	£'000	(Restated) £'000

Amounts falling due within one year:

Trade creditors	6,059	4,436
Amounts owed to related undertakings	5,382	4,802
Corporation tax	-	966
Other taxation and social security	2,928	860
Other creditors	4,938	4,740
	19,307	15,804

Accruals	8,045	11,470
Deferred income	19,156	36,582
	27,201	48,052

COMPANY	2020	2019
	£'000	£'000

Trade creditors	25	517
Amounts owed to group undertakings	6,566	6,989
Amounts owed to related undertakings	1,139	1,841
Corporation tax	1,015	1,557
Other taxation and social security	179	304
Other creditors	465	581
	9,389	11,789

Accruals	313	852
Deferred income	281	214
	594	1,066

Amounts owed to group and related undertakings are unsecured and have no fixed repayment date.

15 Provisions for liabilities

GROUP	Provision against debt from related parties £'000	Potential settlement of disputes £'000	Other £'000	Total £'000
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Amounts falling due within one year:

At 1 August 2019	-	2,206	266	2,472
Charged	3,356	3,180	50	6,586
Utilised	-	-	-	-
Released	-	(524)	(125)	(649)
At 31 July 2020	3,356	4,862	191	8,409

Amounts falling due after more than one year:

At 1 August 2019				969
Charged				578
Foreign exchange				(6)
At 31 July 2020				1,541

COMPANY	Potential settlement of disputes £'000	Other £'000	Total £'000
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Amounts falling due within one year:

At 1 August 2019	2,207	216	2,423
Charged	2,014	-	2,014
Utilised	-	-	-
Released to statement of comprehensive income	(524)	(75)	(599)
At 31 July 2020	3,697	141	3,838

Provisions for the Company, include Enil (2019 Enil) falling due after more than one year.

Provisions for liabilities at 31 July 2020 falling due after more than one year comprise costs of dilapidations.

The directors consider that the provisions cover their best estimate of the likely settlement and costs in each case.

16 Creditors; amounts falling due after more than one year

GROUP	2020	2019
	£'000	£'000
Long term		
Loans due after one year	10,704	166

The table below details loan facilities used by the group.

Facility	Security	Interest rate	Amount outstanding	
			2020	2019
			£'000	£'000
Revolving credit facility	Charge over the company's assets as disclosed in Note 20	2.05%-2.8% plus LIBOR dependant on leverage	10,000	-
School Apply Loan Notes payable	Guaranteed by INTO University Partnership Ltd as part of the acquisition of School apply AG	5% coupon rate	550	-
Commercial mortgage loan agreement	Charge against the freehold property of the group	3.8% above the HSBC Bank plc Sterling Base rate	154	166
			10,704	166

The maturity of long term borrowings is as follows:

GROUP	2020	2019
	£'000	£'000
Between 2 and 5 years	10,704	166

17 Analysis of changes in net funds

GROUP	At 1 August 2019	Acquisitions	Foreign Exchange	Other	At 31 July 2020
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	30,237	15	(773)	(487)	28,992
Borrowings	(166)	(550)	-	(9,988)	(10,704)
Net funds	30,071	(535)	(773)	(10,475)	18,288

COMPANY	At 1 August 2019	Foreign Exchange	Other	At 31 July 2020
	£'000	£'000	£'000	£'000
Cash at bank and in hand	487	(119)	(179)	189
Net funds	487	(119)	(179)	189

18 Financial Instruments and hedging reserve

During the year the group entered into a number of forward currency contracts in order to mitigate the foreign exchange risk arising on US dollar receipts in respect of marketing fees receivable from its joint ventures. These contracts commit the group to purchasing an amount of US dollars at a preagreed exchange rate at a fixed point in time, intended to match the timing and the amount of the receipt of marketing fees from US joint venture entities.

Due to their regular nature and the fact that they are from related entities, management consider these fees to represent highly probable forecast transactions. However due to the impact on cash flow of the joint venture entities of COVID 19, certain of these fees were not settled at the expected time, causing the hedges to be partially ineffective.

