INTO

INTO University Partnerships Limited

Annual report for the year ended 31 July 2016

Registered number: 05507863

Contents

Directors and advisers

Directors


A J Colin


J B Sykes


S G Smale


J C Latham


C Harned


J Leeds


D S Eastwood

Registered office

One Gloucester Place
Brighton
United Kingdom
BN1 4AA

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Strategic report for the year ended 31 July 2016

The directors present their strategic report on the Group for the year ended 31 July 2016.

Review of the business

The principal activity of the Group is the provision of educational and marketing services for international students through subsidiary undertakings and joint ventures with universities.

The subsidiary and associated undertakings of the Group are listed in note 23 to the financial statements.

The principal activity of the company in the year under review was that of the provision of marketing, management and other corporate services, primarily to the company's joint venture and other related undertakings.

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

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

Results and performance

The results of the Group for the year, as set out on page 12, show turnover increasing 16% to £157,773k (2015: £135,454k) and profit for the financial year to £6,108k (2015: loss of £14,435k). The Group generated a profit on ordinary activities before taxation of £8,604k (2015: loss of £12,308k). The shareholders' funds for the Group total £17,806k (2015: £9,598k).

The year has been defined by continued growth in student enrolments, expansion of opportunity for those students with the creation of additional partnerships and the continued development of our global marketing network, investing in new marketing channels, sophisticated technology and deeper reach into the world's fastest growing regions for international student demand. It is also reflected in continued revenue growth with a 46% increase in EBITDA to £12.9m (2015: £8.8m). As students seek out new opportunities, this report reflects on how we, together with our partners, have responded to this and the outcomes they have experienced as a consequence.

Continued North American Expansion

New partnership with Saint Louis University

During the year the inaugural students for the new partnership between INTO and Saint Louis University (SLU) began their courses. The partnership is a long-term agreement that will extend SLU's global reach and enhance education access for international students. Ranked as one of the top-100 national universities in the United States, SLU is the first among the nation's 28 Jesuit institutions to enter into this type of joint venture. The partnership will deliver specialised, highly supportive programmes for international students and increase SLU's ability to attract directly admissible students from around the world.

New partnership with The University of Alabama at Birmingham

The University of Alabama at Birmingham (UAB) became the eighth university in the United States to partner with INTO with the inaugural intake in Fall 2016. UAB is an internationally renowned research university known for its innovative and interdisciplinary approach to education at both the graduate and undergraduate levels. UAB has one of the most diverse college campuses in the United States. The partnership will deliver specialised, highly supportive programmes for international students and increase UAB's ability to attract directly admissible students from around the world.

Bringing us closer to key higher education policy bodies in the United States, we opened a new corporate office in Washington DC, co-located with the Association of Public and Land Grant Universities and NAFSA.

Investing in systems and service

In the past twelve months we have invested in becoming smarter as a business. We continue to develop enabling technologies which allow us to get closer to students and their advisers and enhance the pre-arrival journey of students. We have integrated our key financial and student admissions systems which operate through our hubs in Brighton, San Diego, Hong Kong.

We have invested in and launched fully re-developed student-facing wesbite (www.intostudy.com) and corporate (www.intoglobal.com) websites – both incorporating the latest in mobile and social media technologies.

Investment in technologies and smarter processes continues to be a key strategic focus for the coming year. It ensures we better serve our partners and students and enables us to drive our operating margins through more detailed understanding of the student journey and the cost of student acquisition.

INTO University of East Anglia wins Queens Award for Enterprise

The first INTO joint venture, INTO University of East Anglia LLP, which continues to thrive in its tenth year, won a Queen's Award for Enterprise (International Trade) during the year, the United Kingdom's highest accolade for business success. Commenting on the award, Professor David Richardson, vice-chancellor of UEA said " – INTO UEA was the first of its kind and has not only enjoyed both excellent student satisfaction and academic results but has also made a significant contribution to both UEA and our local economy. "

Key Performance Indicators ("KPIs")

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

	2016 £'000	2015 £'000
Total Group Turnover *	**251,612**	222,181
EBITDA**	**12,863**	8,842
Profit / (Loss) for the financial year	**6,108**	(14,435)
Number of INTO partnerships	**22**	20
Student satisfaction	**85%**	87%
Cash	**34,500**	22,072

* Total Group Turnover is calculated as Group turnover plus 100% of joint venture turnover adjusted to add back Management and Corporate Services provided to 100% owned centres.

