The University of Law Limited

Annual Report and Financial Statements
for the 18-month period ended 31 May 2022

Registered number 07933838

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Contents

Strategic Report

This section of the consolidated group financial statements reviews the The University of Law Group's performance for the 18-month period ended 31 May 2022. The Group changed its accounting reference date from 30 November to 31 May to align with that of its ultimate parent company, Global University Systems Holding B.V.

Principal activities

The University of Law Group (the Group) provides higher education programmes in Law, Business 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), which is a Higher Education Provider. The company is registered in England.

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

1. The College of Law Services Limited, which provides professional development courses.
2. Central Law Training (Scotland) Limited, which provides professional development courses.
3. ULaw (UK) Limited, a regulated law firm which enables us to provide real-world legal experience to our students.
4. ULaw Hong Kong Limited, a Hong Kong domiciled business offering higher education programmes.

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

ULaw operates through eight of its own UK campus locations[1] plus the campuses of eight partner universities in UK[2], with courses delivered also at campuses in Berlin and Hong Kong. Additionally, the University has a flourishing online campus.

Performance in the 18 months to 31 May 2022

ULaw has further consolidated its position as the UK's leading Law School, with market-leading positions for solicitor training, law conversion, full-time law undergraduate education and academic law master's programmes.

During the period we delivered our Law programmes at two new locations, being Newcastle University and the University of Chester. We have also concluded an agreement with the University of Southampton to start teaching there in the 2022/23 academic year, and with Royal Holloway, University of London to start teaching there in the 2023/24 academic year.

We are very pleased to have secured contracts with a number of prestigious law firms to train their sponsored students, namely Clifford Chance, Taylor Wessing, White and Case, Farrer & Co, and Muckle.

The University launched a comprehensive range of programmes to prepare students for the new Solicitors' Qualifying Exams (SQE), which we are offering alongside the Legal Practice Certificate during the transitional period.

We are increasingly addressing diverse legal training areas. An agreement has been reached with the Chartered Institute of Legal Executives (CILEX) to jointly launch an LLB, tailored to Legal Executives. Another agreement has been reached with the Chartered Institute of Arbitrators to deliver an LLM programme. Meanwhile, we have joined forces with Themis to offer training courses for the US Bar.

[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, University of Sheffield, University of Southampton

Strategic report (*continued*)

Performance in the 18 months to 31 May 2022 (continued)

Our Business School also enjoyed a successful period. Upon strengthening its portfolios of programmes and by seeking coherence, efficiency and integration with the rest of the university, it has attracted growing numbers of students. The Business School has now achieved the critical mass that enables it to consolidate its offering across various campuses.

We continue to look at opportunities in adjacent professional disciplines suited to ULaw's pedagogy and ethos. Hence, in September 2022 we launched our first Psychology programmes.

The COVID-19 pandemic provided a challenging backdrop both to the activity of the university and the lives of our students. During the last two academic years, we aimed to keep our campuses open for face-to-face study as much as possible, whilst successfully offering the "Study Guarantee" that provided flexibility for students to switch between face-to-face and online study.

We were very pleased to have been awarded a "Five Star Institution" rating by the prestigious accreditation body QS Stars.

In the 2022 National Student Survey, ULaw ranked 47th amongst 113 universities in England, in respect of overall student satisfaction. We will be focussing our attention on the service provided to students and seek to return to the sector-leading position that we had achieved previously.

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.

	18 months to 31 May 2022	**12 months to 30 November 2020**
Student numbers at period end	15,584	12,103
Revenue, restated*	£233.1m	£116.3m
Profit before tax, restated*	£39.3m	£16.2m
Net assets, restated*	£102.7m	£69.0m
Legal Practice Course (LPC) graduates - percentage in employment or further study, 9 months after graduation	95%	95%

* Prior year restated balances are detailed in Note 25 to the financial statements.

Prior period adjustments

During the financial period, management identified a significant control deficiency in relation to the accounting process for deferred tuition fee revenue. In addition, management identified errors in the expected credit loss calculation, and in the initial adoption of IFRS 16 and the treatment of lease modifications, leading to further prior year adjustments. These are summarised below and further information is provided in Note 25 to the financial statements.

Adoption of IFRS 16
IFRS 16 'Leases' was adopted for the first time in the year ended 30 November 2020. However, management has subsequently identified a number of corrections to the calculations, including the alignment of incremental borrowing rates across all leases and removal of a rent accrual that is no longer applicable under IFRS 16. This resulted in an increase of £1.6m in the income statement, and the recognition of additional right of use assets, lease liabilities and dilapidations provision of £8.0m, £12.4m and £3.2m respectively.

Adjustment to deferred income and associated balances
During management analysis of the debtors ledger in 2022, it was identified that there were incorrect entries arising on certain student accounts. Upon further analysis of the underlying data, significant inaccuracies in the accounting entries within deferred income were identified, resulting in a build-up of the deferred income balance over time. This identified

Strategic report *(continued)*

Prior period adjustments (continued)

Adjustment to deferred income and associated balances (continued)
that the majority of the build-up in deferred income related to a number of factors, including failing to release historic deferred income for students who had completed the course or cancelled, failure to derecognise amounts relating to future terms that ought not to have been included in debtors or deferred income, failing to release revenue accurately for current students to ensure the appropriate balance was recorded at year end, and other smaller reasons. In addition, credit balances within debtors largely required reclassifying to trade and other payables as they related to overpayments or advance payments that had been made by students.

This analysis also highlighted that the issue impacted the reported prior year financial statements, and therefore prior period adjustments were required. As at 30 November 2019, there was a reduction in deferred income of £28.8m, a reduction in trade debtors of £11.6m and an increase in trade and other payables of £15.1m. Overall, after an increase in tax payable of £0.4m, there was an increase in net assets of £1.7m.

In the year ended 30 November 2020, there was a reduction in deferred income of £13.8m, an increase in trade debtors and trade creditors by £5.7m and £15.2m respectively and increase in revenue of £2.2m. Overall, after an increase in tax charge of £0.4m and tax payable of £0.8m, net assets increased by £3.5m.

Adjustment to expected credit loss provision
Management identified that the expected credit loss (ECL) provision assessment had not correctly grossed up the ledger to remove credit balances from the ageing analysis. In addition, credits were not correctly allocated to ageing categories. This resulted in an understatement of the ECL provision. Whilst updating this provision, management also refined the provisioning categories to better reflect the ECL. A prior period adjustment of £4.6m has been recorded to increase the ECL provision.

Consolidation adjustment
During the period, management identified a consolidation adjustment that had not been updated in the opening balance sheet at 1 December 2019 to reflect the £3.5m waiver of a related party trade receivable. This has been updated in these financial statements.

Classification of expenditure
During the period, it was identified that certain direct costs of delivery for education programmes, including teaching staff and related property costs, had been presented within administrative expenses. These costs have been reclassified to cost of sales in these financial statements and this has resulted in an increase in cost of sales of £22.7m and decrease in administrative expenses of £22.7m for the year ended 30 November 2020 in both the Group and Company. There has been no impact on net assets from this adjustment.

Statement of cash flows
During the period, it was identified that in 2020 in the company statement of cash flows, depreciation and the repayment of lease capital were incorrectly omitted from the cash flow statement, in the consolidation statement of cash flows interest and the repayment of lease capital were incorrectly omitted from the cash flow statement, whilst in both the company and consolidated statements, certain working capital movements were incorrectly classified.

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.

Strategic report (*continued*)

Streamlined Energy and Carbon Reporting (continued)

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 30 November 2020	12 months to 30 November 2021	6 months to 31 May 2022	Total for the 18 months to 31 May 2022
Scope 1	MWh	3,156	4,121	2,809	6,930
Scope 1	Tonnes CO_2	580	758	516	1,274
Scope 2	MWh	5,096	4,941	2,540	7,481
Scope 2	Tonnes CO_2	1,232	1,192	622	1,814
Scope 2	Tonnes CO_2 per £m of revenue	10.6	8.4	6.8	7.8

Note that in the financial statements for the year ended 30 November 2020, we reported energy usage in our properties as 8,032 MWh, and this has been recalculated and reflected in the table above.

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, and also by 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 governance. This is achieved through regular surveys, class representatives, representation on the Academic Board and its committees, the Student Association and its Student Parliament. Elected officers of the Student Association attend Board meetings twice a year and are members of the Academic Standards Committee of the Board.

The University engages with employees through a partnership approach and regular dialogue with the trade union which represents academic staff. The Vice-Chancellor communicates with the workforce via regular all-staff emails, campus visits and virtual, well attended "drop-in sessions" accompanied by the Executive team via Teams.

Employee engagement surveys are carried out by a specialist provider every two years, with results benchmarked against a range of organisations. The 2022 survey showed some improvement over the previous one, with good scores for job satisfaction and colleagues saying they are proud to tell people they work at ULaw.

Strategic report *(continued)*

Future prospects

We believe the University is well-placed for continued growth within professional postgraduate training for lawyers, where our range of SQE courses in unrivalled, and also through diversification into business and other disciplines. Whilst the economic outlook for the UK is challenging, experience shows that demand for ULaw's professional and vocational programmes tends to be resilient in the face of economic downturn.

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.

IT and Cyber

As our IT systems age and the business evolves and diversifies, the risk of system outage and obsolescence increases. To mitigate this, an IT transformational programme is underway to renew a number of core systems.

Operational delivery

Our diversification of product offering and growth in overseas student bring additional operational delivery complexity. The IT transformational programme will support operational improvements whilst we monitor performance through a series of indicators to ensuring we can proactively manage risks on the ground.

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 high inflationary environment puts 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.

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 reviews are performed regularly to ensure the effectiveness of the system of control and our continuing compliance.

Changes to professional qualifications

The Legal Practice Course (LPC) is being replaced by the Solicitors Qualifying Examination (SQE) over a transitional period to 2032 as a consequence of regulatory change. The SQE offering of some potentially lower cost options is resulting in an evolution of the market, where there is risk of new competition but also opportunity as the SQE is expected to grow the customer market.