All contracts were entered into 13 December 2019. Contracts in force during the year and at the year end are as follows:

Maturity date	USD to be paid	GBP to be received	Effective rate	Ineffective element	Fair value as at 31 July 2020
31 March 2020	2,082,000	1,573,696	1.3230	-	-
29 May 2020	1,321,000	996,981	1.3250	57,079	-
31 July 2020	2,695,000	2,031,050	1.3269	24,720	-
30 October 2020	785,000	590,403	1.3296		(6,045)
29 January 2021	2,240,000	1,679,664	1.3336		(21,296)
31 March 2021	1,445,000	1,082,397	1.3350		(14,634)
28 May 2021	1,056,000	790,123	1.3365		(11,438)
30 July 2021	2,250,000	1,680,986	1.3385		(26,537)
29 October 2021	582,000	433,940	1.3412		(7,573)
				81,799	(87,523)

19 Called up share capital - Group and Company

Allotted, called up and fully paid	2020 £'000	2019 £'000
67,500,000 A1 Ordinary Shares of £0.01 each	675	675
22,500,000 B1 Ordinary Shares of £0.01 each	225	225
22,788,800 Deferred Shares of £0.01 each	228	228
7,493,758 C Ordinary Shares of £0.01 each	75	76
100,000 D Ordinary Shares of £0.01 each	1	1
1,000,000 E Ordinary Shares of £0.01 each	10	10
5,591,758 F Ordinary Shares of £0.01 each	56	56
	1,270	1,271

A1 Ordinary Shares:

The A1 ordinary shares carry one vote on a written resolution and one vote on a resolution on a poll taken at a meeting. The holders of the A1 ordinary shares also have the right to vote on a resolution on a show of hands at a meeting. Subject to the payment of a Preference Dividend (as defined in the prescribed particulars of the B1 ordinary shares below) to the holders of B1 ordinary shares, dividends are payable by reference to each shareholder's holding of shares, other than Deferred shares, on the date of the resolution or decision to declare or pay it. On a distribution of capital, the holders of A1 ordinary shares are entitled to participate in accordance with the formulae set out in the Company's articles of association. The A1 ordinary shares are not redeemable.

B1 Ordinary Shares:

The B1 ordinary shares carry one vote on a written resolution and one vote on a resolution on a poll taken at a meeting. The holders of the B1 ordinary shares also have the right to vote on a resolution on a show of hands at a meeting. Conditional on the shareholders of B1 ordinary shares submitting written notice to the Company, a dividend of 15% of the price each such shareholder paid to acquire each B1 ordinary share is payable in priority to any other dividends paid in respect of any class of share (a "Preference Dividend"). Subject to the payment of a Preference Dividend, dividends are payable by reference to each shareholder's holding of shares, other than Deferred shares, on the date of the resolution or decision to declare or pay it. On a distribution of capital, the holders of B1 ordinary shares are entitled to participate in accordance with the formulae set out in the Company's articles of association. The B1 ordinary shares are not redeemable.

Deferred Shares:

The Deferred shares do not carry any rights to receive notice of or to attend or vote at any general meeting of the Company or to receive a copy of or to vote on any written resolution of the Company. The holders of Deferred shares are not entitled to participate in any dividend or capital distribution. The Deferred shares are not redeemable.

C, D, E and F Ordinary Shares:

The C, D, E and F ordinary shares do not carry any rights to receive notice of or to attend or vote at any general meeting of the Company or to receive a copy of or to vote on any written resolution of the Company. The C, D, E and F ordinary shareholders will not have any rights to participate in any distribution of capital upon winding up except in accordance with the formula set out in the Company's articles of association. The C, D, E and F ordinary shares are not redeemable. The F shares issued in the year mirror the benefits of the C shares other than participating in any distribution in the event of a partial sale. During the year a charge of £1,290 was incurred buying back 129,000 "C" shares forfeited by employees leaving the company.

See Note 23.

20 Financial commitments

The following reflects the minimum total future commitments under operating leases for the group companies analysed by the remaining uncancellable lease term:

GROUP	2020 £'000	2019 £'000
Land and Buildings:		
Within one year	7,768	2,217
Between two years and five years	27,590	4,598
After five years	16,073	-
	51,431	6,815

COMPANY	2020 £'000	2019 £'000
Land and Buildings:		
Within one year	573	573
Between two years and five years	334	908
After five years	-	-
	907	1,481

The lease payments recognised as an expense in the year are £7,765k (2019: £3,308k).

