The University of Law Limited

Annual Report and Financial Statements
for the year ended 31 May 2023

Registered number 07933838

Contents

Strategic Report

This section of the consolidated group financial statements reviews The University of Law Group's performance for the year ended 31 May 2023. The comparatives are for the 18-month period ended 31 May 2022.

Principal activities

The University of Law Group (the Group) provides higher education programmes in Law, Business, Psychology, Computing, and other disciplines, together with professional development courses and apprenticeships.

The parent company within the Group is The University of Law Limited (the University, or ULaw), registered company number 07933838, a company registered in England and Wales, which is a Higher Education Provider

The Group is made up of the University and its four subsidiary companies:

1. The College of Law Services Limited, registered company number 07933854, a company registered in England & Wales that provides professional development courses.
2. Central Law Training (Scotland) Limited, registered company number SC187504, a company registered in Scotland that provides professional development courses.
3. ULaw (UK) Limited, registered company number 08964841, a company registered in England & Wales. This company is a regulated law firm that enables us to provide real-world legal experience for our students.
4. ULaw Hong Kong Limited, registered company number 2823900, an entity domiciled in Hong Kong that offers higher education programmes.

Our business model is based on the core principle that good educational outcomes, student satisfaction, and employability deliver excellent value for money for our students, enabling the Group to operate a successful and sustainable business.

ULaw operates through eight of its own UK campus locations[1] plus the campuses of nine partner universities in UK[2]. We commenced teaching at Royal Holloway University of London from the 2023/24 academic year.

Internationally, during the year ended 31 May 2023, we delivered courses at partner campuses in Hong Kong and Berlin. Our delivery partnership with GISMA University of Applied Sciences in Berlin ended in summer 2023 but our activity in Hong Kong continues.

The University also has a well-established online campus offering, which continues to receive students from many countries worldwide, and is now our largest campus.

ULaw continues to consolidate its position as the UK's leading Law School, in terms of the numbers of undergraduate law students, with market-leading positions for solicitor training, law conversion, and academic law Masters programmes.

We continue to work exclusively with over 60 leading national and international law firms, including Clifford Chance, White & Case, Clyde & Co, Pinsent Masons, Eversheds, Latham & Watkins, Sullivan & Cromwell, Dechert and Trowers & Hamlin.

Our programmes to prepare students for the new Solicitors' Qualifying Exams (SQE) are now well established and offered alongside the Legal Practice Course during the transitional period leading to the phasing out of the latter qualification.

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[1] Birmingham; Bristol; Guildford; Leeds; London – Bloomsbury; London – Moorgate; Manchester; Nottingham.

[2] University of Chester; University of East Anglia; University of Exeter; University of Liverpool; Newcastle University; University of Reading; Royal Holloway University of London; University of Sheffield; University of Southampton.

Strategic report *(continued)*

Performance during the year ended 31 May 2023

Following a competitive tender process, the Solicitors Regulation Authority appointed ULaw as the sole assessor for its Higher Rights of Audience assessment (HRA) from 2025. HRA gives solicitors the right to represent clients and appear in superior courts where previously only barristers could practice. About 500 candidates sit HRA every year and Ulaw will continue to teach and prepare candidates for the assessments as well assess candidates. ULaw already teaches the Higher Rights programme to about 100 solicitors per year.

ULaw's legal apprenticeship provision continues to expand and this September we will have on-boarded over 290 apprentices taking the total number of apprentices on all programmes to nearly 1300.

Our Business School also enjoyed a successful period, with significant growth, with:

- 183 undergraduates plus 726 postgraduate students at 31 May 2022;
- 267 undergraduates plus 1,206 postgraduate students at 31 May 2023.

The Business School will continue to consolidate and focus its portfolio on those courses, campus locations, and start dates that are in demand from students and employers.

In Autumn 2022, we launched a new online conversion programme in Psychology that leads to a Masters degree. The British Psychological Society accredited this programme in January 2023. We are in process of extending this accreditation to Psychology programmes taught face-to-face. We were very pleased with the student numbers in our first cohorts in Psychology, with two foundation year undergraduate students plus 40 postgraduate students at 31 May 2023, with a further 23 who started in June 2023.

Our undergraduate programmes in Criminology have grown significantly, from 29 undergraduate students at 31 May 2022 to 74 as at 31 May 2023. In addition, modules in Criminology included within our Law programmes, have been in strong demand; student numbers for LLB with Criminology grew from 149 in May 2022 to 329 in May 2023.

Our programme in Policing is highly specialised and student numbers, which are modest currently (48 as of May 2023 vs 49 in May 2022), are driven by demand from individual Police Forces. We enjoy strong connections with the main Police Forces in the UK, enabling us to form a detailed insight on this market. We predict that by the Spring 2024 we will have ascertained whether Policing education will be a thriving market, and we will be in the position to stay or teach out.

We have launched a new Computing Masters programme, with the first cohort started in October 2023 with 16 current students.

As part of our continuous review, we have been able to implement synergies between programmes of study, allowing faculty resources to be shared and be used more efficiently, plus improving the breadth of teaching for our students.

Regarding new international activities, we are in process of approving a new partnership with the University of Europe, based in Germany, for the delivery of Masters programmes in Project Management, Strategic Business Management and Marketing, with a view to delivery commencing in Summer 2024. This is an innovative product whereby students pay for our Master programme and a University of Europe Master programme as a bundle. We are in dialogue with other prospective international partners.

Strategic report (*continued*)

Performance during the year ended 31 May 2023 (continued)

The University of Law Limited was delighted to have been placed in the top 20 universities in England for "teaching on my course", achieving a score of 87.39% (sector benchmark 84.88%) and "teaching staff are good at explaining things" 94.36% (sector benchmark of 90.64%).. Furthermore, ULaw scored above the sector benchmark in a number of key areas including how well teaching staff supported their learning and how well mental health services have been communicated

Key Performance Indicators

The Group has a number of key performance indicators, used to monitor and drive performance. These include both financial and non-financial measures.

	12 months to 31 May 2023	18 months to 31 May 2022
Student numbers at period end	16,555	15,584
Revenue	£163.3m	£233.1m
(Loss)/profit before tax	£(0.4)m	£39.3m
Net assets at period end	£103.0m	£102.7m
Employability		
HESA statistics from academic year 2020-21 for:		
a. full-time employment	73%	
b. part-time employment	4%	
c. employment and further study	9%	
d. full-time further study	4%	
e. part-time further study	1%	
	Total = 91%	
HESA statistics from academic year 2019-20 for		
a. full-time employment		71%
b. part-time employment		5%
c. employment and further study		9%
d. full-time further study		3%
e. part-time further study		0%
		Total = 88%
Note that HESA 2021-22 statistics were not available at the time this annual report was approved by the Board. Therefore, the most recent statistics are presented above.		

The loss before tax this year has mainly stemmed from the impairment of receivables of £15.6m (18 months to 31 May 2022: £5.2m). The increase in receivable impairment is mainly due to lower level of collections of aged debt during 2023. The overall costs in the period ended 31 May 2022 were lower due to COVID as teaching was done online and the University was helped by rent rebates and lower utilities costs whereas the year ended 31 May 2023 has seen the normal trading impact of those operating costs (including inflationary pressures) and the full year impact of new positions hired in 2022. The revenue and gross margins have improved (prorated) which is a positive sign however the University is taking measures to ensure operating costs are controlled, wherever possible to ensure the University is operating efficiently and maximising the available resources. The company also benefited this year by receiving £8.2m from a sell-on clause included in one property sold by The University of Law Limited in 2018.

Strategic report (continued)

Streamlined Energy and Carbon Reporting

The Group is committed to reducing its impact on the environment. We continue to embed sustainability in everything we do and take responsibility for our environmental impacts.

We recognise there is more for us to do on this over the coming years. The continued engagement of the diverse expertise of our students, staff and partners will assist in reducing further our environmental impact and contributing to sustainable solutions to global challenges.

Calculations in the table below have been made using the Scope 1 and 2 definitions contained within the Greenhouse Gas Protocols.

Data in the table below relates to ULaw only. Energy and emissions for the subsidiaries are not material and have not been included.

		12 months to 31 May 2023	**18 months to 31 May 2022**
Scope 1	MWh	3,908	6,930
Scope 1	Tonnes CO_2	718	1,274
Scope 2	MWh	5,166	7,481
Scope 2	Tonnes CO_2	1,208	1,814
Scope 2	Tonnes CO_2 per £m of revenue	7.4	7.8

Section 172 of the Companies Act 2006

Section 172(1) requires company directors, whilst promoting the success of the company for its shareholders, to have regard also for the interests of its wider stakeholders such as employees, students, and suppliers. The directors recognise the importance of these wider stakeholders in delivering its strategy and sustainable business model, along with their duties and responsibilities towards these stakeholders. As a consequence, they have duly taken the following into account:

a. The likely consequences of any decision in the long term.
b. The interests of the company's employees.
c. The need to foster the company's business relationships with suppliers, customers and others.
d. The impact of the company's operations on the community and the environment.
e. The desirability of the company maintaining a reputation for high standards of business conduct.
f. The need to act fairly, as between members of the company.

The Board takes a long-term view in its decision-making, ensuring the impact on the University's community and the environment are fully considered. This is supported by a robust governance structure as discussed in the Statement of Corporate Governance and Internal Control, together with well-developed internal policies on these matters. The Board is committed to ensuring that high standards of ethics and business conduct are maintained with our stakeholders.

The University regards the student voice as a key component of its governance. This is achieved through regular feedback surveys, class representatives, student representation on the Academic Board and its committees, the Students' Union and its Student Parliament. Elected officers of the Students' Union attend Board meetings twice a year and are members of the Academic Standards Committee of the Board. The Pro Vice-Chancellor for Diversity, Inclusion and Students meets regularly with the Students' Union to discuss student matters with a view to continuous improvement. These discussions are fed back to the Executive Board.

The University engages with its employees through a partnership approach and regular dialogue with the trade union which represents academic staff. The Vice-Chancellor communicates with staff via regular all-staff emails, in-person campus visits and virtual online drop-in sessions accompanied by the Executive team via Teams. We also have an active

Strategic report (continued)

number of voluntary staff networks which provide insight and feedback on how the University can support under-represented groups including Disabled Staff and LGBTQ+.

Employee engagement surveys are carried out by an independent specialist provider every two years, with results benchmarked against a range of organisations. The survey for 2023 has just commenced and it is ongoing.

Future prospects

We believe the University is well-placed for continued growth within professional postgraduate training for lawyers, where our range of SQE courses is unrivalled and through diversification into business and other disciplines.

The University's share of the undergraduate law market continues to grow. Latest data from the Higher Education Statistics Agency available at the time of writing, being figures for the 2021-22 academic year, indicates the University has a 3.4% share of the total undergraduate Law market for full-time students, making us the largest such provider. For full-time and part-time courses combined, we have 3.3% of the total market for undergraduate Law students, making us the second largest provider after the Open University.

Principal risks and uncertainties

The University has a mature risk management system, as is explained further in the Statement of Corporate Governance and Internal Control.

The Board has identified the following key risks as those most material to our business model, which could adversely affect the operations, revenue, profit, cash flow or assets of the Group and which may prevent us from achieving our strategic objectives.

Operational delivery

Our diversification of product offering and growth in student numbers bring additional operational delivery complexity. We are running an ambitious long-term transformation programme that will align our current and future infrastructure and business systems to our operational needs. We are also reviewing our target operating model in order to enhance our students' experience. Also, with a shorter-term time horizon, an internal forum comprised of senior managers focusses on continuous improvement and risk avoidance.

IT and Cyber

As our IT systems age and the business evolves and diversifies, the risk of system outage and obsolescence increases. The transformational programme and forum mentioned above include IT matters as one of many strands.

Cash flow

The Group manages its cash flow proactively through a series of monitoring and reporting structures. These ensure that there are sufficient cash reserves available to support investments in our growth in addition to capital projects.

Economic environment

The current levels of cost inflation put pressure on the Group's cost base, whilst a significant element of our pricing is capped. Rigorous budgeting, forecasting and management reporting processes ensure the Group's financial sustainability.

Strategic report (*continued*)

Regulatory compliance

The Group operates in a highly regulated environment and has therefore implemented a thorough series of systems and processes to ensure our compliance with the relevant regulations and standards. Internal and external reviews are performed regularly to ensure the effectiveness of the system of control and our continuing compliance.