Strategic report (*continued*)

People

The Group has a skilled team permanent and temporary staff supporting and delivering our courses, who 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 recruitment strategy, whilst we continuing review and optimise our employee offering and working environment.

Final Comments

I would like to thank all University colleagues for their dedication and commitment over what has been a fast-changing 18 months. This period included some of the most challenging of the pandemic, as well as changes in leadership and significant growth in student numbers. 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.

By order of the Board

Professor Andrea Nollent
Vice-Chancellor & CEO

2 Bunhill Row
London
EC1Y 8HQ
United Kingdom

18 July 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:

- Carolyn Aitchison's term of office as an independent non-executive director concluded on 2 January 2022.
- Douglas Blackstock was appointed to replace Carolyn with effect from 3 January 2022.
- 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.

Whilst the Board is operating with an interim CFO pending the appointment of a permanent successor to John Headley, the Board is confident it has an appropriate mix of skills and experience.

Biographical details of Board members are given below:

Rt Hon The Lord 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

Andrea joined The University of Law 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 as Deputy CEO in January 2017 and is responsible for leading the marketing 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, there has been an 80% growth in student recruitment over the past four years, 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, spearheaded innovations to continue to deliver high levels of engagement with students, and ensured the University is well positioned in an increasingly digital world.

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[3] Professor 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.

Peter is non-executive chair of Support Through Court, a major legal charity that supports litigants in person through the civil and family courts.

Craig Mahoney
Executive Director
Vice-Chancellor & CEO

Professor Craig Mahoney joined the University of Law 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 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 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.

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

Board of Directors (*continued*)

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.

Carolyn Aitchison
Non-Executive Director
Chair of the Audit Committee

Carolyn was appointed to the Board on 22 July 2015. Carolyn is currently a non-executive Director of Social and Sustainable Capital, an investor in social enterprises and non-profits. On 20 February 2020 Carolyn joined the Board of Planet Smart City, a designer and builder of affordable housing in emerging markets. She is also a member of Edinburgh University's Investment Committee, responsible for corporate governance and investment strategy for a £600m fund. She held senior finance positions in Blackstone Group, Morgan Stanley and Donaldson Lufkin & Jenrette. She brings considerable experience in finance and risk management. Carolyn gained a degree in law at Edinburgh University and is an alumna of the University of Law.

Carolyn resigned from the Board on 2 January 2022.

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

Appointed to the Board on 1 August 2015, The 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 in Laws (LLB) from the London School of Economics (LSE), where he also completed a Masters 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, The Lord Anthony Grabiner was Chairman of LSE's Court of Governors and, for seven years up until 2021, Master of Clare College, Cambridge.

The 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,

The 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.

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

Board of Directors (*continued*)

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, Stroud and Cotswold Alternative Provision School, and the Waldorf Learning Foundation.

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.

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.

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

Board of Directors (*continued*)

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 twelve times during the 18-month period ended 31 May 2022. 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*)

Attendance at Board and Committee meetings

	Board (Chair DB)	**Audit** (Chair CA[5]/AM)	**Remuneration Committee** (Chair AG)	**Nominations Committee** (Chair DB)	**Academic Standards Committee** (Chair AM/DBK[6])	**Finance Committee** (Chair VK)
Rt Hon The Lord David Blunkett (DB)	12		3	7		
Andrea Nollent[7] (AN)	5	2 ◆			2 ◆	4 1 ◆
Elisabetta Ceragioli (EC)	12	2 ◆				11
John Headley (JH)	11	5 ◆				12
Alfred Morris (AM)	12	5		5	3	9[8]
Carolyn Aitchison (CA)	10	4		1 ◆		
The Lord Anthony Grabiner (AG)	12	5	3	4 ◆	4	
Aaron Etingen (AE)	12		3	7 ◆		1 ◆
Valery Kisilevsky (VK)	12		3	7		12
Peter Crisp (PC)	3 ◆					
Douglas Blackstock (DBK)	4	1		1 ◆	1 1 ◆	3[9]
Craig Mahoney (CM)	4					2
Meetings held	**12**	**5**	3[10]	7[11]	4	**12**

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 each occasion.

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

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

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[5] Carolyn Aitchison was Chair up until December 2021 and Alfred Morris from January 2022.

[6] Alfred Morris was Chair up until December 2021 and Douglas Blackstock from January 2022.

[7] Professor Nollent stepped down from her position as Vice-Chancellor & CEO of the University on 26 August 2021, returning on 15 June 2022.

[8] Alfred Morris' membership of the Finance Committee was terminated upon his election as Chair of the Audit Committee from January 2022, in accordance with the rules of the composition of the Finance Committee.

[9] Douglas Blackstock replaced Alfred Morris as a member of the Finance Committee from January 2022.

[10] The Remuneration Committee meetings were held jointly with the Nominations Committee during the 18 months ended 31 May 2022.

[11] The total of 7 includes a reconvened meeting and an informal meeting, which was noted.

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.

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.

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 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.

Certain issues were identified during the period 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 well progressed. Further information can be found in Note 25 to the financial statements.

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 contracts 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 produce 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.

The Board considers that there is a generally sound system of internal control around commercial and operational controls and this has been in place during the 18-month period to 31 May 2022 and up to the date of approval of the financial statements. However, during the period, management identified ineffective operation of certain financial reporting controls around deferred income and the assessment of the expected credit loss provision which has resulted in prior year adjustments as discussed in detail in the strategic report and in Note 25.

The Board was made aware of these issues, and in response began implementing a programme of corrective actions to address the historical issues and improve the control environment going forward, with a management paper presented to the Audit Committee to detail the issues. Management then delivered an action plan to implement the necessary changes to address the underlying causes of the issue, consulting external specialist advisors where helpful. Additionally, the Audit Committee commissioned internal audit reviews to monitor delivery of the action plan.

Due to the volume of transactions affected, it was not practical to perform corrections at a student by student level. Instead, an appropriate proportion of the data was reviewed and corrected, and this was used to extrapolate the impact on the total deferred income and associated balances Furthermore, an exercise was performed to update the gross debtor position, consider an appropriate ageing profile, and apply a refreshed policy for expected credit loss provisions by student category, which led to updates in our provision in this current and prior year.

At this time, work to reconcile all of the balances student-by-student is well underway but remains ongoing as a result of the high transaction volume and complexity of the scenarios driving the accounting entries, with completion of this reconciliation expected in the next three months. Although there is further work to be done, we are now confident we have controls in place to ensure effective and timely reporting of our results, and this exercise has allowed us to establish stronger controls to set us up for the future growth of the University.

By order of the Board.

Rt Hon The Lord Blunkett
Chair of the Board

18 July 2023

Directors' report

The Directors present their annual report and the audited consolidated financial statements for the 18-month period ended 31 May 2022.

Directors

The Directors of The University of Law Limited during the period and up to the date of signing were:

Aaron Etingen
Alfred Morris
Carolyn Aitchison (resigned 2nd January 2022)
Douglas Blackstock (appointed 3rd January 2022)
Elisabetta Ceragioli
John Headley (resigned 31st January 2023)
Professor Andrea Nollent (resigned 20th August 2021, reappointed 15th June 2022)
Professor Craig Mahoney (appointed 1st February 2022, resigned 15th July 2022)
Professor Peter Crisp (appointed 15th June 2022)
Rt Hon The Lord David Blunkett
The Lord Anthony Grabiner
Valery Kisilevsky

For information on changes to Board membership during the period see Statement of Corporate Governance and Internal Control

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

	18 months to 31 May 2022	**12 months to 30 November 2020**
Revenue (restated*)	£233.1m	£116.3m
Profit before tax (restated*)	£39.3m	£16.2m
Net assets (restated*)	£102.7m	£69.0m

There were no dividends paid in the current period (November 2020: £nil).

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

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 equal opportunities policy which aims to treat individuals fairly and not to discriminate on the basis of sex, race, ethnic origin, disability or on 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 which allow them to fulfil their potential. Where an employee becomes disabled in the course of their employment, the Group will actively seek to retain them wherever possible by making adjustments to their work content and environment or by retraining them to undertake new roles.

Directors' report *(continued)*

Employee involvement and policy regarding disabled persons ***(continued)***

- 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 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 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 for the following reasons:

As at 31 May 2022, the Group had net current assets of £39.9m (30 November 2020: £7.1m), net assets of £102.7m (30 November 2020: £69.0m) and cash of £22.2m (30 November 2020: £15.2m).

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.

By order of the Board.

Professor Andrea Nollent
Vice-Chancellor & CEO

2 Bunhill Row
London
EC1Y 8HQ
United Kingdom

18 July 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 international accounting standards in conformity with the requirements of the Companies Act 2006.

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 international accounting standards in conformity with the requirements of the Companies Act 2006 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.

By order of the Board.

Professor Andrea Nollent
Vice-Chancellor & CEO

2 Bunhill Row
London
EC1Y 8HQ
United Kingdom

18 July 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 2022 and of the group's profit and the group's and company's cash flows for the 18 month period then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements 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, which comprise: the consolidated and company statements of financial position as at 31 May 2022; the consolidated statement of total comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the period 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 period ended 31 May 2022 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 Students' 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 results 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

18 July 2023

Consolidated statement of total comprehensive income

	Note	18 months to 31 May 2022 £m	12 months to 30 November 2020 *Restated** £m
Revenue	3	**233.1**	116.3
Cost of sales		**(90.2)**	(47.6)
Gross profit		**142.9**	68.7
Administrative expenses		**(99.4)**	(44.8)
Impairment of receivables		**(5.2)**	(4.6)
Other income		**3.7**	-
Operating profit		**42.0**	19.3
Finance income	8	**2.4**	0.5
Finance expenses	8	**(5.1)**	(3.6)
Net finance expenses		**(2.7)**	(3.1)
Profit before taxation		**39.3**	16.2
Taxation	9	**(5.6)**	(3.0)
Profit after taxation		**33.7**	13.2
Other comprehensive income		**-**	-
Total comprehensive income for the period		**33.7**	13.2

* Prior year restated balances are detailed in Note 25 to the financial statements.