There are debentures over assets held in INTO University Partnerships Limited, INTO Manchester Limited, INTO London World Education Centre Limited, Delta Language Training & Consultancy Limited, INTO London MDX Street LLP, Friars 607 Limited, Newincco 1306 Limited, Newincco 1183 Limited and INTO USA LP in relation to a three year Revolving Loan Facility in place with HSBC PLC. In addition, there is a Security Agreement in place with IUP2 LLP in relation to the same loan facility which grants security over its assets other than those related to INTO UEA LLP. As at 31 July 2020 facility £10m of the facility was drawn (which was subsequently repaid after year end).

As part of the Schoolapply AG acquisition, as detailed in Note 24, INTO University Partnerships Limited has guaranteed to existing bond holders payment of \$750k when the bonds mature in September 2021.

After the year end certain of the group's leases were renegotiated, which has resulted in changes to the group's financial commitments as detailed in Note 27

21 Related party transactions

The company has taken advantage of the exemptions available under FRS 102, not to disclose any transactions or balances with entities that are 100% controlled by INTO University Partnerships Limited.

The fundamental core of the group's business model is entering into joint venture partnerships with leading Universities to furnish overseas students with the requisite qualifications to enter onto undergraduate or postgraduate courses at those establishments. The group provides Management and Corporate Services to these partnerships.

On an aggregated basis, the level of Management and Corporate Services provided by the group to its joint ventures during the year was £41,103k (2019: £46,485k).

During the year the group entered into the following transactions with related parties, and had the following balances at year end:

	2020 £'000 Sales	2020 £'000 Purchases	2020 £'000 Debtor / (Creditor)	2019 £'000 Sales	2019 £'000 Purchases	2019 £'000 Debtor / (Creditor)	Relationship
INTO UEA LLP	4,376	43	272	3,323	36	279	50% owned by INTO Group
INTO University of Exeter LLP	4,686	10	(1,137)	3,659	17	(1,073)	50% owned by INTO Group
INTO Newcastle University LLP	5,917	18	(1,268)	3,858	17	(1,208)	50% owned by INTO Group
INTO Scotland LLP	1,149	4	2,095	964	-	1,678	50% owned by INTO Group
INTO Queen's LLP	3,611	5	1,282	2,504	7	1,312	50% owned by INTO Group
INTO City LLP	1,592	949	(2,344)	1,224	863	(1,100)	50% owned by INTO Group
INTO Gloucestershire LLP	34	(27)	885	(112)	14	1,070	50% owned by INTO Group
INTO USF inc	4,388	53	(633)	4,201	102	(338)	50% owned by INTO Group
INTO Oregon State University inc	5,826	17	1,430	6,407	54	532	50% owned by INTO Group
INTO CSU LLC	1,936	42	4,544	2,261	42	3,941	50% owned by INTO Group
INTO Marshall LLC	1,291	310	4,356	2,508	63	4,596	50% owned by INTO Group
INTO Mason LLC	2,995	38	1,896	3,844	290	566	50% owned by INTO Group
INTO New York at Drew LLC	1,324	182	5,746	2,716	3	5,398	50% owned by INTO Group
INTO Stirling LLP	1,575	48	2,747	1,578	-	2,385	50% owned by INTO Group
Newcastle University INTO London LLP	2,897	14	5,408	2,201	53	5,249	50% owned by INTO Group
INTO SLU LLC	2,948	55	3,496	2,394	18	1,646	50% owned by INTO Group
INTO UAB LLC	1,062	(2)	4,893	2,911	6	4,959	50% owned by INTO Group
INTO Washington State University LLC	3,198	146	3,156	3,170	3	1,342	50% owned by INTO Group
INTO Illinois State University LLC	2,714	2	5,438	3,001	-	3,780	50% owned by INTO Group
INTO Suffolk LLC	2,695	5	2,017	2,653	6	1,111	50% owned by INTO Group
Espalier Ventures Limited	31	1,340	23	30	439	(1,082)	Parent Company of the INTO Group

22 Ultimate controlling party

The company's immediate parent and ultimate parent undertaking is Espalier Ventures Limited, a company registered in the United Kingdom. The ultimate controlling party is A J Colin.

Accordingly, the largest and smallest group into which the results of the company are consolidated, as at 31 July 2020, is Espalier Ventures Limited. These financial statements are available to the public and may be obtained from the registered office at One Gloucester Place, Brighton, BN1 4AA.