Changes to professional qualifications

As a result of changes in the routes to qualification introduced by the Solicitors Regulation Authority, the Legal Practice Course (LPC) is being replaced by the Solicitors Qualifying Examination (SQE) in a transitional period over the next few years with the LPC being finally phased out by 2032.

The consequence of the change from LPC to SQE is the evolution and potential fragmentation of the solicitor training market, with some potentially lower cost options appearing in the market, with the accompanying risk of new competition but also the opportunity to grow the customer market.

Based on the latest available Central Applications Board (CAB) data from 2022, ULaw has maintained its position as market leader for the LPC and Conversion courses, alongside being the largest SQE provider through the CAB system.

People

The Group has a skilled team of permanent and temporary staff, casual workers and specialist contractors, supporting and delivering our courses. They are fundamental to our success.

Our continuing ability to attract and retain talent is key to retaining our competitive advantage. To this end, we have recently implemented a new and improved recruitment strategy, with the addition of a dedicated in-house Talent Acquisition (TA) Team. We can now directly source talent for the University, whilst raising our profile in a competitive candidate market. The TA team, in conjunction with our Reward & Benefits team, will continue to review and optimise our employee proposition, including our benefits package and working environment.

Final Comments

I would like to thank all University colleagues for their dedication and commitment over what has been a dynamic period of change as we have emerged from the pandemic and adapted our teaching and operations to reflect student needs and expectations. It has been a period of continued growth and diversification activity combined with planning for investment in new systems and sustainable infrastructure. I commend colleagues for their resilience, adaptability and creativity in addressing these challenges, whilst always maintaining a firm focus on the learning experience and outcomes of our students.

On behalf of the Board.

Professor Andrea Nollent
Vice-Chancellor & CEO

2 Bunhill Row
London
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United Kingdom

13 December 2023

Statement of Corporate Governance and Internal Control

Corporate Governance arrangements of The University of Law Limited are set out below.

Board of Directors

The Board is comprised of a non-executive chair, four executive directors, three independent non-executive directors and two shareholder directors.

There were a number of changes in Board membership during this period and subsequently:

- Professor Peter Crisp was elected as an executive member of the Board with effect from 15 June 2022.
- Following her resignation from the Board on 20 August 2021, Professor Andrea Nollent was reappointed on 15 June 2022, initially as a shareholder nominated director. She subsequently resumed the role of Vice-Chancellor & CEO, replacing Professor Craig Mahoney who resigned on 15 July 2022.
- John Headley resigned as an executive director on 31 January 2023.

Biographical details of Board members are given below.

Rt Hon The Lord David Blunkett
Shareholder Nominated Director
Chair of the Board
Chair of the Nominations Committee

Over a distinguished 50-year career of public service, Rt Hon The Lord David Blunkett has built unrivalled experience of public policy and its implementation, to drive change and successful outcomes across the most important leadership roles in UK, European, and local politics.

As one of the longest serving senior Cabinet Ministers of recent years, David led the Home Office (including Justice Ministry), Department of Education and Employment, and Department of Work and Pensions, with responsibility for priority setting and management of running highly sensitive Departments of State, employing tens of thousands of staff with budgets in the billions of pounds.

David has held several non-executive positions advising a number of blue-chip corporations on the impact of legislation and regulation and has a long-standing interest and deep personal understanding of equality and disability issues. David is a Professor of Politics in Practice at the University of Sheffield and a Fellow of the Academy of Social Sciences. He has, over recent years, produced a number of acclaimed policy papers as well as making regular appearances on radio and television, plus contributing to print media.

David plays a significant role with a number of national and local charities including the Royal National Institute of Blind People, Vision Society, Alzheimer's Society, Guide Dogs for the Blind Association, and the Employers Network for Equality Inclusion. He has engaged with promoting the rights of disabled people internationally, including with Sightsavers International specifically in Africa, and the promotion of the 200th anniversary of Louis Braille. In the 2015 Dissolution Honours he was conferred a peerage.

David was appointed to the Board on 1 June 2015.

Statement of Corporate Governance and Internal Control (*continued*)

Board of Directors (*continued*)

Professor Andrea Nollent
Executive Director
Vice-Chancellor & CEO

Professor Andrea joined The University of Law Group as a director in September 2014[3]. Educated at the Universities of Dundee and Durham, she began her university career with Sheffield Hallam University where she rose to become Head of the Law School and Assistant Dean of Faculty.

In 2010, Andrea became the Dean of Nottingham Law School at Nottingham Trent University, one of the largest Law schools in the country.

Andrea's career has focused on the development of innovative academic and professional courses, securing growth, in both domestic and international markets, and enhancing the quality of the student experience. During her tenure at Nottingham Law School, she grew student enrolments, forged new international partnerships, and delivered a significant improvement in student satisfaction. This record of success has continued in her current role where under her leadership the University has seen continuous growth in student enrolment across a diversified portfolio, whilst simultaneously enhancing student outcomes and teaching quality.

A fluent French speaker, Andrea is Visiting Professor at leading European universities. Her research expertise is in the internationalisation of legal education and comparative legal education. Andrea brings extensive experience and expertise in strategic leadership and innovation in higher education with a focus on the delivery of outstanding student outcomes.

Andrea is a trustee of Sleat Community Trust and a governor of Isle of Skye and West Highland College, which is part of the University of the Highlands and Islands.

Elisabetta Ceragioli
Executive Director
Deputy CEO

Elisabetta joined The University of Law Group as Deputy CEO in January 2017 and is responsible for leading the commercial and operational areas of the business.

Elisabetta has a wealth of experience in business transformation and growth, having successfully established the first Asian campus for the London School of Business and Finance in Singapore. As Interim CEO at GISMA Business School in Germany, she restructured the School, achieving a high level of operational effectiveness. She was then appointed Director of Business Transformation at Global University Systems[4].

During her tenure at the University of Law Group, there has been significant growth in student recruitment, attracting a more diverse mix of international and online students. Elisabetta has also overseen the University's digital transformation in the wake of the pandemic, led transformational programmes to continue to deliver high levels of engagement with students, and ensured the University is well positioned in an increasingly digital world.

[3] Professor Andrea Nollent stepped down from her position as Vice-Chancellor & CEO of the University in August 2021, returning to the same role in June 2022.

[4] This is a trading name of GUS UK Management Limited.

Statement of Corporate Governance and Internal Control (continued)

Board of Directors (continued)

John Headley
Executive Director
Chief Financial Officer

John joined the Board in November 2017, taking responsibility for all financial, property and business aspects of the University's operations. As a Chartered Management Accountant, John brings extensive experience of financial and general management from a variety of sectors. A graduate of The University of Oxford, he has worked as a Finance Director within the BUPA group, as well as within large NHS Hospital Trusts and a major modern university in London.

John served previously as a Non-Executive Director of Shoreham Port Authority and has been a school governor.

John resigned from the Board on 31 January 2023.

Professor Peter Crisp
Executive Director
Deputy Vice-Chancellor (Law)

Peter was appointed to the Board on 15 June 2022. Peter, a qualified barrister, joined ULaw in January 2018 as Pro Vice-Chancellor, External, before being promoted to Deputy Vice-Chancellor, Law, in November 2021.

Having read Philosophy as an undergraduate, Peter switched to law, qualifying as a Barrister at the Chancery Bar and specialising in property and land law.

Peter began his career in legal education at BPP Law School in 1997, as a lecturer on the Graduate Diploma in Law and Bar programmes. He served as Dean and CEO of BPP Law School from 2003 to 2017 and was a co-founder of BPP University.

Alfred Morris CBE
Non-Executive Director
Vice-Chair
Chair of the Audit Committee

Appointed to the Board on 1 June 2015, Alfred Morris is chair of Higher Education Associates Limited and of Investors in Universities Limited. He left school at the age of 15, studied by correspondence course for his professional accounting qualification, and became a self-financing student at the University of Lancaster in his late twenties.

He has served as Vice-Chancellor of three UK universities, is Honorary President of Hartpury University, has chaired a large NHS Acute Hospital Trust, and served as a non-executive director of several UK companies including a bank. Alfred brings this experience to the Board, together with his professional skills as a Chartered Accountant and former senior management consultant.

Statement of Corporate Governance and Internal Control (*continued*)

Board of Directors (*continued*)

Professor Craig Mahoney
Executive Director
Vice-Chancellor & CEO

Professor Craig Mahoney joined the University of Law Group in February 2022 as Vice-Chancellor and CEO, following more than 30 years working in higher education, including time serving as Vice-Chancellor at the University of the West of Scotland, Chief Executive of the Higher Education Academy and Deputy Vice-Chancellor at Northumbria University.

A graduate of Chemistry and Maths from the Tasmanian College of Advanced Education (now the University of Tasmania), Professor Craig Mahoney holds a Master's degree from the University of Birmingham and a Doctor of Philosophy (Psychology) from the Queen's of University Belfast.

External to the University, Professor Craig Mahoney is Chair of British Universities and Colleges Sport, a Board member on the UK Quality Assurance Agency, and a Board member for SportScotland. Prior to joining ULaw he was also a Trustee on the Carnegie Trust for Universities of Scotland, Chair of Universities Scotland Efficiency and Climate Emergency Committee, a Board member for Glasgow City of Sciences, and a Board member of Converge Challenge. He is also an industry adviser to VerfiyEd.

Craig resigned from the Board on 15 July 2022.

Valery Kisilevsky
Shareholder Nominated Director

Appointed to the Board on 1 June 2015, Valery is the Group Managing Director of GUS, responsible for group shared services and non-academic operations.

Valery is an alumnus of the University, having completed the Graduate Diploma in Law at the College of Law. Valery also holds a BA (Hons) Political Science, Ethics, Law, and Economics from the University of Toronto and an MSc International Political Economy from the London School of Economics and Political Science (LSE).

Outside GUS, Valery is involved with a number of charities.

The Lord Anthony Grabiner KC
Non-Executive Director
President
Chair of the Remuneration Committee

Appointed to the Board on 1 August 2015, Lord Anthony Grabiner has been a life peer of the House of Lords since 1999. Educated initially at Central Foundation Boys' School in Hackney, he graduated in 1966 with a Bachelor of Laws (LLB) from the London School of Economics (LSE), where he also completed a Master of Laws (LLM) in 1967.

As well as being an experienced practitioner, he has had a significant career in academia. He lectured in Law at LSE and Queen Mary College, University of London, in the late 1960s and early 1970s. From 1998 until 2007, Lord Anthony Grabiner was Chairman of LSE's Court of Governors and, for seven years up until 2021, Master of Clare College, Cambridge.

Lord Anthony Grabiner is a commercial lawyer with a substantial court, arbitration and advisory practice. He specialises in banking & finance, oil & gas, civil fraud, competition, merger investigations, and shareholder disputes.

Statement of Corporate Governance and Internal Control (*continued*)

Board of Directors (*continued*)

Lord Anthony Grabiner is highly experienced both as an advocate in the High Court and as arbitration counsel. He also sits as an arbitrator in domestic and international arbitrations.

Douglas Blackstock
Non-Executive Director
Chair of the Academic Standards Committee

Appointed to the Board in January 2022, Douglas is the former Chief Executive of the UK's independent Quality Assurance Agency for Higher Education (QAA), whose role is to ensure academic standards are maintained and that student learning opportunities are of the highest quality. Douglas held executive roles there for 20 years.

Douglas now provides independent international consultancy services related to higher education and is President of the European Association for Quality Assurance in Higher Education (ENQA).

Douglas also holds a number of non-executive director roles in education and regulation, including being a member of the Boards of Qualifications Wales, CILEX Legal Regulation, South Gloucestershire and Stroud College and the British University in Egypt. He is an advisory board member of both Future Learn and the Lifelong Learning Institute.

Aaron Etingen
Shareholder Nominated Director

Aaron is CEO of Global University Systems B.V. (GUS), incorporated in the Netherlands. He leads a team of over 2,000 employees, ensuring that innovation, creativity and a strong commitment to high standards are embedded across the entire group. With a background in the finance and banking sectors and strong management credentials, he led GUS from a small business school with four students to a global organisation with over 80,000 students and alumni from 180 countries and growing presence worldwide. His leadership is one of the key reasons behind the success of GUS, which was named "Private Education Group of the Year 2019" by Education Investor magazine. Aaron was appointed to the Board on 1 June 2015.

