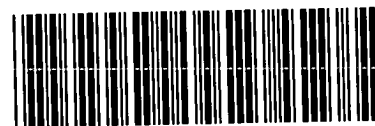


Henley Business School Limited
Company Number 07019049
Annual Report and Financial Statements
Year Ended 31 July 2019



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Henley Business School Limited

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Henley Business School Limited

Company Information

Year ended 31 July 2019

Directors

Professor J L G Board

Ms S Foley

Professor R A L Van de Noort

Registered office

University of Reading

G11 Whiteknights House

PO Box 217

Whiteknights

Reading

Berkshire

RG6 6AH

Company number

07019049

Country of Incorporation

United Kingdom

Bankers

Barclays Bank plc

90-93 Broad Street

Reading

RG1 2AP

Auditor

Deloitte LLP

3 Victoria Square

Victoria St

St Albans

AL1 3TF

Henley Business School Limited

Strategic report

Strategy and objectives

The company is a private company, limited by shares, registered in England and Wales and incorporated in the United Kingdom under the Companies Act 2006. It is a wholly owned subsidiary of the University of Reading ('the University') and operates mainly from offices in the UK and South Africa. The company operates within the Henley Business School of the University and includes non-qualification activities (in the UK and globally) managed by the UK Executive Education team such as open short courses (attended by individuals) and customised development programmes for public and private sector organisations. It is also home to the School's Centre for Customer Management, HR Centre of Excellence, Centre for Coaching & Behavioural Change, the Madejski Centre for Reputation and the Henley Forum. The programme activities of its branch in South Africa cover Executive Education and the provision of qualification programmes such as MBA.

The company aims to provide high quality programmes of education to its clients. In furtherance of this objective the company:

- constantly monitors programme participants' satisfaction and addresses areas which do not meet their needs
- develops close relationships with the Henley Business School and external experts and designs programmes to offer latest thinking and best practice
- strives to increase the scale of activity with non-UK based companies in order to ensure that it is at the forefront of management development internationally
- focuses on the School's and the University's areas of knowledge and expertise in order to build an international reputation of excellence
- leverages technology in support of learning
- regularly participates in the accrediting bodies' (AMBA, EQUIS and AACSB) reviews of the School's offerings and competes in the global ranking of Executive Education by the Financial Times so that the company remains aware of (and responds to) best practice in the sector

The success of the above strategies is measured by financial KPIs (such as revenue and surplus generation), client / participant satisfaction ratings and league table rankings.

<i>Key performance indicators:</i>	2019	2018	Growth
	£m	£m	£m
Income - UK	4.4	4.2	0.2
Income – South Africa	7.9	7.4	0.5
Total income	12.3	11.6	0.7
Loss for the year – UK	(0.3)	(1.0)	0.7
Profit for the year – South Africa	0.0	0.2	(0.2)
Total loss for the year	(0.3)	(0.8)	0.5
	2019	2018	
Financial Times Global Executive Education combined ranking (out of 50 entrants)	20	23	3

Henley Business School Limited

Strategic report (continued)

Review of the business

In the year to 31 July 2019, turnover was approximately £12.3m (2018: £11.6m) of which £4.4m was generated by the non-qualification activities of the company in the UK and £7.9m through the branch in South Africa. Overall the company made a loss for the year of £0.3m (2018: £0.8m).

Turnover for the largest part of the UK activities (the more volatile non-qualification custom programmes portfolio) showed a modest increase compared against the previous year. Other areas managed by the UK Executive Education team also grew. The long term picture is one of steady revenue growth particularly driven by the introduction of the Apprenticeship Levy in the UK.

The reputation of the business continues to be strong and was reflected during this financial year by:

- Obtaining an improved position of 20 in the Financial Times Global Executive Education combined ranking
- Ongoing innovative collaboration with EY to provide new routes to market

For the financial year ended 31 July 2019, the South Africa branch grew its turnover from £7.4m to £7.9m. Growth was mainly attributable to strong delivery of Customised Programmes and the Postgraduate Diploma in Management Practice. The branch took occupation of the entire Kirstenhof office park in Johannesburg in order to sustain the growth in operations. In addition, two new capabilities have been introduced for Research and Organisational Effectiveness. Investment in marketing is a priority in order to strengthen the brand in the market and drive enrolment across the suite of programmes. The branch recorded a net profit after tax of £0.0m (2018: £0.2m).