23 Share-based payments

The company has a Management Incentive Plan ("MIP") where certain key employees and Directors have been awarded C, D, E and F shares in the company.

Details of the shares awarded are as follows:

	Total number of shares awarded	£'000
J B Sykes	741,721	7
S G Smale	2,186,219	22
D S Eastwood	258,000	3
J C Latham	4,492,172	45
All other qualifying staff	6,507,404	65
Total	14,185,516	142

The shares will vest on a Share Sale or Capital Return. Subject to the vesting conditions, the amount available for distribution to the shareholders is based on a defined hurdle share value. The value of the shares when the capital distribution amount exceeds the hurdle share value is determined using a formula defined in the Articles of Association of the company.

During the year no shares were granted or exercised. 129,000 "C" shares were forfeited in the year. The value of the shares is determined using a capitalisation of earnings method which encapsulates the growth prospects and risks related to the future earnings. Costs are recognised over the duration of the vesting period. The company recognised a total expense of £nil related to equity share based payments in the year (2019: £155k), and a release of £73k (2019: £nil) related to cash settled share based payments.

24 Acquisition

During FY20 the INTO Group purchased Schoolapply AG for an initial purchase consideration of \$420.26. The purchase was made by INTO MAS Ltd, a wholly owned subsidiary of INTO University Partnerships. The acquisition completed on 1st May 2020.

The Group has used acquisition accounting to account for the purchase.

The following tables set out the fair values of the identifiable assets and liabilities acquired and goodwill arising:

	Fair value £'000
Tangible assets	1
Intangible assets	262
Cash and cash equivalents	15
Trade and other debtors	71
Trade and other creditors	(612)
Borrowings	(550)
Net liabilities acquired	(813)

Details of the net liabilities acquired and goodwill arising are as follows:

	Fair value £'000
Purchase consideration:	
- Cash paid	-
- Direct cost relating to the acquisition	225
Total purchase consideration	225
Less: Fair value of assets and liabilities acquired	(813)
Goodwill	1,038

The acquisition included deferred contingent consideration of between \$0 and \$7.15m. In light of the current COVID-19 position the Board currently do not deem a payout probable and therefore no contingent consideration has been included in the goodwill calculation for the year ended 31 July 2020

25 Subsidiaries and joint ventures of the group

The subsidiaries and joint ventures of the group are shown below together with details of their main activities.

Directly held subsidiary undertakings	Country / State of incorporation	Holding	Main activities
INTO Manchester Limited (Registered No. 06438137) * (1)	England & Wales	100%	Educational services
Delta Language Training & Consultancy Limited (Registered No. 02976005) * (1)	England & Wales	100%	Educational services
Friars 607 Limited (Registered No. 06885738) * (1)	England & Wales	100%	Investment holding Company
IUP East Anglia Limited (Registered No. 06296000) * (1)	England & Wales	100%	Investment holding Company
INTO Exeter Limited (Registered No. 05980246) * (1)	England & Wales	100%	Investment holding Company
INTO Newcastle Limited (Registered No. 06030536) * (1)	England & Wales	100%	Investment holding Company
Newincco 821 Limited (Registered No. 06556353) * (1)	England & Wales	100%	Investment holding Company
Newincco 921 Limited (Registered No. 06858769) * (1)	England & Wales	100%	Investment holding Company
Newincco 922 Limited (Registered No. 06858821) * (1)	England & Wales	100%	Investment holding Company
INTO Medical Limited (Registered No. 07601122) * (1)	England & Wales	100%	Investment holding Company
INTO UOG Limited (Registered No. 08404156) * (1)	England & Wales	100%	Investment holding Company
INTO University Partnerships (Asia) Limited (2)	Hong Kong	100%	Educational services
IUP 2 LLP (Registered No. OC376452) * (1)	England & Wales	100%	Provision of corporate services
Newincco 1183 Limited (Registered No. 08068260) ** (1)	England & Wales	100%	Dormant
Newincco 1306 Limited (Registered No. 09083887) * (1)	England & Wales	100%	Investment holding Company
INTO GP LP (3)	Delaware, USA	100%	Investment holding Company
INTO Newcastle Line East Property Limited (Registered No. 09061279) * (1)	England & Wales	100%	Development of building projects
INTO York Property Limited (Registered No. 08848481) * (1)	England & Wales	100%	Development of building projects
INTO MAS Limited (Registered No. 09738488) * (1)	England & Wales	100%	Educational services
MAS Education S.A.S (4)	Colombia	100%	Educational services
MDX Street Former Member Limited (Registered No. 09382151) ** (1)	England & Wales	100%	Dormant
Espalier Property Project 004 Limited (Registered No. 07331859) * (1)	England & Wales	100%	Other letting and operating of own or leased real estate
Espalier Property Project 005 Limited (Registered No. 07331899) * (1)	England & Wales	100%	Other letting and operating of own or leased real estate