Operation of the Board

An experienced, independent Clerk, Professor Chris Maguire, supports the Board in its work and provides advice.

The Board delegates the day-to-day management of the University to the Vice-Chancellor & CEO and the Executive Board. Key and strategic decisions are taken by the Board.

The Board met eight times during the year ended 31 May 2023. Meetings are sufficiently frequent to enable a close monitoring of the business and to take timely decisions. Unscheduled meetings are called outside the planned meeting cycle when there is urgent business to discuss.

A Governance Agreement is in place with a parent company, Global University Systems B.V., which defines and guarantees the continued operation of the governance structures set out in this report, whilst establishing how the shareholders can set direction and influence strategy.

Statement of Corporate Governance and Internal Control (*continued*)

Operation of the Board (*continued*)

Attendance at Board and Committee meetings during the 12 months ended 31 May 2023

	Board (Chair DB)	**Audit** (Chair AM)	**Remuneration Committee** (Chair AG)	**Nominations Committee** (Chair DB)	**Academic Standards Committee** (Chair DBK)	**Finance Committee** (Chair VK)
Rt Hon The Lord David Blunkett (DB)	8		3	3		
Professor Andrea Nollent[5] (AN)	8	4 ◆	2◆	2◆	2	8 +1◆
Elisabetta Ceragioli (EC)	8					9
John Headley (JH)	4	1 ◆				4
Alfred Morris (AM)	7	4	3◆	3		
The Lord Anthony Grabiner (AG)	8	2	3	3◆	2	
Aaron Etingen (AE)	8		3	3◆		
Valery Kisilevsky (VK)	8		3	3		9
Peter Crisp (PC)	7					
Douglas Blackstock (DBK)	6	3	3◆	3◆	3	9
Professor Craig Mahoney[6] (CM)	1				1	1
Meetings held	**8**	**4**	**3**[7]	**3**	**3**	**9**

Key

a. Shading indicates this director was not a committee member.
b. The symbol ◆ indicates a director was in attendance on that number of occasions although not a member of the committee at that time.

External members of Sub-Committees

Marta Philips OBE attended Audit Committee on three occasion.

Professor Roger Burridge attended Academic Standards Committee on each occasion and Vikki Smith on two occasions.

The President of the Students Union (or their nominee) attended Academic Standards Committee on each occasion.

[5] Professor Andrea Nollent stepped down from her position as Vice-Chancellor & CEO of the University on 20 August 2021, returning on 15 June 2022.

[6] Professor Craig Mahoney stepped down from his position as Vice-Chancellor & CEO of the University on 15 July 2022

[7] The Remuneration Committee meetings were held jointly with the Nominations Committee during the 12 months ended 31 May 2023.

Statement of Corporate Governance and Internal Control (continued)

The Board operates a committee structure, as listed below, to enable a more effective discharge of its duties.

Audit Committee
Composed of three non-executive directors plus one external member, the purpose of the Audit Committee is to advise the Board on financial reporting, risk management, and audit matters.

Remuneration Committee
Composed of four non-executive directors, the purpose of the Remuneration Committee is to advise the Board on the framework and policy for remuneration of the University's directors, officers and senior management. The Vice-Chancellor & CEO does not attend meetings of this committee except by invitation.

Nominations Committee
Composed of three Non-Executive Directors, the purpose of the Nominations Committee is to make recommendations to the Board in relation to the composition and performance of the Board, including the appointment and/or retirement of Directors.

Academic Standards Committee
The purpose of the Academic Standards Committee is to safeguard and keep under review the standard of education provided by and of the degrees awarded by the University. The Committee works closely with the Academic Board. The Committee includes two non-executive directors and two independent members, as well as the Vice-Chancellor & CEO and the President of the Students' Union.

Finance Committee
The purpose of the Finance Committee is to advise the Board in respect of budgets, treasury and external financing matters. The Committee includes three Non-Executive Directors, and the Vice-Chancellor & CEO, Deputy CEO and Chief Financial Officer.

The University of Law Limited was registered by the Office for Students (OfS) from 10 January 2019 as a Higher Education Provider. The University seeks to comply in full with the Regulatory Framework for Higher Education Providers in England.

The University also complies with the Institute of Directors' Corporate Governance Guidance and Principles for Unlisted Companies in the UK and has regard to the Committee of University Chairs' Code of Governance (2020).

Statement of Internal Control

The Board is responsible for ensuring that University operates a system of internal control and for reviewing its effectiveness. Such a system is designed to understand and manage risks of failure to meet business objectives but cannot eliminate risk completely.

The University's system of control includes the following elements:

- The Executive Board is responsible for maintaining a risk register which is brought to each Board meeting. The Audit Committee also reviews the risk register in depth at its meetings.

- All key aspects of the University's operations are documented in agreed policies. Student facing and academic policies can be found on the website, whilst finance and HR policies are available to colleagues on the intranet.

Statement of Corporate Governance and Internal Control *(continued)*

Statement of Internal Control *(continued)*

- Financial plans and budgets are agreed each year by the Board. Management accounts and key operational KPIs are reported each month to the Executive Board and considered at each meeting of the Board.

- The University has a Value for Money policy, and each year a student Value for Money statement is published on the website.

- Compliance with the OfS Regulatory Framework is reviewed regularly by the Board.

- The University contracted an internal audit service from RSM. Each year an internal audit plan is agreed by the Audit Committee, and throughout the year the Committee is updated on the delivery of the plan and the conclusions of the various internal audit reviews are reported to the Committee. At the end of the year the internal auditors produced an annual report.

- The Audit Committee reports to the Board each year on its activities and provides assurance to the Board about the effectiveness of the system of internal controls.

Certain issues were identified during the 18 months period to 31 May 2022 which had resulted in the build-up of transactions within deferred revenue. This has now been corrected in these financial statements, and steps to address the underlying control issues are progressing.

As part of the preparation for the current year ended 31 May 2023, the University financial and operations teams reconciled all student balances, and were thus able to verify the correct balances, student-by-student, for deferred income, debtors and other associated balances at that point in time. While this exercise was by its nature extremely complex and involved high transaction volumes, it allowed the University to establish a stronger control environment and identify process and technological improvements to enable the effective and timely reporting of results going forward. It is anticipated that there will remain a need for periodic manual reconciliations and review of the data on a line by line basis to ensure the accuracy of reporting of student balances remains up to date, until the process has become fully automated with the improved controls fully established.

The Board considers that there is now a generally sound system of internal control around commercial and operational areas at the year ended 31 May 2023 and up to the date of approval of the financial statements. Management will continue to monitor the control environment within a context of continuous improvement.

On behalf of the Board.

Rt Hon The Lord David Blunkett
Chair of the Board

13 December 2023

Directors' report

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 May 2023.

Directors

The Directors of the company who were in office during the year and up to the date of signing were as below. Changes to Board membership during the year are given in more detail in the Statement of Corporate Governance and Internal Control.

Aaron Etingen
Alfred Morris
Elisabetta Ceragioli
Professor Andrea Nollent (resigned 20 August 2021, reappointed 15 June 2022)
Professor Craig Mahoney (appointed 1 February 2022, resigned 15 July 2022)
Professor Peter Crisp (appointed 15 June 2022)
Rt Hon The Lord David Blunkett
The Lord Anthony Grabiner
Valery Kisilevsky
John Headley (resigned 31 January 2023)

Future developments

Details on future developments can be found in the Strategic Report.

Streamlined Energy and Carbon Reporting

Details on Streamlined Energy and Carbon Reporting can be found in the Strategic Report.

Results and Dividends

	12 months to 31 May 2023	**18 months to 31 May 2022**
Revenue	£163.3m	£233.1m
(Loss) / profit before tax	£(0.4)m	£39.3m
Net assets	£103.0m	£102.7m

There were no dividends paid in the current year (18 months to May 2022: £nil).

Qualifying third party indemnity provision
The Company maintains liability insurance for its directors' and officers'. The Company has also granted indemnities to each of its directors. Qualifying third-party indemnity provisions, as defined by Section 234 of the Companies Act 2006, were in force during the year ended 31 May 2023.

Political and charitable contributions
The company made no political contributions and no charitable donations during the year.

Financial risk management
Financial risk management objectives and policies can be found in Note 20 to the financial statements.

Employee involvement and policy regarding disabled persons

The Group operates an equality, diversity and inclusion policy, which aims to treat individuals fairly and not to discriminate on the basis of sex, race, ethnic origin, disability, or any other basis.

The Group's policy and procedures are designed to provide for full and fair consideration and selection of disabled applicants, to ensure they are properly trained to perform safely and effectively and to provide career opportunities that

Directors' report *(continued)*

allow them to fulfil their potential. Where an employee is recruited with a known disability, or becomes disabled in the course of their employment, the Group will make reasonable adjustments wherever possible to their work content and environment. This includes providing retraining to undertake new roles. The University's Disabled Staff Network also provides a forum that allows individuals to provide constructive comment on how and where further support can be provided, ensuring equality of approach.

A key focus of the Group is its engagement with employees. In addition to the many informal and local opportunities to discuss the University and share feedback, monthly "all staff" update calls are well attended, as is the Executive Board's annual strategy tour to update the teams in person across our campuses and provide a further opportunity to ask the Executive team questions.

The University also engages regularly with Union employee representatives, including formal quarterly meetings.

Disclosure of information to auditors

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 group and company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Going concern

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate. As at 31 May 2023, the Group had net current assets of £37.6m (31 May 2022: £39.9m), net assets of £103.0m (31 May 2022: £102.7m) and cash of £6.4m (31 May 2022: £22.2m).

The Board of the University prepares a future 5 year plan each year that is submitted to its main regulator, the Office for Students. The latest plan was reviewed and approved by the Board during September 2022. The Board has also reviewed more detailed monthly cash flow forecasts for a period of at least 12 months from the date of approval of the financial statements, prepared under more cautious assumptions, which shows that the University will continue to operate within its current facilities with a reasonable amount of headroom. In addition, a severe but plausible downside scenario has been prepared and the impact on the University's going concern appropriately considered under such a scenario. This includes any need for Lake International Limited to repay elements of its loan balance under such a scenario, and the Board is satisfied that the ultimate parent group is able and willing to facilitate this should the situation arise.

Consequently, the Directors are confident that the University will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Independent Auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

On behalf of the Board.

Andrea Nollent

Professor Andrea Nollent
Vice-Chancellor & CEO

2 Bunhill Row
London
EC1Y 8HQ
United Kingdom

13 December 2023

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

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

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for ensuring that funds provided by the Office for Students have been applied in accordance with the terms and conditions attached.

On behalf of the Board.

Andrea Nollent

Professor Andrea Nollent
Vice-Chancellor & CEO

2 Bunhill Row
London
EC1Y 8HQ
United Kingdom

13 December 2023

Independent Auditors' report to the members of The University of Law Limited

Report on the audit of the financial statements

Opinion

In our opinion, The University of Law Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 May 2023 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- have been properly prepared in accordance with the requirements of the Office for Students' Accounts Direction (OfS 2019.41); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 May 2023; the consolidated statement of comprehensive income, the consolidated and company statement of changes in equity, and the consolidated and company statements of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent Auditors' report to the members of The University of Law Limited (continued)

Reporting on other information *(continued)*

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 May 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

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

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

Independent Auditors' report to the members of The University of Law Limited (continued)

Auditors' responsibilities for the audit of the financial statements *(continued)*

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Office for Student's regulatory framework, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Office for Students' Accounts Direction (OfS 2019.41), tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate the financial statements or making inappropriate accounting estimates. Audit procedures performed by the engagement team included:

- Confirmation and enquiry of management and those charged with governance around known or suspected instances of non-compliance with laws and regulation, including consideration of actual or potential litigation and claims.
- Reviewing minutes of meetings of those charged with governance
- Identifying and testing unusual journal entries
- Challenging assumptions and judgements made by management in determining significant accounting estimates
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects:

- funds from whatever source administered by the Office for Students for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students have been applied in accordance with the relevant terms and conditions.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The company's grant and fee income, as disclosed in note 3 to the financial statements, has been materially misstated;
- The company's expenditure on access and participation activities for the financial year, as disclosed in note 4 to the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

Independent Auditors' report to the members of The University of Law Limited (continued)

Other required reporting *(continued)*

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

David Teager (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

13 December 2023

Consolidated statement of comprehensive income

	Note	12 months to 31 May 2023 £m	18 months to 31 May 2022 £m
Revenue	3	**163.3**	233.1
Cost of sales		**(61.4)**	(90.2)
Gross profit		**101.9**	142.9
Administrative expenses		**(96.7)**	(99.4)
Impairment of receivables		**(15.6)**	(5.2)
Other income		**2.3**	3.7
Operating (loss)/profit		**(8.1)**	42.0
Profit on disposal of property	4	**8.2**	-
Finance income	8	**2.5**	2.4
Finance expenses	8	**(3.0)**	(5.1)
Net finance expenses		**(0.5)**	(2.7)
(Loss)/Profit before taxation		**(0.4)**	39.3
Taxation	9	**0.7**	(5.6)
Profit after taxation		**0.3**	33.7
Other comprehensive income		**-**	-
Total comprehensive income		**0.3**	**33.7**

All operations are continuing.