Future developments

During the new financial year the UK based Executive Education team will be reconfigured to support a new focus on developing corporate accounts that goes across product areas. This will include developing a new approach to account management.

In South Africa, demand for the Executive Education offering remains strong, with a large volume of confirmed business being carried forward to the new financial year. Henley Business School is becoming well recognised in the market. Repeat business is high but economic pressures and competitive tenders apply a downward pressure on pricing. Demand for the Postgraduate Diploma in Management Practice remains strong, but the Advanced Certificate in Management Practice and the Higher Certificate in Management Practice have not generated the same level of interest in the open format. MBA enrolments in 2019 exceeded expectations with an intake of 329 in 2019 (2018: 250). As these intakes commenced in the latter half of the financial year, the positive impact of this will be experienced in the next financial year.

Henley Business School Limited

Strategic report (continued)

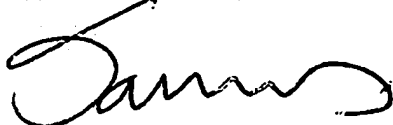
Principal risks and uncertainties

The directors give due consideration to the major risks to which the company is exposed and the Henley Business School's risk register includes three items which relate specifically to the company's business:

- Movements into leadership development space by consultancies and private universities (such as BPP)
- An increase in the costs of Executive Education and / or a fall in prices
- Reputational risks and the risk of contracts being undertaken on poor terms arising from working with Executive Education custom clients

Each item has a series of mitigating actions and controls and these are monitored regularly.

Approved for issue by the Board of Directors



Ms S Foley
Director
24 February 2020

Henley Business School Limited

Report of the directors

The directors present their report and the audited financial statements of the company for the year ended 31 July 2019. The company operates in the UK and via its branch in South Africa. The financial statements have been prepared on the going concern basis as the company's sole shareholder, the University of Reading, has confirmed its intention to continue to support the company for a period of at least 12 months from the date that these financial statements were approved.

Directors and their interests

A list of the directors who served during or after the year until the date of approval of these financial statements is shown on page 3.

None of the directors held any disclosable interest in the company. The University has charged for the services it provides to the company on a commercial basis. Professional indemnity and directors and officers insurance are in place for all directors.

Dividend

The directors do not propose a dividend in respect of the year ended 31 July 2019 (2018: nil).

Events after the year-end date

There were no significant events after the year-end which require disclosure in order to aid understanding of the financial results and position reported in these financial statements.

Future developments

The strategic report gives details of plans for future development of the company.

Financial risks

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

Cash flow risk

The company's activities expose it to a degree of risk from changes in foreign currency exchange rates. However, the large majority of its trade occurs in local currency in the UK and South Africa and there is a minimal flow of funds between these territories with each having its own banking facilities and treasury arrangements. The company is also exposed to fluctuations in interest rates due mainly to borrowings from the University.

Henley Business School Limited

Report of the directors (continued)

Credit risk

The company's principal financial assets are bank balances, fixed term deposits and trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

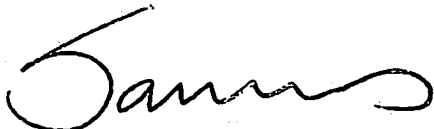
To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the company relies on borrowings from the University. The University has undertaken to provide continued financial support to the company for a period of at least 12 months from the date of approval of this report.

Statement of disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make him/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved for issue by the Board of Directors



Ms S Foley
Director
24 February 2020

Henley Business School Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 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 of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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.

Henley Business School Limited

Independent auditor's report to the members of Henley Business School Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Henley Business School Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the accounting policies; and
- the related notes 1 to 14.

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).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Henley Business School Limited

Independent auditor's report to the members of Henley Business School Limited (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Henley Business School Limited

Independent auditor's report to the members of Henley Business School Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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.