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 2022	As at 30 November 2020 *Restated**	As at 1 December 2019 *Restated**
		£m	**£m**	**£m**
Non-current assets				
Intangible assets	10	**53.5**	52.6	52.3
Right of use assets	12	**68.3**	81.5	76.8
Property, plant and equipment	13	**3.4**	3.4	3.2
Deferred tax	14	**2.2**	-	-
Total non-current assets		**127.4**	137.5	132.3
Current assets				
Trade and other receivables	15	**81.6**	37.2	21.2
Deferred tax	14	**-**	2.4	2.1
Cash and cash equivalents		**22.2**	15.2	11.8
Total current assets		**103.8**	54.8	35.1
Total assets		**231.2**	192.3	167.4
Current liabilities				
Trade and other payables	16	**(32.4)**	(28.1)	(26.4)
Lease liabilities	12	**(7.5)**	(7.1)	(6.6)
Deferred income		**(22.2)**	(8.7)	(6.5)
Deferred grant income		**(0.6)**	(0.5)	(0.2)
Tax payable		**(1.2)**	(3.3)	(1.7)
Total current liabilities		**(63.9)**	(47.7)	(41.4)
Non-current liabilities				
Lease liabilities	12	**(59.7)**	(70.8)	(65.8)
Provisions	22	**(4.9)**	(4.8)	(4.4)
Total non-current liabilities		**(64.6)**	(75.6)	(70.2)
Total liabilities		**(128.5)**	(123.3)	(111.6)
Net assets		**102.7**	69.0	55.8
Shareholders' equity				
Share premium	17	**40.3**	40.3	40.3
Retained earnings		**62.4**	28.7	15.5
Total equity		**102.7**	69.0	55.8

* Prior year restated balances are detailed in Note 25 to the financial statements.

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

These financial statements were approved by the Board of Directors on 18 July 2023 and are signed on its behalf by:

Andrea Nollent

Professor Andrea Nollent
Vice-Chancellor & CEO

Rt Hon The Lord Blunkett
Chair of the Board

Company statement of financial position

Registered number 07933838

	Note	As at 31 May 2022 £m	As at 30 November 2020 *Restated** £m	As at 1 December 2019 *Restated** £m
Non-current assets				
Intangible assets	10	**50.2**	50.2	49.9
Investment in subsidiary	11	**5.1**	3.5	3.5
Right of use assets	12	**68.3**	81.5	76.8
Property, plant and equipment	13	**3.3**	3.4	3.2
Deferred tax	14	**2.2**	-	-
Total non-current assets		**129.1**	138.6	133.4
Current assets				
Trade and other receivables	15	**79.9**	36.1	20.2
Deferred tax	14	**-**	2.3	2.1
Cash and cash equivalents		**18.6**	14.2	11.6
Total current assets		**98.5**	52.6	33.9
Total assets		**227.6**	191.2	167.3
Current liabilities				
Trade and other payables	16	**(32.7)**	(28.2)	(27.8)
Lease liabilities	12	**(7.5)**	(7.1)	(6.6)
Deferred income		**(19.4)**	(6.9)	(5.1)
Deferred grant income		**(0.6)**	(0.5)	(0.2)
Tax payable		**(1.0)**	(3.3)	(1.6)
Total current liabilities		**(61.2)**	(46.0)	(41.3)
Non-current liabilities				
Lease liabilities	12	**(59.7)**	(70.8)	(65.8)
Provisions	22	**(4.9)**	(4.8)	(4.4)
Total non-current liabilities		**(64.6)**	(75.6)	(70.2)
Total liabilities		**(125.8)**	(121.6)	(111.5)
Net assets		**101.8**	69.6	55.8
Shareholders' equity				
Share premium	17	**40.3**	40.3	40.3
Retained earnings		**61.5**	29.3	15.5
Total equity		**101.8**	69.6	55.8

* Prior year restated balances are detailed in Note 25 to the financial statements.

The Company profit for the period to 31 May 2022 was £32.2m (12 months to 30 November 2020: £13.8m). The accompanying notes form an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 18 July 2023 and are signed on its behalf by:

Andrea Nollent

Professor Andrea Nollent
Vice-Chancellor & CEO

Rt Hon The Lord Blunkett
Chair of the Board

Consolidated statement of cash flows

	18 months to 31 May 2022	12 months to 30 November 2020 *Restated**
	£m	**£m**
Profit for the period	**33.7**	13.2
Adjustments:		
Interest paid	**5.1**	3.6
Interest received	**(2.4)**	(0.5)
Taxation	**5.6**	3.0
Operating profit	**42.0**	19.3
Amortisation of intangible assets	**0.5**	0.1
Depreciation of right of use assets	**13.2**	8.9
Depreciation of tangible assets	**2.5**	1.2
Increase in trade and other receivables	**(14.3)**	(9.4)
Increase in trade and other payables	**17.1**	2.7
Tax Paid	**(7.5)**	(1.4)
Net cash inflow from operating activities	**53.5**	21.4
Cash flows from financing activities		
Interest paid	**(5.1)**	(3.6)
Intra-group loan	**(29.0)**	(6.3)
Principal elements of lease payments	**(10.7)**	(7.5)
Net cash outflow from financing activities	**(44.8)**	(17.4)
Cash flows from investing activities		
Purchase of intangible assets and property, plant and equipment	**(2.9)**	(1.8)
Purchase of subsidiary (net of cash acquired)	**(0.5)**	-
Grant income received	**1.7**	1.2
Net cash outflow from investing activities	**(1.7)**	(0.6)
Net increase in cash and cash equivalents in the period	**7.0**	3.4
Cash and cash equivalents at start of period	**15.2**	11.8
Cash and cash equivalents at end of period	**22.2**	15.2

* Prior year restated balances are detailed in Note 25 to the financial statements.

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

Company statement of cash flows

	18 months to 31 May 2022	12 months to 30 November 2020 *Restated**
	£m	£m
Profit for the period	**32.2**	13.8
Adjustments:		
Interest paid	**5.1**	3.6
Interest received	**(2.4)**	(0.5)
Taxation	**5.7**	3.1
Operating profit	**40.6**	20.0
Amortisation of intangible assets	**0.5**	0.1
Depreciation of right of use assets	**13.2**	8.9
Depreciation of tangible assets	**2.5**	1.2
Increase in trade and other receivables	**(14.0)**	(9.4)
Increase in trade and other payables	**16.0**	1.4
Tax Paid	**(8.0)**	(1.6)
Net cash inflow from operating activities	**50.8**	20.6
Cash flows from financing activities		
Interest paid	**(5.1)**	(3.6)
Intra-group loan	**(29.0)**	(6.3)
Principal elements of lease payments	**(10.7)**	(7.5)
Net cash outflow from financing activities	**(44.8)**	(17.4)
Cash flows from investing activities		
Purchase of intangible assets and property, plant and equipment	**(2.9)**	(1.8)
Purchase of subsidiary (net of cash acquired)	**(0.4)**	-
Grant income received	**1.7**	1.2
Net cash outflow from investing activities	**(1.6)**	(0.6)
Net increase in cash and cash equivalents in the period	**4.4**	2.6
Cash and cash equivalents at start of period	**14.2**	11.6
Cash and cash equivalents at end of period	**18.6**	14.2

* Prior year restated balances are detailed in Note 25 to the financial statements.

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 2019, as originally presented	40.3	-	17.7	58.0
Prior period correction	-	-	(2.2)	(2.2)
Balance at 1 December 2019, restated*	40.3	-	15.5	55.8
Profit for the year, restated*	-	-	13.2	13.2
Balance at 30 November 2020, restated*	40.3	-	28.7	69.0
Balance at 30 November 2020 as originally presented	40.3	-	30.4	70.7
Prior period restatement	-	-	(1.7)	(1.7)
Balance at 30 November 2020, restated*	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**

* Prior year restated balances are detailed in Note 25 to the financial statements.

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 2019, as originally presented	40.3	-	14.2	54.5
Prior year correction	-	-	1.3	1.3
Balance at 1 December 2019, restated*	40.3	-	15.5	55.8
Profit for the year, restated*	-	-	13.8	13.8
Balance at 30 November 2020, restated*	40.3	-	29.3	69.6
Balance at 30 November 2020 as originally presented	40.3	-	27.5	67.8
Prior period restatement	-	-	1.8	1.8
Balance at 30 November 2020, restated*	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**

* Prior year restated balances are detailed in Note 25 to the financial statements.

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 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.

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

1. Accounting policies (*continued*)

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 2022, the Group had net current assets of £39.9m (30 November 2020: £7.1m), net assets of £102.7m (30 November 2020: £69.0m) and cash of £22.2m (30 November 2020: £15.2m).

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.

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.

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

1. Accounting policies (*continued*)

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.

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

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

1. Accounting policies (*continued*)

Property, plant and equipment (continued)

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 assets 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.

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

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

1. Accounting policies (*continued*)

Intangible assets and goodwill (continued)

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.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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.

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

1. Accounting policies (*continued*)

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.

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.

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

1. Accounting policies (*continued*)

Financial instruments (continued)

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.

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.

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

1. Accounting policies (*continued*)

Financial instruments (continued)

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.

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.

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

1. Accounting policies (*continued*)

Financial instruments (continued)

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.

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.

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

1. Accounting policies (*continued*)

Financial instruments (continued)

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.

Other income

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

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

1. Accounting policies (*continued*)

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.

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.

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

1. Accounting policies (*continued*)

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 Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact.

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

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

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.