The accompanying notes form an integral part of the financial statements.

Consolidated statement of financial position

Registered number 07933838

	Note	As at 31 May 2023 £m	As at 31 May 2022 £m
Non-current assets			
Intangible assets	10	**53.3**	53.5
Right of use assets	12	**61.7**	68.3
Property, plant and equipment	13	**5.0**	3.4
Deferred tax	14	**2.9**	2.2
Total non-current assets		**122.9**	127.4
Current assets			
Trade and other receivables	15	**92.8**	81.6
Tax receivable		**3.5**	-
Cash and cash equivalents		**6.4**	22.2
Total current assets		**102.7**	103.8
Total assets		**225.6**	231.2
Current liabilities			
Trade and other payables	16	**(36.1)**	(32.4)
Lease liabilities	12	**(8.1)**	(7.5)
Deferred income		**(20.3)**	(22.2)
Deferred grant income		**(0.6)**	(0.6)
Tax payable		**-**	(1.2)
Total current liabilities		**(65.1)**	(63.9)
Net Current Assets		**37.6**	39.9
Non-current liabilities			
Lease liabilities	12	**(52.4)**	(59.7)
Provisions	22	**(5.1)**	(4.9)
Total non-current liabilities		**(57.5)**	(64.6)
Total liabilities		**(122.6)**	(128.5)
Net assets		**103.0**	102.7
Shareholders' equity			
Share premium	17	**40.3**	40.3
Retained earnings		**62.7**	62.4
Total equity		**103.0**	102.7

The accompanying notes form an integral part of the financial statements.

These financial statements on pages 24 to 65 were approved by the Board of Directors on 13 December 2023 and are signed on its behalf by:

Professor Andrea Nollent
Vice-Chancellor & CEO

Rt Hon The Lord David Blunkett
Chair of the Board

Company statement of financial position
Registered number 07933838

	Note	As at 31 May 2023 £m	As at 31 May 2022 £m
Non-current assets			
Intangible assets	10	**50.0**	50.2
Investment in subsidiary	11	**5.1**	5.1
Right of use assets	12	**61.7**	68.3
Property, plant and equipment	13	**4.9**	3.3
Deferred tax	14	**2.9**	2.2
Total non-current assets		**124.6**	129.1
Current assets			
Trade and other receivables	15	**88.9**	79.9
Tax receivable		**3.5**	-
Cash and cash equivalents		**5.9**	18.6
Total current assets		**98.3**	98.5
Total assets		**222.9**	227.6
Current liabilities			
Trade and other payables	16	**(37.2)**	(32.7)
Lease liabilities	12	**(8.1)**	(7.5)
Deferred income		**(17.8)**	(19.4)
Deferred grant income		**(0.6)**	(0.6)
Tax payable		**-**	(1.0)
Total current liabilities		**(63.7)**	(61.2)
Net current assets		**34.6**	37.3
Non-current liabilities			
Lease liabilities	12	**(52.4)**	(59.7)
Provisions	22	**(5.1)**	(4.9)
Total non-current liabilities		**(57.5)**	(64.6)
Total liabilities		**(121.2)**	(125.8)
Net assets		**101.7**	101.8
Shareholders' equity			
Share premium	17	**40.3**	40.3
Retained earnings		**61.4**	61.5
Total equity		**101.7**	101.8

The Company's loss for the year ended 31 May 2023 was £0.1m (profit for 18 months to 31 May 2022: £32.2m). The accompanying notes form an integral part of the financial statements.

These financial statements on pages 24 to 65 were approved by the Board of Directors on 13 December 2023 and are signed on its behalf by:

Professor Andrea Nollent
Vice-Chancellor & CEO

Rt Hon The Lord David Blunkett
Chair of the Board

Consolidated statement of cash flows

	12 months to 31 May 2023 £m	18 months to 31 May 2022 £m
Profit after tax	**0.3**	33.7
Amortisation of intangible assets	**0.4**	0.5
Depreciation of right of use assets	**10.2**	13.2
Depreciation of tangible assets	**2.2**	2.5
(Gain)/loss on disposal of tangible fixed assets	**(8.2)**	-
Interest paid	**3.0**	5.1
Interest received	**(2.5)**	(2.4)
Taxation	**(0.7)**	5.6
Increase in trade and other receivables	**(1.2)**	(14.3)
Increase in trade and other payables	**0.1**	17.1
Tax Paid	**(4.5)**	(7.5)
Net cash (outflow)/inflow from operating activities	**(0.9)**	53.5
Cash flows from financing activities		
Interest paid	**(3.0)**	(5.1)
Intra-group loan	**(7.6)**	(29.0)
Principal elements of lease payments	**(8.5)**	(10.7)
Net cash outflow from financing activities	**(19.1)**	(44.8)
Cash flows from investing activities		
Purchase of intangible assets and property, plant and equipment	**(4.0)**	(2.9)
Purchase of subsidiary (net of cash acquired)	**-**	(0.5)
Proceeds from sale of property, plant and equipment	**8.2**	-
Grant income received	**-**	1.7
Net cash inflow/(outflow) from investing activities	**4.2**	(1.7)
Net (decrease)/increase in cash and cash equivalents in the period	**(15.8)**	7.0
Cash and cash equivalents at start of period	**22.2**	15.2
Cash and cash equivalents at end of period	**6.4**	22.2

The accompanying notes form an integral part of the financial statements.

Company statement of cash flows

	12 months to 31 May 2023 £m	18 months to 31 May 2022 £m
(Loss)/profit after tax	**(0.1)**	32.2
Amortisation of intangible assets	**0.4**	0.5
Depreciation of right of use assets	**10.2**	13.2
Depreciation of tangible assets	**2.2**	2.5
(Gain)/loss on disposal of tangible fixed assets	**(8.2)**	-
Interest paid	**3.0**	5.1
Interest received	**(2.5)**	(2.4)
Taxation	**(0.8)**	5.7
Decrease/(increase) in trade and other receivables	**1.1**	(14.0)
Increase in trade and other payables	**1.4**	16.0
Tax Paid	**(4.5)**	(8.0)
Net cash inflow from operating activities	**2.2**	50.8
Cash flows from financing activities		
Interest paid	**(3.0)**	(5.1)
Intra-group loan	**(7.6)**	(29.0)
Principal elements of lease payments	**(8.5)**	(10.7)
Net cash outflow from financing activities	**(19.1)**	(44.8)
Cash flows from investing activities		
Purchase of intangible assets and property, plant and equipment	**(4.0)**	(2.9)
Purchase of subsidiary (net of cash acquired)	**-**	(0.4)
Proceeds from sale of property, plant and equipment	**8.2**	-
Grant income received	**-**	1.7
Net cash inflow/(outflow) from investing activities	**4.2**	(1.6)
Net (decrease)/increase in cash and cash equivalents during the year	**(12.7)**	4.4
Cash and cash equivalents at start of year	**18.6**	14.2
Cash and cash equivalents at end of year	**5.9**	18.6

The accompanying notes form an integral part of the financial statements.

Consolidated statement of changes in equity

	Share premium £m	Share capital £m	Retained earnings £m	Total Equity £m
Balance at 1 December 2020	40.3	-	28.7	69.0
Profit for the 18-month period	-	-	33.7	33.7
Balance at 31 May 2022	40.3	-	62.4	102.7
Profit for the year	-	-	**0.3**	**0.3**
Balance at 31 May 2023	**40.3**	-	**62.7**	**103.0**

The accompanying notes form an integral part of the financial statements.

Company statement of changes in equity

	Share premium £m	Share capital £m	Retained earnings £m	Total Equity £m
Balance at 1 December 2020	40.3	-	29.3	69.6
Profit for the 18-month period	-	-	32.2	32.2
Balance at 31 May 2022	40.3	-	61.5	101.8
Loss for the year	-	-	**(0.1)**	**(0.1)**
Balance at 31 May 2023	**40.3**	-	**61.4**	**101.7**

The accompanying notes form an integral part of the financial statements.

Notes forming part of the financial statements

1. Accounting policies

The University of Law Limited is a private company limited by shares and incorporated, domiciled and registered in the United Kingdom. The registered number is 07933838 and the registered address is 2 Bunhill Row, London, EC1Y 8HQ. The principal business activities of the Company and its subsidiaries are described in the Strategic Report.

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The following principal accounting policies have been applied consistently.

Consolidated Financial Statements

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as 'the Group'). The parent company financial statements present information about the Company as a separate entity and not about its group.

Transactions eliminated on consolidation, intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Basis of preparation

The financial statements are prepared on the historical cost basis, modified as necessary to use a different measurement basis where necessary to comply with IFRS. Non-current assets held for sale are stated at the lower of previous carrying amount and fair value less costs to sell. The company's presentation and functional currency is GBP sterling.

The consolidated financial statements of the Group have been prepared under the assumption that the Group operates on a going concern basis. The University of Law Limited has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account.

Going concern

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the following reasons:

As at 31 May 2023, the Group had net current assets of £37.6m (31 May 2022: £39.9m), net assets of £103.0m (31 May 2022: £102.7m) and cash of £6.4m (31 May 2022: £22.2m).

Notes forming part of the financial statements (continued)

1. Accounting policies (*continued*)

The Board of the University prepares a future 5 year plan each year that is submitted to its main regulator, the Office for Students. The latest plan was reviewed and approved by the Board during September 2022. The Board has also reviewed more detailed monthly cash flow forecasts for a period of at least 12 months from the date of approval of the financial statements, prepared under more cautious assumptions, which shows that the University will continue to operate within its current facilities with a reasonable amount of headroom. In addition, a severe but plausible downside scenario has been prepared and the impact on the University's going concern appropriately considered under such a scenario. This includes any need for Lake International Limited to repay elements of its loan balance under such a scenario, and the Board is satisfied that the ultimate parent group is able and willing to facilitate this should the situation arise.

Consequently, the Directors are confident that the University will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Foreign currencies

Foreign currency transactions
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transaction. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement in finance costs or income.

Group companies
The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position.
- Income and expenses for each income statement are translated at average exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates prevailing on the dates of the transactions. All resulting exchange differences are recognised in the statement of comprehensive income.

Leases

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

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

Notes forming part of the financial statements (*continued*)

1. Accounting policies (*continued*)

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- amounts expected to be payable under a residual value guarantee, and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise such an option to extend and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group presents right of use assets and lease liabilities on the face of the Statement of Financial Position.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on assets using the straight-line method to allocate their cost less residual values over their estimated useful lives, as follows:

Freehold buildings	2% on cost per annum
Property improvements	20% on cost per annum
Fixtures, fittings and equipment	20% - 50% on cost per annum
Motor vehicles	25% on cost per annum

Land is not depreciated.

Depreciation methods, useful economic lives and residual values are reviewed at each reporting date, and adjusted prospectively, if appropriate. An impairment loss is recognised when an asset's carrying amount exceeds its recoverable amount.

Capitalised assets include costs directly attributable to bringing the property, plant and equipment into working condition such as consultancy fees and the related irrecoverable value added tax. Repairs, maintenance, and operational inspection costs are expensed as incurred.

Notes forming part of the financial statements (*continued*)

1. Accounting policies (*continued*)

Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income as other operating costs/income.