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Gooding FCA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Albans, UK

24 February 2020

Henley Business School Limited
Statement of comprehensive Income
Year ended 31 July 2019

	Note	2019 £	2018 £
Turnover	1	12,327,999	11,570,825
Administrative expenses		(12,606,184)	(12,293,097)
Operating loss	2	(278,185)	(722,272)
Interest receivable	4	89,060	73,930
Interest and other finance costs	5	(71,535)	(49,175)
Loss before tax		(260,660)	(697,517)
Tax charge for the year	6	(36,340)	(99,922)
Loss for the financial year		(297,000)	(797,439)
Exchange differences arising on overseas branches		11,107	1,137
Total comprehensive income		(285,893)	(796,302)

All activities relate to continuing operations.

The accompanying accounting policies and notes form part of these financial statements.

Henley Business School Limited

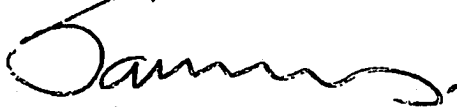
Company Number 07019049

Statement of financial position as at 31 July 2019

	Note	2019 £	2018 £
Non-current assets			
Property, plant and equipment	7	470,744	298,061
Non-current investments	8	145,321	186,101
		<u>616,065</u>	<u>484,162</u>
Current assets			
Stock		13,761	16,069
Trade and other receivables	9	3,954,687	3,755,568
Cash and cash equivalents		1,904,645	819,239
		<u>5,873,093</u>	<u>4,590,876</u>
Creditors:			
Amounts falling due within one year	10	(17,636,108)	(15,936,095)
Net current liabilities		<u>(11,763,015)</u>	<u>(11,345,219)</u>
Total assets less current liabilities, being net liabilities		<u>(11,146,950)</u>	<u>(10,861,057)</u>
Equity			
Called up share capital	12	1	1
Profit and loss account		(11,146,951)	(10,861,058)
		<u>(11,146,950)</u>	<u>(10,861,057)</u>

The accompanying accounting policies and notes form part of these financial statements.

The financial statements on pages 13 to 24 were approved by the board of directors and signed on its behalf by:



Ms S Foley
Director
24 February 2020

Henley Business School Limited

Statement of changes in equity

Year ended 31 July 2019

	Called up share capital £	Profit and loss account £	Total £
At 1 August 2017	1	(10,064,756)	(10,064,755)
Loss for the financial year	-	(797,439)	(797,439)
Other comprehensive loss:			
Exchange differences arising on overseas branches	-	1,137	1,137
Total comprehensive (loss)/income for the year	-	(796,302)	(796,302)
At 31 July 2018	1	(10,861,058)	(10,861,057)
Loss for the financial year	-	(297,000)	(297,000)
Other comprehensive income:			
Exchange differences arising on overseas branches	-	11,107	11,107
Total comprehensive (loss)/income for the year	-	(285,893)	(285,893)
At 31 July 2019	1	(11,146,951)	(11,146,951)

The accompanying accounting policies and notes form part of these financial statements.

Henley Business School Limited

Accounting policies

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The company is limited by shares and registered in England and Wales under the Companies Act 2006.

In preparing financial statements, judgements have to be made in determining the most appropriate methods of applying the company's accounting policies to the economic transactions which arise during the year. It is also necessary to make assumptions about the future in determining the values of assets and liabilities at the year-end date. The directors believe there are no areas where critical accounting judgements are required and there are no areas of estimation uncertainty.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate. The company meets its day to day working capital requirements through facilities provided by the University. The University confirmed to the directors its intention to continue to support the company for a period of at least 12 months from the date that these financial statements were approved.

A summary of the primary accounting policies is set out below:

a. Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of Value Added Tax. Income from the sale of goods or services is credited to the statement of comprehensive income when the goods or services are supplied or the terms of the contract have been satisfied.

Fee income is credited to the statement of comprehensive income over the period in which students are studying. Fees received in respect of tuition not yet provided are deferred, after adjustment for estimated student withdrawals. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount.

b. Staff costs and benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the period in which the employees render service to the company. Any unused benefits are accrued and measured as the additional amount the company expects to pay as a result of the unused entitlement.

The University supplies staff to the company, recharging their salaries and associated costs. The company employs staff directly in overseas branches. Contributions to defined contribution pension schemes in respect of these employees are charged to the statement of comprehensive income as they fall due.

Henley Business School Limited

Accounting policies (continued)

c. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

d. Foreign currency

Transactions in foreign currencies are translated into sterling at the foreign exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies at the year end date are retranslated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income in the period in which they arise.