Key sources of estimation uncertainty

Deferred income and associated balances
As explained in detail in Note 25, management identified instances of ineffective operation of certain financial controls around deferred income. As a consequence of this, management has recalculated a representative sample of the student balances within deferred income and amounts from this sample were then extrapolated across the entire deferred income population. This has been applied to calculate the current year figures and the adjustments required to prior year balances. To extrapolate as accurately as possible, the data was split into student categories taking into consideration the status of their course, the net balance position, discounts given to students and debtors balances. These samples were also reassessed following the recalculation to ensure they still appropriately represented the overall population; where any section of the population was deemed to be under-represented, additional samples were recalculated to stabilise the output. To provide assurance over the accuracy of this extrapolation, management performed multiple iterations of the extrapolation to ensure the stability of the output, and alternative high level estimation techniques were also used to validate the conclusions reached. The extrapolated adjustments to debtors were then aged with the application of assumptions based on student categories. As such our reported our financial statements are compiled of a number of estimates where we consider sufficient rigour has been applied to performing this data extrapolation exercise that it is unlikely to be materially wrong but may need further refinement once a full student by student data cleanse is complete.

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 6.0% in determining the present value calculation. This rate was assessed as being the market rate at which the Company was able to borrow funds.

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

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

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

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

3. Revenue

All revenue generated relates to continuing operations.

	18 months to 31 May 2022	12 months to 30 November 2020 *Restated**
	£m	£m
Course fees from taught awards	**225.5**	109.9
Fee income from non-qualifying courses	**6.5**	3.6
Grant income received from OfS	**1.1**	0.6
Other income	**-**	2.2
Total grant and fee income	**233.1**	116.3

* Prior year restated balances are detailed in Note 25 to the financial statements.

Excluded from net revenue are certain awards given for scholarships.

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

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

4. Expenses and auditors' remuneration

Included in the profit are the following:	18 months to 31 May 2022	12 months to 30 November 2020 *Restated**
	£m	£m
Auditors' remuneration:		
Audit of these financial statements	1.6	0.2
Depreciation of tangible assets	2.5	1.2
Depreciation of right of use assets, restated*	13.2	8.9
Amortisation of intangible assets	0.5	0.1
Impairment of receivables, restated*	5.2	4.6

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

* Prior year restated balances are detailed in Note 25 to the financial statements.

The company incurred £1.1m (12 months to 30 November 2020: £1.0m) on Access and Participation Plan initiatives in the period. The cost is shown in the following table.

	18 months to 31 May 2022 £'000	12 months to 30 November 2020 £'000
Access investment	417	355
Financial support	568	622
Support for disabled students	143	55
	1,128	1,032

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

	18 months to 31 May 2022 £'000	12 months to 30 November 2020 £'000
Directors' emoluments	1,143	996
Pension contribution	26	28
	1,169	1,024

During the 18-month period to 31 May 2022, the University made contributions to money purchase pension schemes for two Directors (12-month period to 30 November 2020: three Directors).

During this period, 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 (12 months to 30 November 2020: £nil).

Highest paid Director

The highest paid Director in the 18-month period to 31 May 2022 was Professor Andrea Nollent, Vice-Chancellor & CEO.

	18 months to 31 May 2022 £'000	12 months to 30 November 2020 £'000
Salary	232	279
Discretionary bonus (contractual provision)	28	50
Allowance in lieu of pension contribution	-	-
Accommodation and travel allowance	-	60
Benefit in kind	-	1
Total emoluments excluding pension contributions	260	390
Pension contributions	16	21
Total emoluments including pension contributions	276	411

The Vice-Chancellor & CEO's accommodation and travel allowance reflected the change in location of her role since joining the University and the multi-campus nature of the University. The payment in lieu of pension stopped in October 2019 and the Vice-Chancellor & CEO re-joined the University's group personal pension plan in November 2019.

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

5. Remuneration of Directors (*continued*)

Pay ratios		18 months to 31 May 2022 £'000	12 months to 30 November 2020 £'000
Vice-Chancellor & CEO	Basic salary	**345**	279
Vice-Chancellor & CEO	Total remuneration	**388**	411
All other staff	Median basic salary	**59**	41
All other staff	Median total remuneration	**73**	46
Pay multiple	Median basic salary	**5.8:1**	7:1
Pay multiple	Median total remuneration	**5.3:1**	8.9:1

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 5.8 times 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 5.3 times 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 University of Law 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 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. In the financial period ended 31 May 2022, she was in post as Vice Chancellor at 1 December 2020 and served until to 15 August 2021. Craig Mahoney was appointed on 1 February 2022 and was in service at 31 May 2022. The remuneration figures above reflect these terms of service in the period from 1 December 2020 to 31 May 2022.

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.

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

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

Excluding the highest paid Director, whose remuneration is set out in Note 5, compensation of key management personnel was as follows:

	18 months to 31 May 2022 £m	12 months to 30 November 2020 £m
Key management personnel emoluments	2.4	1.1
Pension contribution	0.1	0.1
	2.5	1.2

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

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

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 18-month period 1 December 2020 to 31 May 2022, with comparatives for the 12 months to 30 November 2020.

Basic salary per annum	Number of staff for the 18-month period ended 31 May 2022	Number of staff for the 12-month period ended 30 November 2020
£100,000 to £104,999	2	1
£105,000 to £109,999	1	3
£110,000 to £114,999	3	-
£115,000 to £119,999	-	1
£120,000 to £124,999	1	-
£135,000 to £139,999	0	2
£140,000 to £144,999	1	-
£145,000 to £149,999	-	1
£150,000 to £154,999	1	-
£160,000 to £164,999	1	1
£165,000 to £169,999	-	1
£170,000 to £174,999	1	-
£175,000 to £179,999	1	-
£185,000 to £189,999	-	2
£195,000 to £199,999	1	-
£215,000 to £219,999	1	-
£275,000 to £279,999	-	1
£280,000 to £284,999	1	-
£340,000 to £344,999	1	-
Total	16	13

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

7. Staff numbers and costs

The average number of full-time equivalent persons employed by the Group (including Directors) and Company during the 18-month period to 31 May 2022, analysed by category, was as follows:

	Group		Company	
	Number of employees 18 months to 31 May 2022	Number of employees 12 months to 30 November 2020	Number of employees 18 months to 31 May 2022	Number of employees 12 months to 30 November 2020
Teaching	438	336	429	334
Course design and production	13	13	13	13
Support	501	391	498	388
Sales and marketing	108	86	108	86
	1,060	826	1,048	821

The aggregate payroll costs of these persons were as follows:

	Group		Company	
	18 months to 31 May 2022 £m	12 months to 30 November 2020 £m	18 months to 31 May 2022 £m	12 months to 30 November 2020 £m
Wages and salaries	77.4	37.4	74.6	36.4
Social security costs	7.4	3.8	7.3	3.8
Other pension costs	6.4	3.5	6.3	3.5
	91.2	44.7	88.2	43.7

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

8. Finance income and expense

Group

Finance income

	18 months to 31 May 2022 £m	12 months to 30 November 2020 £m
Interest on intercompany loan	2.4	0.5
	2.4	0.5

Finance expenses

	18 months to 31 May 2022 £m	12 months to 30 November 2020 Restated* £m
Interest expense on lease liabilities	5.0	3.6
Other interest	0.1	-
	5.1	3.6

* Prior year restated balances are detailed in Note 25 to the financial statements.

Company

Finance income

	18 months to 31 May 2022 £m	12 months to 30 November 2020 £m
Interest on intercompany loan	2.4	0.5
	2.4	0.5

Finance expenses

	18 months to 31 May 2022 £m	12 months to 30 November 2020 Restated* £m
Interest expense on lease liabilities	5.0	3.6
Other interest	0.1	-
	5.1	3.6

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

9. Taxation

	18 months to 31 May 2022		12 months to 30 November 2020	
	£m	£m	£m	£m
Current tax:				
UK corporation tax on profit for the period	7.4		3.4	
Adjustment in respect of previous periods	(1.9)		(0.1)	
Total current tax		5.5		3.3
Deferred tax:				
Current period	0.6		(0.1)	
Adjustment in respect of previous periods	-		-	
Effect of changes in tax rates	(0.5)		(0.2)	
Total deferred tax		0.1		(0.3)
Total tax per income statement		5.6		3.0

The tax on the Group's profit before taxation differs from the standard rate of UK corporation tax in the period of 19.00% (12 months to 30 November 2020: 19.0%).

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

	18 months to 31 May 2022	12 months to 30 November 2020
	£m	£m
Profit before tax for the period – continuing operations	39.3	16.2
Tax on profit before tax at standard UK tax rate of 19.0% (12 months to 30 November 2020: 19.0%)	7.5	3.1
Effects of:		
Expenses not deductible for tax purposes	0.5	0.2
Adjustment from prior periods	(1.9)	(0.1)
Tax rate changes	(0.5)	(0.2)
Total tax charge	5.6	3.0

* Prior year restated balances are detailed in Note 25 to the financial statements.

Factors that may affect future current and total tax charges
UK corporation tax is calculated at 19.0% (12 months to 30 November 2020: 19.0%) of the estimated assessable profit for the period.

On 3 March 2021, the Chancellor of the Exchequer announced the increase in the main rate of UK corporation tax from 19.0% to 25.0% which came into effect 1 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 30 November 2019	114.5	120.0	2.0	0.1	116.6	122.1
Additions	-	-	0.4	-	0.4	0.4
At 30 November 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**
Aggregate amortisation						
At 30 November 2019	(64.9)	(68.0)	(1.7)	(0.1)	(66.7)	(69.8)
Charge in period	-	-	(0.1)	-	(0.1)	(0.1)
At 30 November 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)**
Net book value						
At 30 November 2019	49.6	52.0	0.3	-	49.9	52.3
At 30 November 2020	49.6	52.0	0.6	-	50.2	52.6
At 31 May 2022	**49.6**	**52.9**	**0.6**	**-**	**50.2**	**53.5**

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 £0.5m (30 November 2020: £0.1m) 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 14.5% 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.

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

10. Intangible assets *(continued)*

At 31 May 2022, the carrying value of goodwill was £52.9m, representing its value in use. No impairment charge was recognised for the 18-month period to 31 May 2022.