Intangible assets and goodwill

Goodwill
Goodwill represents the excess of the fair value of the consideration transferred over the fair value of the Group's share of the net identifiable assets less the liabilities assumed at the date of acquisition. Goodwill on acquisitions is included in intangible assets.

Goodwill is initially measured at cost, being the excess of the aggregate of the acquisition date fair value of the consideration transferred over the fair value of the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. Identifiable intangible assets are recognised separately from goodwill.

Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss.

If the aggregate of the acquisition date fair value of the consideration transferred is lower than the fair value of the assets, liabilities and contingent liabilities in the business acquired, the difference is recognised through profit or loss.

Goodwill is tested annually for impairment and is allocated to the relevant cash-generating unit or group of cash-generating units for the purpose of impairment testing. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows, that are largely independent of the cash inflows from other assets or groups of assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any impairment in carrying value is charged to the statement of comprehensive income.

An impairment loss recognised for goodwill is never reversed in subsequent periods.

Other intangible assets
Other intangible assets acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation
Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. The estimated useful lives are as follows:

Computer software	4 years
Websites	4 years

Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use.

Notes forming part of the financial statements (*continued*)

1. Accounting policies (*continued*)

Impairment of non-financial assets

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. The CGU for this purpose is the University as a whole.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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 if there has been a change in the estimates used to determine the recoverable amount. 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.

Financial instruments

Recognition and initial measurement
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and they are measured initially at fair value. Transaction costs arising on the issue of a financial asset or financial liability are accounted for as follows:

- Transaction costs are added to or deducted from the fair value of the financial asset or financial liability if they are directly attributable to the acquisition of the financial asset or financial liability, respectively, and if the financial asset is measured at fair value through other comprehensive income or if the financial asset or financial liability, respectively, is measured at amortised cost.
- Transaction costs are recognised immediately in profit or loss if they are directly attributable to the issue of a financial asset or financial liability at fair value through profit or loss, or if they are not directly attributable to the issue of a financial asset or financial liability

Derecognition
Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or the Group transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

Notes forming part of the financial statements (*continued*)

1. Accounting policies (*continued*)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in equity is not reclassified to profit or loss but is included in retained earnings.

A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires. The difference between the carrying value of the financial liability and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

Classification and subsequent measurement of financial assets
The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL).

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on their classification.

Financial assets classified as amortised cost
Financial assets that meet the following conditions are classified and subsequently measured at amortised cost:

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

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The Group's financial assets measured at amortised cost include trade and other receivables advances to related parties, cash and cash equivalents and certain other financial assets.

Trade Receivables
The Group's trade receivables do not generally have a significant financing component. They are stated at cost less allowance for doubtful receivables, which approximates fair value.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash balances and call deposits with an original maturity date of 12 months or less. The carrying amount of these assets is approximately equal to their fair value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes forming part of the financial statements (*continued*)

1. Accounting policies (*continued*)

Financial instruments (continued)

Financial assets classified as FVOCI
Financial assets are classified and subsequently measured at FVOCI if they meet the criteria to be classified at amortised cost except that the business model is to sell financial assets as well as to hold financial assets to collect contractual cash flows.

The Group may also irrevocably elect to classify and subsequently measure debt securities at FVOCI.

Financial assets classified as FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as FVTPL, unless the Group designates an equity investment as FVOCI on initial recognition.
- Debt instruments (including receivables) that do not meet the amortised cost criteria or the FVOCI criteria are classified as FVTPL.

Financial assets classified as FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss.

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition. They would only be reclassified if the Group were to change its business model for managing its financial assets, in which case the affected financial assets would be reclassified following that change.

Impairment of financial assets (including receivables)
The Group assesses, on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. The Group recognises a loss allowance for such losses at each reporting date.

The Group recognises lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix, grouping student debts based on student debtor status and ageing and applying a provision based on the Group's historical credit loss experience.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if

(i) the financial instrument has a low risk of default,
(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
(iii) adverse changes in economic and business conditions in the longer term may (but not necessarily) reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Notes forming part of the financial statements (*continued*)

1. Accounting policies (*continued*)

Financial instruments (continued)

All cash and cash equivalents are assessed to have low credit risk at each reporting date as they are held with reputable banks and financial institution counterparties with, wherever possible, a minimum single A credit rating from reputable credit agencies. The Group measures the loss allowance for such assets at an amount equal to 12 months ECL.

ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available.

Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a longer or shorter default criterion is more appropriate.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of the financial difficulties.

Classification and subsequent measurement of financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. Financial liabilities are classified and measured as FVTPL when:

(i) the financial liability is deferred consideration, contingent consideration or a share buyout balance relating to a business combination to which IFRS 3 applies; or
(ii) it is a derivative.

Notes forming part of the financial statements (*continued*)

1. Accounting policies (*continued*)

Financial instruments (continued)

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities.

For financial liabilities that are denominated in a foreign currency, the foreign exchange gains and losses are recognised in profit or loss.

The Group's financial liabilities include trade and other payables, and borrowings.

Trade payables
Trade payables are initially recognised at fair value and are subsequently measured at amortised cost.

Borrowings
Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently measured at amortised cost using the effective interest rate method.

Employee benefits

Defined contribution plans
The company provides a defined contribution pension plan. The assets of the scheme are held separately from those of the company in an independently administered fund. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

Revenue

Revenue is measured based on the consideration being tuition fees charged to which the Group expects to be entitled in a contract with its customers (being its students) for the delivery of University programmes and tuition (net of refunds) and excludes amounts collected on behalf of third parties and any discounts granted.

Course fees received in advance, either in full or by instalment, are deferred and then recognised through the statement of comprehensive income over the period of time to which they relate as contractual performance obligations are satisfied.

Course fees are recognised as receivable and are included in deferred income or contract liabilities for current and future courses from the commencement date of the course based upon the amount invoiced.

Included in revenue is grant income received from the Office for Students (OFS).

A variety of payment options are offered to students including annually, termly or monthly in advance.

Notes forming part of the financial statements (*continued*)

1. Accounting policies (*continued*)

Other income

Other income includes:
• Rent receivable and service charges receivable in respect of sub-let properties;
• Course material sales.

Expenses

Expenditure on both goods and services is recognised in the period that it is incurred.

Where expenditure has been incurred but has not yet been invoiced for, the expenditure is accrued and a creditor for the relevant amount is recorded on the statement of financial position. Where expenditure has been incurred but that expenditure relates to a later period, the expenditure is deferred and a debtor for the relevant amount is recorded in the statement of financial position.

Finance income and expenses
Financing expenses comprise interest payable and net foreign exchange losses that are recognised in the statement of comprehensive income (see foreign currency accounting policy). Financing income comprise interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues. Foreign currency gains and losses are reported on a net basis.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

Current tax
Current tax assets and liabilities for the current and prior periods are measured as the amount expected to be paid or to be recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date.

Deferred tax
Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if deferred tax arises from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Notes forming part of the financial statements (*continued*)

1. Accounting policies (*continued*)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

New standards and interpretations not yet adopted

Amendments to IAS 1
In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

New standards
The Group is currently assessing the impact of IFRS 17 Insurance Contracts (effective 1 January 2023). In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to 1 January 2023.

The Amendments to IAS 1 and adoption of IFRS 17 are not expected to have a material impact on the financial statements.

2. Significant accounting judgements and key sources of estimation uncertainty

The Group makes certain estimates and judgements regarding the future. Judgements and estimates are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may differ from these judgements and estimates. The judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical judgements

IFRS 16 - Right of use asset recognition
Management has assessed each lease liability for recognition under IFRS 16. The judgements are based on the term and nature of individual leases. Those leases with a term greater than 12 months which convey a right to occupy are recognised as a right of use asset with corresponding lease liability. Leases of equal to or less than 12 months or with a nature of right of access rather than occupy are expensed in profit or loss.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are included in the lease term if management conclude the lease is reasonably certain to be extended or not terminated.

Notes forming part of the financial statements (*continued*)

2. Significant accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

Deferred income and associated balances
In prior year, management identified instances of ineffective operation of certain financial controls around deferred income and receivable/payable balances. Consequently, management carried out a full student by student data cleanse exercise in the current year to ensure correct Deferred income, debtors and payable balances are presented in the statement of financial position. The exercise was carried out by the finance staff and was reviewed by senior finance staff to ensure accuracy and presentation.

The deferred income is calculated based on the length of the course and is reduced as the service is delivered. The deferred income balance is recognised once the student is liable for a term fee which varies according to the specific course. Fee balance which are not yet due is not recognised as deferred income and receivable.

IFRS 16 – Discount rates
As part of the Group's adoption of IFRS 16, lease liabilities were measured at the present value of the remaining lease payments discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security, and conditions.

The Directors applied an incremental borrowing rate of 4.8% in determining the present value calculation. This rate was assessed as being the market rate at which the Company was able to borrow funds.

Useful economic lives of fixtures, fittings, and equipment (excluding right of use assets)
Management has assessed the estimated useful lives of plant and equipment as between 2 and 4 years and property as 50 years, both asset classes using the straight-line method on the different assets. This estimate is based on historical knowledge of similar classes of 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.

Financial assets - Impairment
The loss allowances for financial assets are based on estimates around risk of default and expected loss rates using the Group's past history, existing market conditions, and forward-looking information at the end of each reporting period. The provision is made by classifying the students according to different status. The significant differentiation is between whether a student is current or is a past student. The current students, as per all the factors above, are less perilous and hence require a small provision depending on their past due status. The past students are classified in different sub-categories i.e. whether or not they completed the course, or their results are withheld. The University analyse both the student categories and past due status and provision is accordingly made for outstanding receivable balances. The higher provision percentages for any category depicts the recourse available to the University to collect these funds and their past due stats.

The Group uses these assessments to conclude if an impairment is required, and if so, the quantum. Further information on receivable ageing is given in Note 20.

Notes forming part of the financial statements *(continued)*

3. Revenue

All revenue generated relates to continuing operations.

	12 months to 31 May 2023 £m	18 months to 31 May 2022 £m
Course fees from taught awards	**157.8**	225.5
Fee income from non-qualifying courses	**4.8**	6.5
Grant income received from OfS	**0.7**	1.1
Total grant and fee income	**163.3**	233.1

Excluded from net revenue are certain awards given for scholarships.

Included within the revenue for 12 months to 31 May 2023 is £22.2m (18 months to May 2022: £8.7m) which was recorded as deferred revenue at the previous period end.

Management considers that revenue is derived from one operating segment, being the provision of higher education tuition.

4. Expenses and auditors' remuneration

Included in the (loss)/profit are the following:	12 months to 31 May 2023 £m	18 months to 31 May 2022 £m
Auditors' remuneration:		
Audit of these financial statements	**0.8**	1.6
Non-audit services:		
Tax advisory services	**0.1**	-
Transaction related services	**0.8**	-
Depreciation of tangible assets	**2.2**	2.5
Depreciation of right of use assets	**10.2**	13.2
Amortisation of intangible assets	**0.4**	0.5
Impairment of receivables	**15.6**	5.2

Amounts receivable by the company's auditors and their associates are in respect of the audit of the company's financial statements.

The company received £8.2m during the year from a sell-on clause included in the property sold by The University of Law Limited (Guildford Campus) in 2018.

The company incurred £0.7m (18 months to 31 May 2022: £1.1m) on Access and Participation Plan initiatives in the year. The cost is shown in the following table.

	12 months to 31 May 2023 £'000	18 months to 31 May 2022 £'000
Access investment	**243**	417
Financial support	**309**	568
Support for disabled students	**127**	143
	679	1,128

More information can be found at https://www.law.ac.uk/policies/ Access and Participation statement.

Notes forming part of the financial statements (*continued*)

5. Remuneration of Directors

	12 months to 31 May 2023 £'000	18 months to 31 May 2022 £'000
Directors' emoluments	**1,532**	1,143
Pension contribution	**20**	26
	1,552	1,169

During the year ended 31 May 2023, the University made contributions to money purchase pension schemes for 3 Directors (18-month period to 31 May 2022: two Directors).

During this year, fees for services performed by two shareholder nominated Directors and the Chair of the Board were not re-charged from the parent company to the company (18 months to 31 May 2022: £nil).

Included within the Directors emoluments is the compensation for loss of the office amounting to £0.3m (2022: Nil).

All costs relating to directors' remuneration have been borne by the company.