The assets and liabilities of foreign operations are translated into sterling at foreign exchange rates ruling at the year end date. Income and expenditure of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from the translation of foreign operations are reported in other comprehensive income.

e. Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided in full in respect of all timing differences that have originated but not reversed at the year end date where transactions or events that result in an obligation to pay more tax in the future or less tax in the future have occurred at the year end date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the year end date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are not discounted.

Henley Business School Limited

Accounting policies (continued)

f. Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items. Costs incurred in relation to property, plant and equipment after the initial purchase or production are capitalised to the extent that they increase the expected future benefits to the company from the existing item beyond its previously assessed standard of performance. The costs of any such enhancements are added to the carrying amount of the item concerned.

Assets under construction are not depreciated until they are brought into use.

Where material, the anticipated useful economic life of an item of property, plant and equipment is reviewed annually and the accumulated and future depreciation adjusted.

Expenditure to ensure that items of property, plant and equipment maintain their standard of performance is recognised in the statement of comprehensive income when it is incurred.

The useful lives of items of property, plant and equipment have been assessed as follows:

Motor vehicles	5 years
Furniture and fixtures	4 years
Office equipment	5 years
IT equipment	3 years
Library	10 years
Audio visual equipment	5 years
Leasehold improvements	10 years

g. Stock

Stock is stated at the lower of cost and net realisable value after making due provision for obsolete and slow moving items.

h. Financial Instruments

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade receivables. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Henley Business School Limited

Accounting policies (continued)

Financial instruments (continued)

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits.

i. Impairments

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The carrying amounts of the entity's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j. Non-current investments

Non-current investments represent cash held in a fixed term deposit account in order to honour guarantees issued by the bank on its behalf. There is no access to these deposits until the underlying guarantees expire and these investments are valued at cost.

Henley Business School Limited

Notes to the financial statements

1. Turnover

Turnover, which is stated net of Value Added Tax, arose from the provision of management education as follows:

	2019	2018
	£	£
United Kingdom	4,371,513	4,135,449
South Africa	7,956,486	7,435,376
	<u>12,327,999</u>	<u>11,570,825</u>

2. Operating loss

Operating loss is stated after:

	2019	2018
	£	£
<i>Staff costs</i>		
Salaries and wages	3,306,817	3,205,437
Social security costs	110,489	123,869
Pension contributions	241,793	255,804
	<u>3,659,099</u>	<u>3,585,110</u>

The company is recharged the salary and associated costs incurred by the University on its behalf in respect of employees based in the UK. These members of staff are employed by the University. The company employs staff directly through its branch in South Africa.

	2019	2018
	Monthly Average	Monthly Average
<i>Staff numbers</i>		
Academic	2	2
Professional and managerial	27	27
Administration	59	50
	<u>88</u>	<u>79</u>

	2019	2018
	£	£
Auditor's remuneration:		
- Audit of these financial statements	5,590	35,454
- Tax advisory services	1,636	6,442
- Other non-audit services	0	1,027
Depreciation – owned assets	94,577	97,208
Operating lease rentals:		
- Land and buildings	355,451	272,177
- Other	7,028	6,911
Management charge from the University	<u>1,280,371</u>	<u>1,277,054</u>

Henley Business School Limited

Notes to the financial statements (continued)

3. Directors' remuneration

No emoluments were paid to the directors who served during the year by the company. These costs were borne by the University. It is not possible to allocate a fair apportionment of these costs as services are provided to multiple entities. The company has applied the exemptions available in respect of the disclosure of key management personnel compensation.

4. Interest receivable

	2019	2018
	£	£
Bank interest	89,060	73,930
	<u>89,060</u>	<u>73,930</u>

5. Interest and other finance costs

	2019	2018
	£	£
Interest paid to the University	66,161	37,544
Exchange differences	4,462	4,261
Other	912	7,370
	<u>71,535</u>	<u>49,175</u>

The company pays interest on the inter-company loan made by the University to the company. The interest rate charged is based on a market rate.