11. Investment in subsidiaries

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

	31 May 2022	30 November 2020
	£m	£m
Cost and valuation		
Opening	3.5	3.5
Additions	1.6	-
Closing	5.1	3.5

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

Revenue and profit in the consolidated results include £1.2m of revenue and £0.1m of profit from Central Law Training (Scotland) Limited.

	Book value and fair value
	£m
Tangible assets	0.1
Current assets	1.4
Cash at bank and in hand	(0.1)
Total assets acquired	1.4
Liabilities - current	(0.6)
Liabilities - non-current	(0.1)
Total liabilities acquired	(0.7)
Total identifiable net assets acquired	0.7
Goodwill	0.9
Total purchase consideration	1.6
Total purchase consideration comprises	
Cash	0.4
Loan	1.2
	1.6

The 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*)

11. Investment in subsidiaries (*continued*)

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	Tontine House, 8 Gordon Street, Glasgow G1 3PL 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.

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 two to thirteen 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.

Seven 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.

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

12. Leases (*continued*)

	Property Leases Restated*
Cost	£m
At 30 November 2019	-
Recognition of right of use asset	75.0
Reclassification from property, plant and equipment	1.8
At 1 December 2019	76.8
Additions	13.6
At 30 November 2020 and 1 December 2020	90.4
At 31 May 2022	**90.4**
Accumulated depreciation	
At 1 December 2019	-
Charge in period	(8.9)
At 30 November 2020 and 1 December 2020	(8.9)
Charge in period	**(13.2)**
At 31 May 2022	**(22.1)**
Net book value	
At 1 December 2019	76.8
At 30 November 2020	81.5
At 31 May 2022	**68.3**

Lease Liability	18 months to 31 May 2022	12 months to 30 November 2020 Restated*
	£m	£m
Opening	**77.9**	72.4
Lease renewals	-	13.0
Interest expense	**5.0**	3.6
Lease payments	**(15.7)**	(11.1)
Closing	**67.2**	77.9

* Prior year restated balances are detailed in Note 25 to the financial statements.

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

12. Leases (*continued*)

Lease liabilities presented in the statement of financial position	**As at 31 May 2022**	**As at 30 November 2020** *Restated**
	£m	**£m**
Current	7.5	7.1
Non-current	59.7	70.8
	67.2	77.9

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

	As at 31 May 2022	**As at 30 November 2020** *Restated**
	£m	**£m**
Less than one year	7.5	7.1
One to five years	28.6	29.5
More than five years	31.1	41.3
Total undiscounted value	67.2	77.9

Amounts recognised in the statement of comprehensive income	**18 months to 31 May 2022**	**12 months to 30 November 2020** *Restated**
	£m	**£m**
Depreciation of right of use assets	13.2	8.9
Interest on lease liabilities	5.0	3.6
	18.2	12.5

Amounts recognised in the statement of cash flows	**18 months to 31 May 2022**	**12 months to 30 November 2020** *Restated**
	£m	**£m**
Total cash outflow for leases	15.7	11.1

The amount reflected in profit and loss in respect of short-term and low value leases for the period was £0.2m (12 months to 30 November 2020 £0.1m). Total cash outflows in respect of leases was £15.7m (12 months to 30 November 2020 £11.1m).

* Prior year restated balances are detailed in Note 25 to the financial statements.

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

13. Property, plant and equipment

Group	Property improvements *Restated**	Fixtures, fittings and equipment	Total
	£m	£m	£m
Cost			
At 30 November 2019	7.9	10.3	18.2
Reclassification to right of use assets	(1.9)	-	(1.9)
At 1 December 2019	6.0	10.3	16.3
Additions	0.4	1.0	1.4
At 30 November 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**
Accumulated depreciation			
At 30 November 2019	(5.5)	(7.7)	(13.2)
Reclassification to right of use assets	0.1	-	0.1
At 1 December 2019	(5.4)	(7.7)	(13.1)
Charge in period	(0.2)	(1.0)	(1.2)
At 30 November 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)**
Net book value			
At 1 December 2019	0.6	2.6	3.2
At 30 November 2020	0.8	2.6	3.4
At 31 May 2022	**0.3**	**3.1**	**3.4**

* Prior year restated balances are detailed in Note 25 to the financial statements.

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

13. Property, plant and equipment *(continued)*

Company	Property improvements *Restated**	Fixtures, fittings and equipment	Total
	£m	£m	£m
Cost			
At 30 November 2019	7.9	10.3	18.2
Reclassification to right of use assets	(1.9)	-	(1.9)
At 1 December 2019	6.0	10.3	16.3
Additions	0.4	1.0	1.4
At 30 November 2020	6.4	11.3	17.7
Additions	**0.1**	**2.3**	**2.4**
At 31 May 2022	**6.5**	**13.6**	**20.1**
Accumulated depreciation			
At 30 November 2019	(5.5)	(7.7)	(13.2)
Reclassification to right of use assets	0.1	-	0.1
At 1 December 2019	(5.4)	(7.7)	(13.1)
Charge in period	(0.2)	(1.0)	(1.2)
At 30 November 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)**
Net book value			
At 1 December 2019	0.6	2.6	3.2
At 30 November 2020	0.8	2.6	3.4
At 31 May 2022	**0.3**	**3.0**	**3.3**

* Prior year restated balances are detailed in Note 25 to the financial statements.

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

14. Deferred tax

Deferred tax assets - Group	**31 May 2022 £m**	**30 November 2020 £m**
Asset at the start of the period	2.4	2.1
Adjustment in respect of prior periods	(0.1)	(0.1)
Deferred tax charge to income statement	(0.1)	0.4
Asset at the end of the period	2.2	2.4

The deferred tax consists of:	**As at 31 May 2022 £m**	**As at 30 November 2020 £m**
Fixed Assets	0.9	0.8
Short term timing differences- trade	1.3	1.5
Losses	-	0.1
	2.2	2.4

Deferred tax assets - Company	**As at 31 May 2022 £m**	**As at 30 November 2020 £m**
Asset at the start of the period	2.3	2.1
Adjustment in respect of prior periods	-	(0.1)
Deferred tax charge to income statement	(0.1)	0.3
Asset at the end of the period	2.2	2.3

The deferred tax consists of:	**As at 31 May 2022 £m**	**As at 30 November 2020 £m**
Fixed Assets	0.9	0.8
Short term timing differences- trade	1.3	1.5
Losses	-	-
	2.2	2.3

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

15. Trade and other receivables

Trade and other receivables - Group	Note	As at 31 May 2022 £m	As at 30 November 2020 *Restated** £m
Trade receivables from third parties - gross		50.5	31.5
Less: Provision for impairment	20	(16.8)	(11.6)
Trade receivables from third parties - net		33.7	19.9
Amounts receivable from related parties**		44.0	12.6
Other receivables		0.5	0.5
Prepayments and accrued income		3.4	4.2
		81.6	37.2

Trade and other receivables - Company		As at 31 May 2022 £m	As at 30 November 2020 *Restated** £m
Trade receivables from third parties - gross		47.6	30.1
Less: Provision for impairment	20	(16.8)	(11.6)
Trade receivables from third parties - net		30.8	18.5
Amounts receivable from related parties**		45.6	13.5
Other receivables		0.5	0.5
Prepayments and accrued income		3.0	3.6
		79.9	36.1

* Prior year restated balances are detailed in Note 25 to the financial statements.
** Amounts receivable from related parties includes £43.7m relating to total intercompany loans (30 November 2020: £12.2m) with an applicable interest rate of 5%. The Group and Company figures above are presented net of provisions for impairment of £1.9m and £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 2022**	**As at 30 November 2020 *Restated****
	£m	**£m**
Trade payables due to third parties	**16.1**	17.6
Other payables due to related parties	**5.2**	2.2
Accruals	**7.7**	5.9
Other payables	**1.0**	0.9
Other taxation and social security	**2.4**	1.5
	32.4	28.1

Less than one year - Company	**As at 31 May 2022**	**As at 30 November 2020 *Restated****
	£m	**£m**
Trade payables due to third parties	**16.1**	17.6
Other payables due to related parties	**6.4**	2.2
Accruals	**7.8**	5.7
Other payables	**0.8**	0.8
Other taxation and social security	**1.6**	1.9
	32.7	28.2

* Prior year restated balances are detailed in Note 25 to the financial statements.

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

17. Capital and reserves

Share capital	As at 31 May 2022 £	As at 30 November 2020 £
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 2022 £m	As at 30 November 2020 £m
Share premium	40.3	40.3
	40.3	40.3

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 18-month period represents contributions payable by the Company to the scheme and amounted to £4.0m (12 months to 30 November 2020: £2.0m).

Contributions amounting to £0.4m (12 months to 30 November 2020: £0.3m) were payable to the scheme and are included in other payables in Note 16.

19. Ultimate parent company

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 Company's ultimate parent undertaking is Global University Systems Holding B.V., Passeerdersgracht 23, 1016XG Amsterdam, which is a company incorporated in the Netherlands.

The largest group into which the Company is consolidated is Global University Systems Holding B.V., a company registered in The Netherlands and whose registered office is Passeerdersgracht 23, 1016XG Amsterdam, The Netherlands.

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

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.

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.

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

20. Management of financial risks *(continued)*

Financial assets at amortised cost - Group	**As at 31 May 2022**	**As at 30 November 2020** ***Restated****
	£m	**£m**
Cash and cash equivalents	**22.2**	15.2
Trade Receivables from third parties - gross	**50.5**	31.5
Less: Provision for impairment	**(16.8)**	(11.6)
Trade receivables from third parties - net	**33.7**	19.9
Amounts receivable from related parties	**44.0**	12.6
Other receivables	**0.5**	0.5
Receivables at amortised cost	**78.2**	33.0
	100.4	48.2

* Prior year restated balances are detailed in Note 25 to the financial statements.