Highest paid Director and current Vice Chancellor

The highest paid Director for the year ended 31 May 2023 was Professor Andrea Nollent, Vice-Chancellor & CEO. Andrea re-joined the University on 15 June 2022 after leaving the University on 26 August 2021.

	12 months to 31 May 2023 £'000	18 months to 31 May 2022 £'000
Salary	**314**	232
Discretionary bonus (contractual provision)	**-**	28
Total emoluments excluding pension contributions	**314**	260
Pension contributions	**4**	16
Total emoluments including pension contributions	**318**	276

The Vice-Chancellor & CEO re-joined the University's group personal pension plan in April 2023.

Pay ratios		12 months to 31 May 2023 £'000	18 months to 31 May 2022 £'000
Vice-Chancellor & CEO	Basic salary	**314**	232
Vice-Chancellor & CEO	Total remuneration	**318**	276
All other staff	Median basic salary	**42**	59
All other staff	Median total remuneration	**48**	73
Pay multiple	Median basic salary	7.5:1	3.9:1
Pay multiple	Median total remuneration	6.6:1	3.8:1

Notes forming part of the financial statements (*continued*)

5. Remuneration of Directors (*continued*)

The median salary and remuneration ratio calculations are calculated in accordance with the methodology prescribed by the Office for Students and are based on all staff employed at any point during the respective financial period.

All staff are treated as full-time equivalents in the calculation, independent of their actual full-time equivalence during the year.

The Vice-Chancellor & CEO's basic salary is 7.5 times (2022: 3.9) the median basic salary of all staff, where the median basic salary is calculated on a full-time equivalent basis for the basic salaries paid by the University to its staff.

The Vice-Chancellor & CEO's total remuneration is 6.6 times (2022: 3.8) the median total remuneration of all staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the University to its staff.

The ratios are impacted by the incomplete coverage of Vice Chancellor and CEO's role during these periods.

The University of Law Limited is one of the UK's largest and fastest growing private universities. The University offers a wide range of programmes across a number of locations in the UK and overseas. As Vice-Chancellor & CEO, Professor Andrea Nollent is the head of the institution and she is responsible for both academic and business matters of the University.

The Vice-Chancellor & CEO's basic salary and total remuneration package are determined by the University's Remuneration Committee. Professor Andrea Nollent is not a member of the Committee and is not present when her remuneration package is being discussed. In reviewing the basic salary of the Vice-Chancellor & CEO, the Remuneration Committee considers a number of factors, including organisational and individual performance, general pay movements in the higher education sector, retention, and any relevant market considerations

The Committee reviews all available sector salary benchmarking data. Professor Andrea Nollent's performance is reviewed and considered by the committee for the purposes of the annual pay review process and the award of any bonus payment.

Previous Vice Chancellor

The previous Vice Chancellor & CEO was Professor Craig Mahoney who occupied the office from 01 February 2022 to 15th July 2022.

	12 months to 31 May 2023 £'000	**18 months to 31 May 2022 £'000**
Salary	**52**	113
Discretionary bonus (contractual provision)	**-**	-
Other taxable benefits	**10**	-
Compensation for loss of office	**340**	-
Total emoluments excluding pension contributions	**402**	113
Pension contributions	**-**	-
Total emoluments including pension contributions	**402**	113

Notes forming part of the financial statements (*continued*)

5. Remuneration of Directors (*continued*)

Pay ratios		**12 months to 31 May 2023 £'000**	**18 months to 31 May 2022 £'000**
Vice-Chancellor & CEO	Basic salary	**52**	113
Vice-Chancellor & CEO	Total remuneration	**402**	113
All other staff	Median basic salary	**42**	59
All other staff	Median total remuneration	**48**	73
Pay multiple	Median basic salary	**1.2:1**	1.9:1
Pay multiple	Median total remuneration	**8.4:1**	1.5:1

The median salary and remuneration ratio calculations are calculated in accordance with the methodology prescribed by the Office for Students and are based on all staff employed at any point during the respective financial period.

All staff are treated as full-time equivalents in the calculation, independent of their actual full-time equivalence during the year.

The Vice-Chancellor & CEO's basic salary is 1.2 times (2022: 1.9) the median basic salary of all staff, where the median basic salary is calculated on a full-time equivalent basis for the basic salaries paid by the University to its staff.

The Vice-Chancellor & CEO's total remuneration is 8.4 times (2022: 1.5) the median total remuneration of all staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the University to its staff.

The ratios are impacted by the incomplete coverage of Vice Chancellor and CEO's role during these periods.

6. Remuneration of key management personnel

The University's key management personnel are the members of the Executive Board, consisting of the following:

- Vice-Chancellor & CEO
- Deputy CEO
- Chief Operating Officer
- Pro Vice-Chancellor - International
- Chief Financial Officer
- Director - Academic Registry
- Deputy Vice-Chancellor, Law
- Pro Vice-Chancellor - Education
- Provost & Deputy Vice-Chancellor
- Director of Strategy & Planning
- Director of Equality, Diversity & Inclusion
- Chief People Officer

Notes forming part of the financial statements (*continued*)

6. Remuneration of key management personnel (*continued*)

Compensation of key management personnel was as follows:

	12 months to 31 May 2023 £m	18 months to 31 May 2022 £m
Key management personnel emoluments	**2.4**	2.6
Pension contribution	**0.1**	0.1
	2.5	2.7

Included within the Key management personnel emoluments is the compensation for loss of office amounting to £0.3m (2022: Nil).

The following table shows the number of staff with a basic salary of £100,000 per annum or over, broken down into £5,000 bands for the year ended 31 May 2023, with comparatives for the 18-months period from 1 December 2021 to 31 May 2022.

Basic salary per annum	**Number of staff for the year ended 31 May 2023**	**Number of staff for the 18-month period ended 31 May 2022**
£100,000 to £104,999	**1**	2
£105,000 to £109,999	**4**	1
£110,000 to £114,999	**-**	3
£115,000 to £119,999	**3**	-
£120,000 to £124,999	**1**	1
£125,000 to £129,999	**1**	-
£130,000 to £134,999	**1**	-
£140,000 to £144,999	**-**	1
£150,000 to £154,999	**1**	1
£155,000 to £159,999	**1**	-
£160,000 to £164,999	**-**	1
£165,000 to £169,999	**1**	-
£170,000 to £174,999	**-**	1
£175,000 to £179,999	**1**	1
£180,000 to £184,999	**1**	-
£185,000 to £189,999	**1**	-
£195,000 to £199,999	**-**	1
£215,000 to £219,999	**-**	1
£225,000 to £229,999	**1**	-
£280,000 to £284,999	**-**	1
£340,000 to £344,999	**-**	1
£360,000 to £364,999	**1**	-
Total	19	16

Notes forming part of the financial statements (*continued*)

7. Staff numbers and costs

The average number of persons employed by the Group (including Directors) and Company during the year ended 31 May 2023, analysed by category, was as follows:

	Group		Company	
	Number of employees 12 months to 31 May 2023	**Number of employees 18 months to 31 May 2022**	**Number of employees 12 months to 31 May 2023**	**Number of employees 18 months to 31 May 2022**
Teaching	**545**	438	**533**	429
Course design and production	**9**	13	**9**	13
Support	**620**	501	**619**	498
Sales and marketing	**131**	108	**122**	108
	1,305	1,060	**1,283**	1,048

The aggregate payroll costs of these persons were as follows:

	Group		Company	
	12 months to 31 May 2023 £m	**18 months to 31 May 2022 £m**	**12 months to 31 May 2023 £m**	**18 months to 31 May 2022 £m**
Wages and salaries	**63.8**	77.4	**61.6**	74.6
Social security costs	**7.1**	7.4	**6.9**	7.3
Other pension costs	**5.7**	6.4	**5.2**	6.3
	76.6	91.2	**73.7**	88.2

Notes forming part of the financial statements (continued)

8. Finance income and expense

Group

Finance income

	12 months to 31 May 2023 £m	18 months to 31 May 2022 £m
Interest on intercompany loan	2.5	2.4
	2.5	2.4

Finance expenses

	12 months to 31 May 2023 £m	18 months to 31 May 2022 £m
Interest expense on lease liabilities	3.0	5.0
Other interest	-	0.1
	3.0	5.1

Company

Finance income

	12 months to 31 May 2023 £m	18 months to 31 May 2022 £m
Interest on intercompany loan	2.5	2.4
	2.5	2.4

Finance expenses

	12 months to 31 May 2023 £m	18 months to 31 May 2022 £m
Interest expense on lease liabilities	3.0	5.0
Other interest	-	0.1
	3.0	5.1

Notes forming part of the financial statements (*continued*)

9. Taxation

	12 months to 31 May 2023		18 months to 31 May 2022	
	£m	**£m**	**£m**	**£m**
Current tax:				
UK corporation tax on profit for the period	**0.4**		7.4	
Adjustment in respect of previous periods	**(0.4)**		(1.9)	
Total current tax		**-**		5.5
Deferred tax:				
Current period	**(0.4)**		0.6	
Adjustment in respect of previous periods	**(0.2)**		-	
Effect of changes in tax rates	**(0.1)**		(0.5)	
Total deferred tax		**(0.7)**		0.1
Total tax per income statement		**(0.7)**		**5.6**

The tax on the Group's profit before taxation differs from the standard rate of UK corporation tax in the period of 20.00% (12 months to 30 November 2020: 19.0%).

The charge for the period can be reconciled to the income statement as follows:

	12 months to 31 May 2023	18 months to 31 May 2022
	£m	**£m**
(Loss)/profit before tax for the period – continuing operations	**(0.4)**	39.3
Tax on profit before tax at standard UK tax rate of 20.0% (18 months to 31 May 2022: 19.0%)	**(0.1)**	7.5
Effects of:		
Expenses not deductible for tax purposes	**0.1**	0.5
Adjustment from prior periods	**(0.6)**	(1.9)
Tax rate changes	**(0.1)**	(0.5)
Total tax (credit)/charge	**(0.7)**	5.6

Factors that may affect future current and total tax charges

UK corporation tax is calculated at 20.0% (18 months to 31 May 2022: 19.0%) of the estimated assessable profit for the year as the rate was 19% for the period 01 June 2022 to 31 March 2023 which was revised to 25% from 01 April 2023.

Notes forming part of the financial statements (*continued*)

10. Intangible assets

	Company Goodwill £m	Group Goodwill £m	Company & Group Software £m	Company & Group Websites £m	Company only Total £m	Group Total £m
Cost						
At 1 December 2020	114.5	120.0	2.4	0.1	117.0	122.5
Additions	-	0.9	0.5	-	0.5	1.4
At 31 May 2022	114.5	120.9	2.9	0.1	117.5	123.9
Additions	-	-	**0.2**	-	**0.2**	**0.2**
At 31 May 2023	**114.5**	**120.9**	**3.1**	**0.1**	**117.7**	**124.1**
Accumulated amortisation						
At 1 December 2020	(64.9)	(68.0)	(1.8)	(0.1)	(66.8)	(69.9)
Charge in period	-	-	(0.5)	-	(0.5)	(0.5)
At 31 May 2022	(64.9)	(68.0)	(2.3)	(0.1)	(67.3)	(70.4)
Charge in period	-	-	**(0.4)**	-	**(0.4)**	**(0.4)**
At 31 May 2023	**(64.9)**	**(68.0)**	**(2.7)**	**(0.1)**	**(67.7)**	**(70.8)**
Net book value						
At 31 May 2022	49.6	52.9	0.6	-	50.2	53.5
At 31 May 2023	**49.6**	**52.9**	**0.4**	**-**	**50.0**	**53.3**

Goodwill, associated with the acquisition of the legal education and training activities of the Legal Education Foundation (formerly The College of Law, Registered Charity number 271297) on 1 October 2012, of £114.5m, was capitalised previously and was being amortised by equal instalments over its estimated useful life. In the transition to adopted IFRS the company has elected to use the transitional provisions to set the goodwill as at the transition date (1 August 2015). Under adopted IFRS, goodwill is not amortised but tested annually for impairment.

Amortisation charge for the year of £0.4m (18 months to 31 May 2022: £0.5m) in respect of software is included with administrative expenses in the statement of comprehensive income.

An annual impairment review is conducted on goodwill. The impairment review is carried out at the level of a 'cash-generating unit' (CGU), defined as the smallest identifiable group of assets, liabilities and associated intangible assets that generate cash inflows that are largely independent of the cash flows from other assets or group of assets. The University is considered to be the CGU.