25 Subsidiaries and joint ventures of the group (continued)

Indirectly held subsidiary undertakings	Country / State of incorporation	Holding	Main activities
IUP Asia Limited (2)	Hong Kong	100%	Educational services
INTO TEFL Limited (Registered No. 07269199) * (1)	England & Wales	100%	Educational services
INTO London MDX Street LLP (Registered No. OC346266) * (1)	England & Wales	100%	Educational services
INTO China Limited (2)	Hong Kong	100%	Educational services
Guangzhou INTO Education Limited (5)	China	100%	Educational services
INTO London World Education Centre Limited (Registered No. 07956509) * (1)	England & Wales	100%	Educational services
INTO USA LP (3)	Delaware, USA	100%	Investment holding Company
INTO North America Inc (3)	Delaware, USA	100%	Provision of corporate services
International Student Education Services, Inc (6)	Delaware, USA	100%	Educational services
INTO UK Service Centre Limited ** (1)	England & Wales	100%	Dormant
INTO Global Service Centre Limited (2)	Hong Kong	100%	Educational services
Newincco 1184 Limited ** (1)	England & Wales	100%	Dormant
INTO USF LP (7)	Delaware, USA	100%	Investment holding Company
University Access Services HK Limited (2)	Hong Kong	100%	Educational services
DPU Global Limited (2)	Hong Kong	100%	Educational services
Suzhou INTO Business Consulting Co., Ltd (22)	China	100%	Educational services
DPU (Shanghai) Business Consulting Co., Ltd (23)	China	100%	Educational services
INTO Long Island LLC (24)	New York, USA	100%	Educational services
Schoolapply AG (25)	Switzerland	100%	Educational services
University Access Centre Vietnam Company Limited (26)	Vietnam	100%	Educational services
Schoolapply Inc (28)	Delaware, USA	100%	Educational services
Indirectly held interests in joint ventures	Country / State of incorporation	Holding	Main activities
INTO UEA LLP (8)	England & Wales	50%	Educational services
INTO University of Exeter LLP (1)	England & Wales	50%	Educational services
INTO Newcastle University LLP (1)	England & Wales	50%	Educational services
INTO Scotland LLP (9)	Scotland	50%	Educational services
INTO City LLP (1)	England & Wales	50%	Educational services
INTO Queens LLP (10)	Northern Ireland	50%	Educational services
INTO Gloucestershire LLP (1)	England & Wales	50%	Educational services
INTO Oregon State University Inc (11)	Delaware, USA	50%	Educational services
INTO USF Inc (7)	Delaware, USA	50%	Educational services
INTO CSU LLC (12)	Colorado, USA	50%	Educational services
INTO Marshall LLC (13)	West Virginia, USA	50%	Educational services
INTO New York at Drew LLC (14)	Delaware, USA	50%	Educational services
INTO Mason LLC (15)	Virginia, USA	50%	Educational services
INTO Stirling LLP (16)	Scotland	50%	Educational services
INTO SLU LLC (17)	Delaware, USA	50%	Educational services
INTO UAB LLC (18)	Alabama, USA	50%	Educational services
INTO Washington State University LLC (19)	Washington, USA	50%	Educational services
INTO Suffolk LLC (20)	Delaware, USA	50%	Educational services
Newcastle University London LLP (formerly Newcastle University INTO London LLP) (27)	England & Wales	50%	Educational services
INTO Illinois State University LLC (21)	Illinois, USA	50%	Educational services

25 Subsidiaries and joint ventures of the group (continued)

- * exempt from the requirements of the Companies Act relating to the audit of individual financial statements by virtue of s479A
- ** exempt from the requirements of the Companies Act relating to the audit of individual financial statements by virtue of s394A in respect of Dormant Companies