Financial assets at amortised cost - Company	**As at 31 May 2022**	**As at 30 November 2020** ***Restated****
	£m	**£m**
Cash and cash equivalents	**18.6**	14.2
Trade Receivables from third parties - gross	**47.6**	30.1
Less: Provision for impairment	**(16.8)**	(11.6)
Trade receivables from third parties - net	**30.8**	18.5
Amounts receivable from related parties	**45.6**	13.5
Other receivables	**0.5**	0.5
Receivables at amortised cost	**76.9**	32.5
	95.5	46.7

* Prior year restated balances are detailed in Note 25 to the financial statements.

The carrying amounts of the Group and Company's financial assets are equal to their fair value at 31 May 2022 and 30 November 2020.

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

20. Management of financial risks (*continued*)

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

	As at 31 May 2022			As at 30 November 2020		
	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	2%	10.4	(0.2)	2%	10.1	(0.2)
31-60 Days past due	2%	8.1	(0.2)	23%	2.2	(0.5)
61-150 Days past due	18%	8.2	(1.5)	18%	7.3	(1.3)
More than 150 Days past due	63%	23.8	(14.9)	81%	11.9	(9.6)
Total		50.5	(16.8)		31.5	(11.6)

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

	As at 31 May 2022			As at 30 November 2020		
	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	2%	9.2	(0.2)	2%	9.6	(0.2)
31-60 Days past due	3%	7.8	(0.2)	25%	2.0	(0.5)
61-150 Days past due	19%	7.9	(1.5)	19%	7.0	(1.3)
More than 150 Days past due	66%	22.7	(14.9)	83%	11.5	(9.6)
Total		47.6	(16.8)		30.1	(11.6)

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 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**
At 30 November 2020				
Trade payables due to third parties	17.6	-	-	17.6
Other payables due to related parties	2.2	-	-	2.2
Accruals	5.9	-	-	5.9
Other payables	0.9	-	-	0.9
Lease liabilities	10.5	40.0	49.1	99.6
	37.1	40.0	49.1	126.2

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 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**
At 30 November 2020				
Trade payables due to third parties	17.6	-	-	17.6
Other payables due to related parties	2.2	-	-	2.2
Accruals	5.7	-	-	5.7
Other payables	0.8	-	-	0.8
Lease liabilities	10.5	40.0	49.1	99.6
	36.8	40.0	49.1	125.9

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

20. Management of financial risks *(continued)*

Financial liabilities at amortised cost - Group	**As at 31 May 2022**	**As at 30 November 2020 *Restated****
	£m	**£m**
Current liabilities		
Trade payables due to third parties	**16.1**	17.6
Other payables due to related parties	**5.2**	2.2
Accruals	**7.7**	5.9
Other payables	**1.0**	0.9
Trade and other payables	**30.0**	26.6
Lease liabilities	**7.5**	7.1
Non-current liabilities		
Lease liabilities	**59.7**	70.8
	97.2	104.5

* Prior year restated balances are detailed in Note 25 to the financial statements.

Financial liabilities at amortised cost - Company	**As at 31 May 2022**	**As at 30 November 2020 *Restated****
	£m	**£m**
Current liabilities		
Trade payables due to third parties	**16.1**	17.6
Other payables due to related parties	**6.4**	2.2
Accruals	**7.8**	5.7
Other payables	**0.8**	0.8
Trade and other payables	**31.1**	26.3
Lease liabilities	**7.5**	7.1
Non-current liabilities		
Lease liabilities	**59.7**	70.8
	98.3	104.2

* Prior year restated balances are detailed in Note 25 to the financial statements.

The carrying amounts of the Group and Company's financial liabilities are equal to their fair value at 31 May 2022 and 30 November 2020.

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

20. Management of financial risks *(continued)*

Analysis of debtor provision – Group and Company

	Group £m	Company £m
At 1 December 2019	(7.0)	(7.0)
Provision created during the year	(4.6)	(4.6)
At 30 November 2020	(11.6)	(11.6)
Provision created during the period	**(5.2)**	**(5.2)**
At 31 May 2022	**(16.8)**	**(16.8)**

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
Global University Systems Holding B.V., Schiphol Boulevard 231, Luchthaven Schiphol, 1118 BH, Netherlands.

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.

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

21. Related party disclosures *(continued)*

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.

Other related parties
GUS Education (India) LLP, No.52, 3rd Floor, 100 Feet Road, Opp. Kendriya Sadan, 2nd Block, Koramangala, Bangalore 560034, 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) 18 months to 31 May 2022 £m**	**Services provided to / (from) 12 months to 30 November 2020 £m**
Subsidiaries of ultimate parent company	**(1.0)**	(0.6)
Interest income in the period	**2.4**	0.5

Related party balances	**Payables outstanding at 31 May 2022 £m**	**Payables outstanding at 30 November 2020 £m**	**Receivables outstanding at 31 May 2022 £m**	**Receivables outstanding at 30 November 2020 £m**
Intermediate parent companies	-	-	**43.7**	12.2
Other group subsidiary of ultimate parent	5.2	2.2	**0.3**	0.4
	5.2	2.2	**44.0**	12.6

Deferred income relating to related parties totalled £2.2m at May 2022 (November 2020: £0.5m).

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

22. Provisions – Group and Company

	£m
	*Restated**
At 1 December 2019	4.4
Provisions made during the year	0.4
At 30 November 2020	4.8
Provisions made during the period	0.1
At 31 May 2022	**4.9**

Non-current	**4.9**
Current	**-**
	4.9

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 £53,000 in the eighteen months to 31 May 2022 and £34,000 in the twelve months to 30 November 2020

* Prior year restated balances are detailed in Note 25 to the financial statements.

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.

24. Post balance sheet events

In June 2022, Guildford Campus Property Limited, the landlord of The University of Law's Guildford campus and a fellow subsidiary of the ultimate parent company, sold the property to a third party. Previously, The University of Law had sold the property to Guildford Campus Property Limited including an overage clause whereby any excess in the net proceeds from a subsequent sale by Guildford Campus Property Limited are payable to The University of Law. The disposal by Guildford Campus Property Limited therefore activated this clause and The University of Law has received further disposal proceeds of £8.2m.

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

25. Prior period adjustments

Management has identified a number of prior year adjustments, impacting the opening position at 1 December 2019 and the year ended 30 November 2020. The impact of the prior year adjustments on the primary statements for both Group and Company is presented in the tables below.

a. Adjustments to the adoption of IFRS16

IFRS 16 'Leases' was adopted for the first time in the year ended 30 November 2020, on a prospective basis. Management has subsequently identified a number of corrections to the calculations, including the alignment of incremental borrowing rates across all leases, and also identified the requirement to reverse a rent accrual that is no longer applicable under IFRS 16. This resulted in a decrease in administrative expenses of £1.9m and an increase of £0.1m of finance expenses in the income statement for the year ended 30 November 2020, and the recognition of additional right of use asset, lease liability and dilapidations provision of £8.0m, £12.4m and £3.2m respectively at 30 November 2020. Part of the addition to right of use assets was a transfer from property, plant and equipment of £1.4m (2019: £1.8m). The impact on net assets at 30 November 2020 was £3.5m with trade and other payables being reduced by £13.2m relating to reclassification of lease liabilities and rent accruals with a reduction of £0.7m in trade and other receivables associated with rental prepayments. Tax payable and the tax charge for the year ended 30 November 2020 was reduced by £0.4m as a result of these adjustments. The adjustments at 30 November 2020 were consistent with those for the Group. Similar adjustments were required to the amounts recognised at transition on 1 December 2019 and the revised amounts that ought to have been included at transition were £76.8m right of use asset, lease liabilities of £72.2m and provisions of £4.4m. There were also adjustments required to remove rent accruals of £1.8m and rental prepayments of £1.4m.

b. Adjustment to deferred income and associated balances

During 2022 management noted a significant build-up of the balance within deferred income and performed investigation of this which indicated the balance was overstated.

In response to this, a detailed analysis was performed in relation to student fee accounting which identified significant inaccuracies in the data within deferred income, resulting in a build-up of the deferred income balance. To correct the figures for year ended 30 November 2020 and the opening balance at 1 December 2019, an approach to recalculate the balances was determined with the support of external specialist advisors, whereby a representative sample of the student balances within deferred income were recalculated and the total adjustment arising on this sample was then extrapolated across the entire deferred income population (as explained further in Note 2 on 'key sources of estimation uncertainty'). This identified that the majority of the build-up in deferred income related to a number of factors, including failing to release historic deferred income for students who had completed the course or cancelled, failure to derecognise amounts relating to future terms that ought not to have been included in debtors or deferred income, failing to release revenue accurately for current students to ensure the appropriate balance was recorded at year end, and other smaller reasons. In addition, credit balances within debtors largely required reclassifying to trade and other payables as they related to overpayments or advance payments that had been made by students. The majority of adjustments were largely balance sheet reclassification but there was also an income statement impact due to revenue not being released by the amount it should have.

Due to the value of these adjustments, a prior period adjustment has been recorded at 1 December 2019 to reduce deferred income by £28.8m and a reduction of debtors of £11.6m, while an increase was recorded in trade and other payables of £15.1m. The impact on net assets at 1 December 2019 was £1.7m after an increase in tax payable of £0.4m.

At 30 November 2020, the work performed identified an adjustment to reduce deferred income by £13.8m and increase trade and other receivables and trade and other payables by £5.7m and £15.2m respectively. There was a resulting increase in revenue for the year ended 30 November 2020 of £2.2m. The adjustment resulted in an increase in net assets at 30 November 2020 of £3.5m after the impact of an increased tax charge for the year of £0.4m and an overall increase in tax payable at £0.8m. The impact on the Group and the Company was the same for both years.