6. Tax charge for the year

	2019	2018
	£	£
Overseas – current tax	257,829	94,503
Overseas – deferred tax	(221,489)	5,419
	<u>36,340</u>	<u>99,922</u>
Loss per financial statements	(260,660)	(697,517)
Corporation tax credit based on current rate of 19%	(49,525)	(132,528)
Permanent items	(44,948)	(17,629)
Deferred tax	94,473	150,157
Overseas – current tax	257,829	94,503
Overseas – deferred tax	(221,489)	5,419
	<u>36,340</u>	<u>99,922</u>

Current and deferred tax arise wholly within the company's branch in South Africa. The company recorded a loss on its UK activities during the current and previous year and no provision for corporation tax is required. No deferred tax asset has been recognised in respect of these losses due to uncertainties around when there will be sufficient taxable profits against which to allocate the losses.

Henley Business School Limited

Notes to the financial statements (continued)

7. Property, plant and equipment

	Land and buildings £	Other assets £	Total £
<i>Cost</i>			
At 1 August 2018	275,269	513,879	789,148
Additions	62,745	198,021	260,766
Disposals	(4,229)	(13,808)	(18,037)
Exchange differences	2,737	9,559	12,296
At 31 July 2019	336,522	707,651	1,044,173
<i>Depreciation</i>			
At 1 August 2018	146,844	344,243	491,087
Charge for year	25,034	69,543	94,577
Disposals	(2,669)	(12,939)	(15,608)
Exchange differences	935	2,438	3,373
At 31 July 2019	170,144	403,285	573,429
<i>Net book value</i>			
At 31 July 2019	166,378	304,366	470,744
At 31 July 2018	128,425	169,636	298,061

8. Non-current investments

	£
At 1 August 2018	186,101
Disposal	(40,780)
At 31 July 2019	145,321

The company's branch in South Africa holds cash in a fixed term deposit account in order to honour guarantees issued by the bank on its behalf. There is no access to these deposits until the underlying guarantees expire.

9. Trade and other receivables

	2019 £	2018 £
Trade receivables	2,877,917	2,650,637
Other receivables	755,769	821,955
Prepayments and accrued income	321,001	282,976
	3,954,687	3,755,568

All receivables are due within one year.

Henley Business School Limited

Notes to the financial statements (continued)

10. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade payables	37,488	139,041
Amounts due to the University	11,930,546	11,688,385
Other payables including taxation and social security	316,804	130,416
Accrued expenditure	619,559	645,496
Deferred income	4,731,711	3,332,757
	<u>17,736,108</u>	<u>15,936,095</u>

Deferred income relates mainly to tuition fee income received in advance of courses. Fee income is credited to the statement of comprehensive income over the period in which students are studying.

11. Operating lease commitments

The total future minimum lease payments due under non-cancellable operating leases are as follows:

	Land and buildings £	Other £	Total 2019 £	Land and buildings £	Other £	Total 2018 £
Minimum lease payments due:						
- Not later than 1 year	418,167	7,445	425,612	372,202	7,465	379,667
- Between 1 and 5 years	1,600,316	-	1,600,316	1,889,360	7,465	1,896,825
- In greater than 5 years	-	-	-	134,537	-	134,537
	<u>2,018,483</u>	<u>7,445</u>	<u>2,025,928</u>	<u>2,396,099</u>	<u>14,930</u>	<u>2,411,029</u>

12. Called up share capital

	2019 No.	2018 No.	2019 £	2018 £
Allotted, called up and fully paid:				
- Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Henley Business School Limited

Notes to the financial statements (continued)

13. Ultimate parent undertaking

These financial statements have been presented in respect of an individual company, Henley Business School Limited, a wholly owned subsidiary undertaking of the University of Reading. The smallest and largest group to consolidate these results is the University of Reading. The consolidated financial statements of the University of Reading can be obtained from the University of Reading, PO Box 217, Whiteknights, Reading, RG6 6AH, which is the registered office address, or on the University's website.

Since the company meets the definition of a qualifying entity under FRS 102 and is included in the consolidated financial statements of the University, the company has taken certain disclosure exemptions available under FRS 102 including:

- Exemption from presenting a statement of cash flows
- Exemption from disclosing key management personnel compensation
- Exemption from disclosing transactions entered into with the University and its wholly owned subsidiaries
- Exemptions from financial instrument disclosures.

14. Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1a of the provisions of FRS 102 Related Party Disclosures, on the grounds that it is a wholly-owned subsidiary of a group headed by the University of Reading, whose financial statements are publicly available.