- 1 Registered address: One, Gloucester Place, Brighton, BN1 4AA
- 2 Registered address: Unit 1007, 10/F, Wing On Kowloon Centre, No. 345 Nathan Road, Jordan, Kowloon, Hong Kong
- 3 Registered address: Suite 1050, 701 B Street, San Diego, CA 92101
- 4 Registered address: Carrera 15, No.88-64, Edificio Torre Zimma Oficina 707, Bogotá, Cundinamarca, 11011 Colombia
- 5 Registered address: Office 2002 Teem Tower, Teemali, 208 Tianhe Road, Tianhe District, Guangzhou, 510620 PR China
- 6 Registered address: Suite 305, 1610 Medical Drive, Pottstown, PA, 19464
- 7 Registered address: 4202, East Fowler Avenue, Tampa, FL, 33620
- 8 Registered address: The Registry, University of East Anglia, Norwich, Norfolk, NR4 7T,
- 9 Registered address: Glasgow Caledonian University, The Britannia Building, Cowcaddens Road, Glasgow, Strathclyde, G4 0BA
- 10 Registered address: 7-8 Tennoxsvalle, Belfast, Co. Antrim, BT9 5BY
- 11 Registered address: 1701 SW Western Blvd, Corvallis, OR 97333
- 12 Registered address: 150 Old Main Drive, Fort Collins, CO, 80523
- 13 Registered address: One John Marshall Drive, Huntington, WV, 25755
- 14 Registered address: 26 Madison Avenue, Madison, NJ, 07940
- 15 Registered address: 4352 Mason Pond Drive, Fairfax, VA, 22030
- 16 Registered address: University of Stirling, Stirling, FK9 4LA
- 17 Registered address: Suite 110, Berachai Hall, 3721 Laclede Avenue, St Louis, MO 63108
- 18 Registered address: Floor 2, 917 13th Street South, Birmingham, AL, 35294
- 19 Registered address: 13 Kruegal Hall, Pullman, WA, 99164
- 20 Registered address: 13th Floor, 73 Tremont Street, Boston, MA, 02108
- 21 Registered address: 304 S University St, Fell Hall, Normal, IL 6171
- 22 Registered address: 110/111, Block 17, Wencui Plaza, Suzhou Dushu Lake Science Education and Innovation District
- 23 Registered address: Room H, Floor 17, Hengji Plaza, No. 99 East Huaihai Road, Shanghai 200021 CN
- 24 Registered address: C/O Corporation Service Company, 80 State Street, Albany, New York, 12209
- 25 Registered address: Bahnhofstrasse 7, CH-6300 Zug, Switzerland
- 26 Registered address: Ground Floor and Mezzanine, Ann Minh Tower, No 56 Nguyen Dinh Chieu Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam
- 27 Registered address: C/O Finance & Planning Newcastle University, King's Gate, Newcastle Upon Tyne, NE1 7RU
- 28 Registered address: Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808

26 Financial information for individually significant joint ventures of the group

INTO Newcastle University LLP	2020 £'000	2019 £'000
Share of assets		
Share of current assets	10,739	12,521
Share of fixed assets	842	836
	<u>11,581</u>	<u>13,357</u>
Share of liabilities		
Liabilities due within one year	(8,557)	(12,582)
Share of net assets	<u>3,024</u>	<u>775</u>
Share of turnover	14,789	13,248
Share of operating profit for the financial year	<u>2,979</u>	<u>2,495</u>

27 Subsequent events

INTO Glasgow Caledonian University strategic review

Following strategic discussions between INTO and Glasgow Caledonian University (GCU), a decision was made to change the focus of the partnership to direct entry and as such no pathway programmes will be offered via the joint venture after September 2020.

Newcastle University INTO London and INTO Newcastle strategic review

Post year end INTO has agreed to retire as a member of Newcastle University INTO London LLP. As part of the deal INTO's shareholding in INTO Newcastle University LLP will increase by 1% to 51%. As a consequence, the entity will be accounted for as subsidiary going forward.

Renegotiation of leases

Subsequent to the year end the group renegotiated certain leases. This has reduced the amount due in less than one year by £1,823k, reduced the amount due between one and five years by £10,090k, and increased the amount due after five years by £4,971k.

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IUP 2 LLP is a limited liability partnership registered in England and Wales, registered number OC376452. Registered office: One Gloucester Place, Brighton, East Sussex, BN1 4AA, UK.