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

25. Prior period adjustments *(continued)*

b. Adjustment to deferred income and associated balances (continued)

The root cause of this was identified by management to be ineffective operation of financial controls around deferred income and student accounting. In response, management has taken action to ensure the effective operation of these controls by supplementing the existing skills and experience in revenue accounting, expanding system integrations to improve data flows, and enhancing the month end accounting processes to provide robust control.

c. Adjustment to expected credit loss provision

During the period, it was identified that credit balances with the debtors ledger had been netted against debit balances for the assessment of the expected credit loss (ECL) calculation, thereby understating the provision as it was hiding the true debtor exposure which was shown to be greater once the credits had been removed. Therefore management has established a revised ECL policy (based on grouping students by their status and age as detailed in the accounting policies) to better estimate the level of provision required. There have also been further revisions to debtors as a result of the extrapolation performed referred to in section b. For the adjustment of debtors from the extrapolation, the age of these students has been estimated as detailed in "Key sources of estimation uncertainty" in Note 2. Following these adjustments to debtors, the revised ECL percentages were applied and this resulted in the adjustments referred to below.

There was an increase to the provision for trade and other receivables of £2.3m at 1 December 2019 and £5.9m at 30 November 2020. This increased the impairment of receivables in the year ended 30 November 2020 by £3.6m in the year ended 30 November 2020. The adjustment caused a reduction in net assets of £1.9m at 1 December 2019 and £4.8m at 30 November 2020. There was a reduction in tax payable of £0.4m at 1 December 2019 and £1.1 at 30 November 2020, with a decrease in the tax charge for the year ended 30 November 2020 of £0.7m. The adjustments made for the Group and the Company are the same.

d. Consolidation adjustment

During the period, management identified a consolidation adjustment that had not been updated in the opening balance sheet at 1 December 2019 to reflect the £3.5m waiver of a related party trade receivable. This has been updated in these financial statements and has resulted in an increase in net assets for the Group of £3.5m at 1 December 2019 and 30 November 2020. There has been no impact on the company from this adjustment.

e. Classification of expenditure

During the period, it was identified that certain direct costs of delivery for education programmes, including teaching staff and related property costs, had been presented within administrative expenses. These costs have been reclassified to cost of sales in these financial statements and this has resulted in an increase in cost of sales of £22.7m and decrease in administrative expenses of £22.7m for the year ended 30 November 2020 in both the Group and Company. There has been no impact on net assets from this adjustment.

f. Statement of cash flows

During the period, it was identified that in 2020 in the Company statement of cash flows, depreciation and the repayment of lease capital were incorrectly omitted from the cash flow statement. In the consolidation statement of cash flows interest and the repayment of lease capital were incorrectly omitted from the cash flow statement, whilst in both the company and consolidated statements, certain working capital movements were incorrectly classified. In addition, there have been adjustments made to the cash flow as a result of adjustments a-c described above. No adjustments to cash have been made, with adjustments all being reclassifications within the cash flow.

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

25. Prior period adjustments *(continued)*

Prior period corrections restating the Consolidated statement of comprehensive income for the year ended 30 November 2020	12 months to 30 November 2020 As previously presented	a. Adjustments to the adoption of IFRS16	b. Adjustments to deferred income	c. Adjustment to ECL provision	e. Classification of expenditure	12 months to 30 November 2020 Restated
	£m	£m	£m	£m	£m	£m
Revenue	114.1	-	2.2	-	-	116.3
Cost of sales	(24.9)	-	-	-	(22.7)	(47.6)
Gross profit	**89.2**	-	**2.2**	-	(22.7)	**68.7**
Administrative expenses	(70.4)	1.9	-	1.0	22.7	(44.8)
Impairment of receivables	-	-	-	(4.6)	-	(4.6)
Operating profit / (loss)	**18.8**	**1.9**	**2.2**	**(3.6)**	-	**19.3**
Finance income	0.5	-	-	-	-	0.5
Finance expenses	(3.7)	0.1	-	-	-	(3.6)
Net finance (expenses) / income	**(3.2)**	**0.1**	-	-	-	**(3.1)**
Profit before taxation	**15.6**	**2.0**	**2.2**	**(3.6)**	-	**16.2**
Taxation	(2.9)	(0.4)	(0.4)	0.7	-	(3.0)
Profit after taxation	**12.7**	**1.6**	**1.8**	**(2.9)**	-	**13.2**
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	**12.7**	**1.6**	**1.8**	**(2.9)**	-	**13.2**

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

25. Prior period adjustments *(continued)*

Prior period corrections restating the Consolidated statement of financial position at 30 November 2020	30 November 2020 As previously presented	a. Adjustments to the adoption of IFRS16	b. Adjustments to deferred income	c. Adjustment to ECL provision	d. Consolidation adjustment	30 November 2020 Restated
		Correction to accounting of right of use assets	Cumulative adjustments to 30 November 2020	Increase in bad debt provision	Reclassification of consolidation adjustment from receivables to retained earnings	
	£m	£m	£m	£m	£m	£m
Non-current assets						
Intangible assets	52.6	-	-	-	-	52.6
Right of use assets	73.5	-	-	-	-	73.5
- revaluation of right of use assets	-	8.0	-	-	-	8.0
	73.5	8.0	-	-	-	81.5
Property, plant and equipment	4.8	(1.4)	-	-	-	3.4
Total non-current assets	**130.9**	**6.6**	-	-	-	**137.5**
Current assets						
Trade and other receivables	41.6	(0.7)	5.7	(5.9)	(3.5)	37.2
Deferred tax	2.4	-	-	-	-	2.4
Cash and cash equivalents	15.2	-	-	-	-	15.2
Total current assets	**59.2**	**(0.7)**	**5.7**	**(5.9)**	**(3.5)**	**54.8**
Total assets	**190.1**	**5.9**	**5.7**	**(5.9)**	**(3.5)**	**192.3**
Current liabilities						
Trade and other payables	(26.1)	13.2	(15.2)	-	-	(28.1)
Lease liabilities	-	-	-	-	-	-
- recognition of IFRS 16	-	(7.1)	-	-	-	(7.1)
	-	(7.1)	-	-	-	(7.1)
Deferred income	(22.5)	-	13.8	-	-	(8.7)
Deferred grant income	(0.5)	-	-	-	-	(0.5)
Tax payable	(3.2)	(0.4)	(0.8)	1.1	-	(3.3)
Total current liabilities	**(52.3)**	**5.7**	**(2.2)**	**1.1**	-	**(47.7)**
Non-current liabilities						
Lease liabilities	(65.5)	-	-	-	-	(65.5)
- recognition of IFRS 16	-	(5.3)	-	-	-	(5.3)
	(65.5)	(5.3)	-	-	-	(70.8)
Provisions	(1.6)	(3.2)	-	-	-	(4.8)
Total non-current liabilities	**(67.1)**	**(8.5)**	-	-	-	**(75.6)**
Total liabilities	**(119.4)**	**(2.8)**	**(2.2)**	**1.1**	-	**(123.3)**
Net assets	**70.7**	**3.1**	**3.5**	**(4.8)**	**(3.5)**	**69.0**
Shareholders' equity						
Share premium	40.3	-	-	-	-	40.3
Retained earnings	30.4	3.1	3.5	(4.8)	(3.5)	28.7
Total equity	**70.7**	**3.1**	**3.5**	**(4.8)**	**(3.5)**	**69.0**

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

25. Prior period adjustments *(continued)*

Prior period corrections restating the Company statement of financial position at 30 November 2020	30 November 2020 As previously presented	a. Adjustments to the adoption of IFRS16 — Correction to accounting of right of use assets	b. Adjustments to deferred income — Cumulative adjustments to 30 November 2020	c. Adjustment to ECL provision — Increase in bad debt provision	30 November 2020 Restated
	£m	£m	£m	£m	£m
Non-current assets					
Intangible assets	50.2	-	-	-	50.2
Investment in subsidiary	3.5	-	-	-	3.5
Right of use assets	73.5	-	-	-	73.5
- revaluation of right of use assets	-	8.0	-	-	8.0
	73.5	8.0	-	-	81.5
Property, plant and equipment	4.8	(1.4)	-	-	3.4
Total non-current assets	**132.0**	**6.6**	-	-	**138.6**
Current assets					
Trade and other receivables	37.0	(0.7)	5.7	(5.9)	36.1
Deferred tax	2.3	-	-	-	2.3
Cash and cash equivalents	14.2	-	-	-	14.2
Total current assets	**53.5**	**(0.7)**	**5.7**	**(5.9)**	**52.6**
Total assets	**185.5**	**5.9**	**5.7**	**(5.9)**	**191.2**
Current liabilities					
Trade and other payables	(26.2)	13.2	(15.2)	-	(28.2)
Lease liabilities	-	-	-	-	-
- recognition of IFRS 16	-	(7.1)	-	-	(7.1)
	-	(7.1)	-	-	(7.1)
Deferred income	(20.7)	-	13.8	-	(6.9)
Deferred grant income	(0.5)	-	-	-	(0.5)
Tax payable	(3.2)	(0.4)	(0.8)	1.1	(3.3)
Total current liabilities	**(50.6)**	**5.7**	**(2.2)**	**1.1**	**(46.0)**
Non-current liabilities					
Lease liabilities	(65.5)	-	-	-	(65.5)
- recognition of IFRS 16	-	(5.3)	-	-	(5.3)
	(65.5)	(5.3)	-	-	(70.8)
Provisions	(1.6)	(3.2)	-	-	(4.8)
Total non-current liabilities	**(67.1)**	**(8.5)**	-	-	**(75.6)**
Total liabilities	**(117.7)**	**(2.8)**	**(2.2)**	**1.1**	**(121.6)**
Net assets	**67.8**	**3.1**	**3.5**	**(4.8)**	**69.6**
Shareholders' equity					
Share premium	40.3	-	-	-	40.3
Retained earnings	27.5	3.1	3.5	(4.8)	29.3
Total equity	**67.8**	**3.1**	**3.5**	**(4.8)**	**69.6**