An impairment review involves the comparison of the carrying value of the CGU to the recoverable amount. An impairment charge is recognised to the extent that the carrying value exceeds the recoverable amount. The recoverable amount has been measured based on its value in use, using a discounted cash flow model. Cash flows for the next five years have been projected in line with expected growth using the University's five year plan. The discount rate applied to cash flow projections is derived from weighted average cost of capital.

Financial projections were based on forecasts approved by the Board for submission to the Office for Students. The discount rate applied was 15.4% and the long-term revenue growth rate was capped at 2%. Student growth, growth in course fees and increases applied to costs are the key assumptions included in the Group's five year plan. These have been modelled based upon a mixture of historical experience and expected future performance.

At 31 May 2023, the carrying value of goodwill was £52.9m, representing its value in use. No impairment charge was recognised for the year ended 31 May 2023.

Notes forming part of the financial statements (*continued*)

11. Investment in subsidiaries

A summary of the Company's investment in subsidiaries is set out below:

	31 May 2023	31 May 2022
	£m	£m
Cost and valuation		
Opening	**5.1**	3.5
Additions	-	1.6
Closing	**5.1**	5.1

On 16 December 2020, the Company acquired 100% of Central Law Training (Scotland) Limited for total consideration of £1.6m. Net assets of £0.7m were acquired giving rise to a goodwill of £0.9m. The Company considered all assets acquired were at fair value.

The University of Law Limited has availed itself of the provisions of Section 479A of the Companies Act 2006 and opted not have an audit for any of its subsidiaries on the grounds that it has issued a guarantee for its subsidiaries and no member of these subsidiaries has requested an audit.

The following were subsidiaries of the company:

Name of subsidiary	Registered office address	Principal activity	Class of shares held	Holding
Central Law Training Scotland) Limited	65 Haymarket Terrace Edinburgh EH12 5HD Scotland United Kingdom	Legal training provider	Ordinary	100%
College of Law Services Limited	2 Bunhill Row, Moorgate, London EC1Y 8HQ. United Kingdom	Legal training provider	Ordinary	100%
ULAW (UK) Limited	2 Bunhill Row, Moorgate, London EC1Y 8HQ. United Kingdom	Legal training provider	Ordinary	100%
ULAW Hong Kong Limited	Unit 605-08, 6F Wing On Centre 111 Connaught Road Central Sheung Wan. Hong Kong	Legal training provider	Ordinary	100%

Central Law Training (Scotland) Limited, College of Law Services Limited, and ULAW (UK) Limited are exempt from audit as University of Law has availed itself of the provisions of Section 479A of the Companies Act 2006 and opted not have an audit for any of its subsidiaries on the grounds that it has issued a guarantee for its subsidiaries and no member of these subsidiaries has requested an audit.

Notes forming part of the financial statements (*continued*)

12. Leases

The University has leases for the main campus properties. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right of use asset with a corresponding current and non-current lease liability. The University classifies its right of use assets in a consistent manner to its property, plant and equipment.

The property leases have a lease term ranging from one to twelve years, depending on contract date. Lease payments are fixed for a specified period, generally for five-year periods of the contract life. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Modifications to lease contracts within the term period are reflected in the asset and corresponding liability values.

Six of the property leases have an option to extend the lease for a further term. The University is prohibited from selling or pledging the underlying leased assets as security.

Leased premises must be kept in a good state of repair and returned to their original condition at the end of the lease. Furthermore, the University must insure items of property, plant and equipment, and incur maintenance fees on such items, in accordance with the lease contracts.

The Group does not have any lease arrangements where it acts as a lessor.

	Property Leases
Cost	**£m**
At 1 December 2020	76.8
Additions	13.6
At 31 May 2022	90.4
Additions	**3.6**
At 31 May 2023	**94.0**
Accumulated depreciation	
At 1 December 2020	(8.9)
Charge in period	(13.2)
At 31 May 2022	(22.1)
Charge in period	**(10.2)**
At 31 May 2023	**(32.3)**
Net book value	
At 31 May 2022	68.3
At 31 May 2023	**61.7**

Notes forming part of the financial statements (*continued*)

12. Leases (*continued*)

Lease Liability	12 months to 31 May 2023 £m	12 months to 31 May 2022 £m
Opening	**67.2**	77.9
Lease renewals	**1.8**	-
Interest expense	**3.0**	5.0
Lease payments	**(11.5)**	(15.7)
Closing	**60.5**	67.2

Lease liabilities presented in the statement of financial position	As at 31 May 2023 £m	As at 31 May 2022 £m
Current	**8.1**	7.5
Non-current	**52.4**	59.7
	60.5	67.2

The following table provides a maturity analysis of the Group's discounted lease liability:

	As at 31 May 2023 £m	As at 31 May 2022 £m
Less than one year	**8.1**	7.5
One to five years	**26.1**	28.6
More than five years	**26.3**	31.1
Total discounted value	**60.5**	67.2

Amounts recognised in the statement of comprehensive income	12 months to 31 May 2023 £m	18 months to 31 May 2022 £m
Depreciation of right of use assets	**10.2**	13.2
Interest on lease liabilities	**3.0**	5.0
	13.2	18.2

Amounts recognised in the statement of cash flows	12 months to 31 May 2023 £m	18 months to 31 May 2022 £m
Total cash outflow for leases	**11.5**	15.7

The amount reflected in profit and loss in respect of short-term and low value leases for the year was £0.2m (18 months to 31 May 2022 £0.2m). Total cash outflows in respect of leases was £11.5m (18 months to 31 May 2022 £15.7m).

Notes forming part of the financial statements (*continued*)

13. Property, plant and equipment

Group	Property improvements	Fixtures, fittings and equipment	Total
	£m	£m	£m
Cost			
At 1 December 2020	6.4	11.3	17.7
Additions	0.1	2.3	2.4
Acquisitions	-	0.1	0.1
At 31 May 2022	6.5	13.7	20.2
Additions	-	**3.8**	**3.8**
At 31 May 2023	**6.5**	**17.5**	**24.0**
Accumulated depreciation			
At 1 December 2020	(5.6)	(8.7)	(14.3)
Charge in period	(0.6)	(1.9)	(2.5)
At 31 May 2022	(6.2)	(10.6)	(16.8)
Charge in period	**(0.1)**	**(2.1)**	**(2.2)**
At 31 May 2023	**(6.3)**	**(12.7)**	**(19.0)**
Net book value			
At 31 May 2022	0.3	3.1	3.4
At 31 May 2023	**0.2**	**4.8**	**5.0**

Company	Property improvements	Fixtures, fittings and equipment	Total
	£m	£m	£m
Cost			
At 1 December 2020	6.4	11.3	17.7
Additions	0.1	2.3	2.4
At 31 May 2022	6.5	13.6	20.1
Additions	-	**3.8**	**3.8**
At 31 May 2023	**6.5**	**17.4**	**23.9**
Accumulated depreciation			
At 1 December 2020	(5.6)	(8.7)	(14.3)
Charge in period	(0.6)	(1.9)	(2.5)
At 31 May 2022	(6.2)	(10.6)	(16.8)
Charge in period	**(0.1)**	**(2.1)**	**(2.2)**
At 31 May 2023	**(6.3)**	**(12.7)**	**(19.0)**
Net book value			
At 31 May 2022	0.3	3.0	3.3
At 31 May 2023	**0.2**	**4.7**	**4.9**

Notes forming part of the financial statements (*continued*)

14. Deferred tax

Deferred tax assets – Group	**31 May 2023**	**31 May 2022**
	£m	**£m**
Asset at the start of the period	**2.2**	2.4
Adjustment in respect of prior periods	**0.2**	(0.1)
Deferred tax charge to income statement	**0.5**	(0.1)
Asset at the end of the period	**2.9**	2.2

The deferred tax consists of:	**As at 31 May 2023**	**As at 31 May 2022**
	£m	**£m**
Fixed Assets	**1.5**	0.9
Short term timing differences- trade	**1.4**	1.3
	2.9	2.2

Deferred tax assets - Company	**As at 31 May 2023**	**As at 31 May 2022**
	£m	**£m**
Asset at the start of the period	**2.2**	2.3
Adjustment in respect of prior periods	**0.2**	-
Deferred tax charge to income statement	**0.5**	(0.1)
Asset at the end of the period	**2.9**	2.2

The deferred tax consists of:	**As at 31 May 2023**	**As at 31 May 2022**
	£m	**£m**
Fixed Assets	**1.5**	0.9
Short term timing differences- trade	**1.4**	1.3
	2.9	2.2

Notes forming part of the financial statements (*continued*)

15. Trade and other receivables

Trade and other receivables - Group	Note	**As at 31 May 2023 £m**	**As at 31 May 2022 £m**
Trade receivables from third parties - gross		**65.4**	50.5
Less: Provision for impairment	20	**(31.8)**	(16.8)
Trade receivables from third parties - net		**33.6**	33.7
Amounts receivable from related parties*		**53.9**	44.0
Other receivables		**0.5**	0.5
Prepayments and accrued income		**4.8**	3.4
		92.8	81.6

Trade and other receivables - Company		**As at 31 May 2023 £m**	**As at 31 May 2022 £m**
Trade receivables from third parties - gross		**62.1**	47.6
Less: Provision for impairment	20	**(31.8)**	(16.8)
Trade receivables from third parties – net		**30.3**	30.8
Amounts receivable from related parties*		**53.9**	45.6
Other receivables		**0.5**	0.5
Prepayments and accrued income		**4.2**	3.0
		88.9	79.9

* Amounts receivable from related parties includes £53.8m (31 May 2022: £43.7m) relating to total intercompany loans with an applicable interest rate of 5%. The Group and Company figures above are presented net of provisions for impairment of £2.5m (31 May 2022: £1.9m) and £7.8m (31 May 2022: £5.1m) respectively.

Notes forming part of the financial statements (*continued*)

16. Trade and other payables

Less than one year – Group	**As at 31 May 2023 £m**	**As at 31 May 2022 £m**
Trade payables due to third parties	**18.2**	16.1
Other payables due to related parties	**3.3**	5.2
Accruals	**10.8**	7.7
Other payables	**0.7**	1.0
Other taxation and social security	**3.1**	2.4
	36.1	32.4

Less than one year – Company	**As at 31 May 2023 £m**	**As at 31 May 2022 £m**
Trade payables due to third parties	**18.1**	16.1
Other payables due to related parties	**6.1**	6.4
Accruals	**10.6**	7.8
Other payables	**0.7**	0.8
Other taxation and social security	**1.7**	1.6
	37.2	32.7

17. Capital and reserves

Share capital	**As at 31 May 2023 £**	**As at 31 May 2022 £**
Shares in issue, allotted, called up and fully paid		
11 Ordinary shares of £1 each	**11**	11
	11	11

Share premium	**As at 31 May 2023 £m**	**As at 31 May 2022 £m**
Share premium	**40.3**	40.3
	40.3	40.3

Notes forming part of the financial statements (*continued*)

18. Pension scheme

The Company provides a defined contribution pension plan to its employees. The pension plan is administered by an external pension provider. The Company is required to contribute to a specified percentage of payroll costs to the scheme to fund the benefit and has no other obligation under the scheme other than to make the required contributions. The pension cost charge for the year ended 31 May 2023 represents contributions payable by the Company to the scheme and amounted to £5.0m (18 months to 31 May 2022: £4.0m).

Contributions amounting to £0.5m (18 months to 31 May 2022: £0.4m) were payable to the scheme at 31 May 2023 and are included in other payables in Note 16.

19. Ultimate Controlling Party

The Company's immediate parent undertaking is Lake International Limited, whose Registered Office is Buchanan House, 30 Holborn, London, EC1N 2HS, United Kingdom and which is a company incorporated in the United Kingdom and a subsidiary company of the ultimate parent undertaking.

The ultimate controlling party is The Heritage Trust, registered in Guernsey.

The smallest group into which the Company is consolidated is The University of Law, a company registered in United Kingdom whose registered office is 2 Bunhill Row, London EC1Y 8HQ. Its consolidated accounts are available for inspection by appointment at this address. The largest group into which the Company is consolidated is Academic Bridge B.V., a company registered in The Netherlands and whose registered office is Passeerdersgracht 23, 1016XG Amsterdam, The Netherlands. Its consolidated accounts are available for inspection by appointment at this address.