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

25. Prior period adjustments *(continued)*

Prior period corrections restating the Consolidated statement of financial position at 1 December 2019	1 December 2019 As previously presented	a. Adjustments to the adoption of IFRS16	b. Adjustments to deferred income	c. Adjustment to ECL provision	d. Consolidation adjustment	1 December 2019 Restated
		Correction to accounting of right of use assets	Corrections during the 12 months to 30 November 2019	Increase in bad debt provision	Reclassification of consolidation adjustment from receivables to retained earnings	
	£m	£m	£m	£m	£m	£m
Non-current assets						
Intangible assets	52.3	-	-	-	-	52.3
Right of use assets	-	-	-	-	-	-
- revaluation of right of use assets	-	76.8	-	-	-	76.8
	-	76.8	-	-	-	76.8
Property, plant and equipment	5.0	(1.8)	-	-	-	3.2
Total non-current assets	**57.3**	**75.0**	-	-	-	**132.3**
Current assets						
Trade and other receivables	40.0	(1.4)	(11.6)	(2.3)	(3.5)	21.2
Deferred tax	2.1	-	-	-	-	2.1
Cash and cash equivalents	11.8	-	-	-	-	11.8
Total current assets	**53.9**	**(1.4)**	**(11.6)**	**(2.3)**	**(3.5)**	**35.1**
Total assets	**111.2**	**73.6**	**(11.6)**	**(2.3)**	**(3.5)**	**167.4**
Current liabilities						
Trade and other payables	(13.1)	1.8	(15.1)	-	-	(26.4)
Lease liabilities	-	(6.6)	-	-	-	(6.6)
Deferred income	(35.3)	-	28.8	-	-	(6.5)
Deferred grant income	(0.2)	-	-	-	-	(0.2)
Tax payable	(1.7)	-	(0.4)	0.4	-	(1.7)
Total non-current liabilities	**(50.3)**	**(4.8)**	**13.3**	**0.4**	-	**(41.4)**
Non-current liabilities						
Lease liabilities	(1.7)	1.7	-	-	-	-
- recognition of IFRS 16	-	(65.8)	-	-	-	(65.8)
	(1.7)	(64.1)	-	-	-	(65.8)
Provisions	(1.2)	(3.2)	-	-	-	(4.4)
Total non-current liabilities	**(2.9)**	**(67.3)**	-	-	-	**(70.2)**
Total liabilities	**(53.2)**	**(72.1)**	**13.3**	**0.4**	-	**(111.6)**
Net assets	**58.0**	**1.5**	**1.7**	**(1.9)**	**(3.5)**	**55.8**
Shareholders' equity						
Share premium	40.3	-	-	-	-	40.3
Retained earnings	17.7	1.5	1.7	(1.9)	(3.5)	15.5
Total equity	**58.0**	**1.5**	**1.7**	**(1.9)**	**(3.5)**	**55.8**

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

25. Prior period adjustments *(continued)*

Prior period corrections restating the Company statement of financial position at 1 December 2019	1 December 2019 As previously presented	a. Adjustments to the adoption of IFRS16 – Correction to accounting of right of use assets	b. Adjustments to deferred income – Corrections during the 12 months to 30 November 2019	c. Adjustment to ECL provision – Increase in bad debt provision	1 December 2019 Restated
	£m	£m	£m	£m	£m
Non-current assets					
Intangible assets	49.9	-	-	-	49.9
Investment in subsidiary	3.5	-	-	-	3.5
Right of use assets	-	-	-	-	-
- revaluation of right of use assets	-	76.8	-	-	76.8
	-	76.8	-	-	76.8
Property, plant and equipment	5.0	(1.8)	-	-	3.2
Total non-current assets	**58.4**	**75.0**	-	-	**133.4**
Current assets					
Trade and other receivables	35.5	(1.4)	(11.6)	(2.3)	20.2
Deferred tax	2.1	-	-	-	2.1
Cash and cash equivalents	11.6	-	-	-	11.6
Total current assets	**49.2**	**(1.4)**	**(11.6)**	**(2.3)**	**33.9**
Total assets	**107.6**	**73.6**	**(11.6)**	**(2.3)**	**167.3**
Current liabilities					
Trade and other payables	(14.8)	2.1	(15.1)	-	(27.8)
Lease liabilities	-	(6.6)	-	-	(6.6)
Deferred income	(33.9)	-	28.8	-	(5.1)
Deferred grant income	(0.2)	-	-	-	(0.2)
Tax payable	(1.6)	-	(0.4)	0.4	(1.6)
Total non-current liabilities	**(50.5)**	**(4.5)**	**13.3**	**0.4**	**(41.3)**
Non-current liabilities					
Lease liabilities	(1.4)	1.4	-	-	-
- recognition of IFRS 16	-	(65.8)	-	-	(65.8)
	(1.4)	(64.4)	-	-	(65.8)
Provisions	(1.2)	(3.2)	-	-	(4.4)
Total non-current liabilities	**(2.6)**	**(67.6)**	-	-	**(70.2)**
Total liabilities	**(53.1)**	**(72.1)**	**13.3**	**0.4**	**(111.5)**
Net assets	**54.5**	**1.5**	**1.7**	**(1.9)**	**55.8**
Shareholders' equity					
Share premium	40.3	-	-	-	40.3
Retained earnings	14.2	1.5	1.7	(1.9)	15.5
Total equity	**54.5**	**1.5**	**1.7**	**(1.9)**	**55.8**

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

25. Prior period adjustments *(continued)*

Prior period corrections restating the Consolidated statement of cash flows for the 12 months to 30 November 2020	12 months to 30 November 2020 As presented previously	a. Adjustments to the adoption of IFRS16 Correction to accounting of right of use assets	b. Adjustments to deferred income Adjustments for the 12 months to 30 November 2020	c. Adjustment to ECL provision Increase in bad debt provision	f. Disclosure adjustments Reclassifications	12 months to 30 November 2020 Restated
	£m	£m	£m	£m	£m	£m
Profit for the period	**12.7**	**1.6**	**1.8**	**(2.9)**	**-**	**13.2**
Adjustments						
Interest paid	0.1	(0.1)	-	-	3.6	3.6
Interest received	(0.5)	-	-	-	-	(0.5)
Taxation	2.9	0.4	0.4	(0.7)	-	3.0
Operating profit / (loss)	**15.2**	**1.9**	**2.2**	**(3.6)**	**3.6**	**19.3**
Amortisation of intangible assets	0.1	-	-	-	-	0.1
Depreciation of right of use assets	7.6	1.3	-	-	-	8.9
Depreciation of tangible assets	1.6	(0.4)	-	-	-	1.2
Decrease / (increase) in trade and other receivables	1.2	(0.7)	(17.3)	3.6	3.8	(9.4)
(Decrease) / increase in trade and other payables	(10.3)	(2.1)	15.1	-	-	2.7
Tax Paid	(1.4)	-	-	-	-	(1.4)
Net cash inflow from operating activities	**14.0**	**-**	**-**	**-**	**7.4**	**21.4**
Cash flows from financing activities						
Interest paid	(3.7)	0.1	-	-	-	(3.6)
Intra-group loan	(6.3)	-	-	-	-	(6.3)
Principal elements of lease payments	-	(0.1)	-	-	(7.4)	(7.5)
Net cash outflow from financing activities	**(10.0)**	**-**	**-**	**-**	**(7.4)**	**(17.4)**
Cash flows from investing activities						
Purchase of intangible assets and property, plant and equipment	(1.8)	-	-	-	-	(1.8)
Grant income received	1.2	-	-	-	-	1.2
Net cash outflow from investing activities	**(0.6)**	**-**	**-**	**-**	**-**	**(0.6)**
Net increase in cash and cash equivalents	**3.4**	**-**	**-**	**-**	**-**	**3.4**
Cash and cash equivalents at 1 December 2019	11.8					11.8
Cash and cash equivalents at 30 November 2020	15.2					15.2

* Included in the movement in trade and other payables is the movement in deferred income.

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

25. Prior period adjustments *(continued)*

Prior period corrections restating the Company statement of cash flows for the 12 months ended 30 November 2020	12 months ended 30 November 2020 As presented previously	a. Adjustments to the adoption of IFRS16	b. Adjustments to deferred income	c. Adjustment to ECL provision	f. Disclosure adjustments	12 months ended 30 November 2020 Restated
		Correction to accounting of right of use assets	Adjustments for the 12 months to 30 November 2020	Increase in bad debt provision	Reclassifications	
	£m	£m	£m	£m	£m	£m
Profit for the period	13.3	1.6	1.8	(2.9)	-	13.8
Adjustments						
Interest paid	3.7	(0.1)	-	-	-	3.6
Interest received	(0.5)	-	-	-	-	(0.5)
Taxation	3.0	0.4	0.4	(0.7)	-	3.1
Operating profit (loss)	19.5	1.9	2.2	(3.6)	-	20.0
Amortisation of intangible assets	0.1	-	-	-	-	0.1
Depreciation of right of use assets	-	1.3	-	-	7.6	8.9
Depreciation of tangible assets	1.6	(0.4)	-	-	-	1.2
Decrease / (increase) in trade and other receivables	2.6	(0.7)	(17.3)	3.6	2.4	(9.4)
(Decrease) / increase in trade and other payables	(9.0)	(2.1)	15.1	-	(2.6)	1.4
Tax Paid	(1.6)	-	-	-	-	(1.6)
Net cash inflow from operating activities	13.2	-	-	-	7.4	20.6
Cash flows from financing activities						
Interest paid	(3.7)	0.1	-	-	-	(3.6)
Intra-group loan	(6.3)	-	-	-	-	(6.3)
Principal elements of lease payments	-	(0.1)	-	-	(7.4)	(7.5)
Net cash outflow from financing activities	(10.0)	-	-	-	(7.4)	(17.4)
Cash flows from investing activities						
Purchase of intangible assets and property, plant and equipment	(1.8)	-	-	-	-	(1.8)
Grant income received	1.2	-	-	-	-	1.2
Net cash outflow from investing activities	(0.6)	-	-	-	-	(0.6)
Net increase in cash and cash equivalents	2.6	-	-	-	-	2.6
Cash and cash equivalents at 1 December 2019	11.6					11.6
Cash and cash equivalents at 30 November 2020	14.2					14.2

* Included in the movement in trade and other payables is the movement in deferred income.