20. Management of financial risks

Operating environment

The principal business activities of the Company are within the United Kingdom. Management considers that a number of risk factors and uncertainties affect the Company's business, including:

- Risks to core products due to changes in the solicitor training regime;
- Financial risks including credit and liquidity.

While the Company's management have developed specific plans to deal with each of these risk areas and the directors consider such plans to be adequate, not all risk factors are within management's control. Other risks and uncertainties not listed above could also affect the Company.

Financial risk factors
The Company's activities expose it to credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of markets and seeks to minimise potential adverse effects on the Group's financial performance. Risks are managed centrally.

This note presents information about Company's exposure of each type of risks, policy and procedures of assessment and management, as well as approaches to capital management. Additional qualitative and quantitative information is disclosed through overall financial statements.

Notes forming part of the financial statements (*continued*)

20. Management of financial risks (*continued*)

Credit risk
Credit risk is a risk of financial loss to the company, which results from cash and cash equivalents and credit exposures to customers, including outstanding receivables. Management systematically reviews credit risk of receivables, taking into account the current status of the students with respect to their course completion, the ageing of any outstanding debt, financial position of students and firms, their credit history and other factors. The Company provides for an estimated allowance for trade and other receivables. The allowance depends on established expected credit loss percentages based on historic trends associated with current status of the students with respect to their course completion and the ageing of any outstanding debt.

Credit risk from balances with banks and reputable institutions is assessed by the Group in accordance with the Group's policy. The Group's bank balances are held with banks with a minimum single A credit rating.

Financial assets at amortised cost - Group	**As at 31 May 2023 £m**	**As at 31 May 2022 £m**
Cash and cash equivalents	6.4	22.2
Trade Receivables from third parties - gross	65.4	50.5
Less: Provision for impairment	(31.8)	(16.8)
Trade receivables from third parties - net	33.6	33.7
Amounts receivable from related parties	53.9	44.0
Other receivables	0.5	0.5
Accrued income	0.9	-
Receivables at amortised cost	88.9	78.2
	95.3	100.4

Financial assets at amortised cost - Company	**As at 31 May 2023 £m**	**As at 31 May 2022 £m**
Cash and cash equivalents	5.9	18.6
Trade Receivables from third parties - gross	62.1	47.6
Less: Provision for impairment	(31.8)	(16.8)
Trade receivables from third parties - net	30.3	30.8
Amounts receivable from related parties	53.9	45.6
Other receivables	0.5	0.5
Accrued income	0.3	-
Receivables at amortised cost	85.0	76.9
	90.9	95.5

Notes forming part of the financial statements *(continued)*

20. Management of financial risks *(continued)*

The carrying amounts of the Group and Company's financial assets are equal to their fair value at 31 May 2023 and 31 May 2022.

The following table provides information about the Group exposure to credit risk and ECLs for trade receivables from third parties.

	As at 31 May 2023			As at 31 May 2022		
	Weighted average loss rate £m	Gross carrying amount £m	Loss allowance £m	Weighted average loss rate £m	Gross carrying amount £m	Loss allowance £m
Less than 30 days past due	16%	12.1	(1.9)	2%	10.4	(0.2)
31-60 Days past due	13%	10.4	(1.3)	2%	8.1	(0.2)
61-150 Days past due	26%	7.2	(1.9)	18%	8.2	(1.5)
More than 150 Days past due	75%	35.7	(26.7)	63%	23.8	(14.9)
Total		65.4	(31.8)		50.5	(16.8)

The following table provides information about the Company exposure to credit risk and ECLs for trade receivables from third parties.

	As at 31 May 2023			As at 31 May 2022		
	Weighted average loss rate £m	Gross carrying amount £m	Loss allowance £m	Weighted average loss rate £m	Gross carrying amount £m	Loss allowance £m
Less than 30 days past due	17%	11.4	(1.9)	2%	9.2	(0.2)
31-60 Days past due	13%	9.9	(1.3)	3%	7.8	(0.2)
61-150 Days past due	27%	7.0	(1.9)	19%	7.9	(1.5)
More than 150 Days past due	79%	33.8	(26.7)	66%	22.7	(14.9)
Total		62.1	(31.8)		47.6	(16.8)

Note that non-sponsored students have a payment schedule agreed at the start of their course. The ageing analysis presented above is shown with reference to this schedule.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to the management of liquid funds is based on ensuring that the Company has sufficient liquidity to perform its financial obligations when due (both in normal and emergency conditions) by avoiding unacceptable losses or the risk of deterioration of its reputation. Liquidity risk management implies maintaining the availability of funding through an adequate amount of cash and cash equivalents. Management analyses regularly terms of settlement of obligations and receipts from financial assets and monitors the expected cash flows from operating activities.

Notes forming part of the financial statements *(continued)*

20. Management of financial risks *(continued)*

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Less than 12 months £m	1 to 5 years £m	Greater than 5 years £m	Total £m
At 31 May 2023				
Trade payables due to third parties	**18.2**	**-**	**-**	**18.2**
Other payables due to related parties	**3.3**	**-**	**-**	**3.3**
Accruals	**10.8**	**-**	**-**	**10.8**
Other payables	**0.7**	**-**	**-**	**0.7**
Lease liabilities	**10.7**	**33.2**	**30.3**	**74.2**
	43.7	**33.2**	**30.3**	**107.2**
At 31 May 2022				
Trade payables due to third parties	16.1	-	-	16.1
Other payables due to related parties	5.2	-	-	5.2
Accruals	7.7	-	-	7.7
Other payables	1.0	-	-	1.0
Lease liabilities	10.4	37.0	36.4	83.8
	40.4	37.0	36.4	113.8

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Less than 12 months £m	1 to 5 years £m	Greater than 5 years £m	Total £m
At 31 May 2023				
Trade payables due to third parties	**18.1**	**-**	**-**	**18.1**
Other payables due to related parties	**6.1**	**-**	**-**	**6.1**
Accruals	**10.6**	**-**	**-**	**10.6**
Other payables	**0.7**	**-**	**-**	**0.7**
Lease liabilities	**10.7**	**33.2**	**30.3**	**74.2**
	46.2	**33.2**	**30.3**	**109.7**
At 31 May 2022				
Trade payables due to third parties	16.1	-	-	16.1
Other payables due to related parties	6.4	-	-	6.4
Accruals	7.8	-	-	7.8
Other payables	0.8	-	-	0.8
Lease liabilities	10.4	37.0	36.4	83.8
	41.5	37.0	36.4	114.9

Notes forming part of the financial statements (*continued*)

20. Management of financial risks *(continued)*

Financial liabilities at amortised cost - Group	**As at 31 May 2023 £m**	**As at 31 May 2022 £m**
Current liabilities		
Trade payables due to third parties	**18.2**	16.1
Other payables due to related parties	**3.3**	5.2
Accruals	**10.8**	7.7
Other payables	**0.7**	1.0
Trade and other payables	**33.0**	30.0
Lease liabilities	**8.1**	7.5
Non-current liabilities		
Lease liabilities	**52.4**	59.7
	93.5	97.2

Financial liabilities at amortised cost - Company	**As at 31 May 2023 £m**	**As at 31 May 2022 £m**
Current liabilities		
Trade payables due to third parties	**18.1**	16.1
Other payables due to related parties	**6.1**	6.4
Accruals	**10.6**	7.8
Other payables	**0.7**	0.8
Trade and other payables	**35.5**	31.1
Lease liabilities	**8.1**	7.5
Non-current liabilities		
Lease liabilities	**52.4**	59.7
	96.0	98.3

The carrying amounts of the Group and Company's financial liabilities are equal to their fair value at 31 May 2023 and 31 May 2022.

Analysis of debtor provision – Group and Company	**Group and Company £m**
At 1 December 2020	**(11.6)**
Provision made during the period	**(5.2)**
At 31 May 2022	**(16.8)**
Provision made during the year	**(15.0)**
At 31 May 2023	**(31.8)**

Notes forming part of the financial statements (continued)

21. Related party disclosures

Identity of related parties with which the company has transacted

Subsidiaries of the University of Law Limited
College of Law Services Limited, whose Registered Address is 2 Bunhill Row, Moorgate, London EC1Y 8HQ, United Kingdom.

ULAW (UK) Limited, whose Registered Address is 2 Bunhill Row, Moorgate, London EC1Y 8HQ, United Kingdom.

ULAW Hong Kong Limited, whose Registered Address is Unit 605-08, 6F Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong.

Ultimate parent company
The ultimate controlling party is The Heritage Trust, registered in Guernsey.

Subsidiaries of ultimate parent company
Interactive Pro Limited, whose Registered Address is 30 Holborn, Buchanan House, London, England, United Kingdom. EC1N 2HS.

London School of Business and Finance (UK) Ltd, whose Registered Address is 30 Holborn, Buchanan House, London, England, United Kingdom. EC1N 2HS.

Guildford Campus Property Limited, whose Registered Address is 30 Holborn, Buchanan House, London, England, United Kingdom. EC1N 2HS.

GISMA Business School GmbH, Goethestraße 18, 30169 Hannover, Germany.

Arden University Limited, whose Registered address is Arden House, Middlemarch Park, Coventry, England, United Kingdom. CV3 4FJ.

The Language Gallery Limited, whose Registered Address is 30 Holborn, Buchanan House, London, England, United Kingdom. EC1N 2HS.

London Academy of Trading Ltd, whose Registered Address is 30 Holborn, Buchanan House, London, England, United Kingdom. EC1N 2HS.

GAHL Services Ltd, whose Registered Address is 30 Holborn, Buchanan House, London, England, United Kingdom. EC1N 2HS.

GLS Global Services GmbH, whose Registered Address is Baarerstrasse 38, Zug, Switzerland, 6300.

GUS Education Business Process Solutions and Services PHILIPPINES, INC. who registered address is 8F Robinsons Zeta Tower, Bridgetowne, C5 Road, Ugong Norte, Quezon City, Philippines

Global University Systems B.V. who registered address is Tower II, WTC Amsterdam, Zuidplein 36, 1077 XV Amsterdam, The Netherlands

Notes forming part of the financial statements (continued)

21. Related party disclosures (continued)

GUS Property B.V.- who registered address is is Passeerdersgracht 23, 1016XG Amsterdam, The Netherlands.

Other related parties
GUS Education (India) LLP, whose Registered Address is No.52, 3rd Floor, 100 Feet Road, Opp. Kendriya Sadan, 2nd Block, Koramangala, Bangalore 560034, India.

University of Petroleum And Energy Studies whose Registered Address is Upper Ground & First Floor, Greater Kailash-II, New Delhi-110048, India

Transactions with key management personnel

The compensation of key management personnel including directors is disclosed in Note 6.

Other related party transactions - Group	**Services provided to / (from) 12 months to 31 May 2023 £m**	**Services provided to / (from) 18 months to 31 May 2022 £m**
Subsidiaries of ultimate parent company	**(0.9)**	(1.0)
Interest income in the period	**2.5**	2.4

Related party balances	**Payables outstanding at 31 May 2023 £m**	**Payables outstanding at 31 May 2022 £m**	**Receivables outstanding at 31 May 2023 £m**	**Receivables outstanding at 31 May 2022 £m**
Intermediate parent companies	-	-	**53.8**	43.7
Other group subsidiary of ultimate parent	**3.3**	5.2	**0.1**	0.3
	3.3	5.2	**53.9**	44.0

Deferred income relating to related parties totalled £2.2m at 31 May 2023 (31 May 2022: £2.2m).

Notes forming part of the financial statements (continued)

22. Provisions

Group and Company

	£m
At 1 December 2020	4.8
Provisions made during the period	0.1
At 31 May 2022	4.9
Additions	**1.8**
Provisions released during the year	**(1.6)**
At 31 May 2023	**5.1**

Non-current	**5.1**
Current	**-**
	5.1

The provision relates to the estimated future costs on a discounted basis in respect of dilapidations of leasehold properties in use by the company.

Interest on the dilapidation provision was £35,971 in the year ended 31 May 2023 and £53,000 in the 18 months to 31 May 2022.

23. Contingent liabilities

Some of the University's assets are subject to a charge in relation to the Senior Secured Term Loan of its parent company, Global University Systems Holdings B.V.