** EBITDA is calculated as "Group and share of joint ventures operating profit" adjusted to add back depreciation, amortisation and exceptional items (such add back also including depreciation, amortisation and exceptional items recognised by the Group's joint ventures and included within the share of operating profit in joint ventures in the profit and loss account).

	2016 £'000	2015 £'000
Turnover: group and share of joint ventures	**157,773**	135,454
Add: Share of joint ventures' turnover not owned by the group	**89,984**	79,677
	247,757	215,131
Add: Management and Corporate Services provided to 100% owned centres	**3,855**	7,050
Total Group Turnover	**251,612**	222,181

The INTO Group continued to grow and develop during the year resulting in a strong underlying financial performance for the year ended 31 July 2016.

Total group revenue growth continues to be a key strategic priority and gross revenue increased by 13% to £251.6m in 2016 (2015: £222.8m).

Revenue growth in the year was driven by the Group's continued development of new partnerships and the ongoing maturity of revenues at existing partnerships.

The Group reported a profit for the financial year of £6.1m (2015: loss of £14.4m). The prior year result was significantly impacted by non-recurring exceptional costs of £18.7m in respect of provisions for potential one-off settlements of disputes and related costs in which the Group is involved.

EBITDA increased by 46% to £12.9m in 2016 (2015: £8.8m). This reflects ongoing profitability growth in the United States. It was also impacted adversely by the start-up costs associated with newer joint ventures.

The Group continues to be debt free and has seen strong cash growth to £34,500k (2015: £22,072k)

Principal risks and uncertainties

Please see the Directors Report for details.

Outlook

Despite a challenging trading environment and, in particular, uncertainties created by the continued changes to the UK visa regulations and a slowdown in China and some oil based economies, we anticipate further growth of the business through 2017. We will drive strong revenue growth through the launch of new INTO partnerships in North America together with further growth from our existing partnerships where forward revenue is favourable. We expect additional underlying profit growth through a continued focus on profit margin optimisation and on achieving economies of scale especially at our new and maturing partnerships across the United Kingdom and the United States.

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

21/12/2016

John Sykes, Director

Date

Directors' report for the year ended 31 July 2016

The directors present their annual report together with the audited consolidated financial statements of the group and company for the year ended 31 July 2016.

Results and dividends

The profit for the financial year amounted to £6,108k (2015: Loss of £14,435k). The directors do not recommend the payment of a dividend (2015 £nil).

Financial risk management

The straightforward nature of the group's financial instruments means that they are not subject to price risk or liquidity risk and the group does not actively use any complex financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures.

The group is also exposed to foreign exchange risk through the ownership of subsidiaries and joint venture operations in North America and Asia.

Directors

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

A J Colin
J B Sykes
S G Smale
S Holmes (resigned 13 April 2016)
C Harned
J Leeds
D S Eastwood
J C Latham (appointed 13 April 2016)

Company registration number

The company registration number is 05507863. The Company is a Limited Company incorporated in the United Kingdom.

Going concern

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

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

No adjustments have been made to these financial statements in the event of the company not being a going concern.

Transition to FRS 102

This is the first year that the Group has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 July 2015 and the date of transition was therefore 1 August 2014, being the first day of the comparative year. Effects of the transition are minimal to the LLP, see Note 24 for further details.

Directors' indemnities

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

Political and charitable donations

INTO University Partnerships allocates a proportion of its profits to fund the operating costs of INTO Giving, a charity supporting educational projects for poor and disadvantaged children around the world. During the year this amounted to £79,732.

Post balance sheet events

INTO University Partnerships Limited has no post balance sheet events requiring disclosure.

Principal risks and uncertainties

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

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

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

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

Environmental, social and community issues

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

The INTO group is driven by the desire to provide life-changing experiences for our students. Moreover, the investment and additional revenue generated are helping to revitalise both universities and the local and regional economy that surrounds them. The Group also works closely with INTO Giving, a charity established that supports educational projects for some of world's poorest and most disadvantaged children. The Group supports INTO Giving through fundraising activities, and through staff volunteering their time and skills. In 2015/16, £130,000 was raised to support projects for educational projects for children and young people from Bangladesh, Ghana, Honduras, Malawi, Syria, Thailand, the UK and US, and Zambia. Over the past year, funds raised by our staff have, for example, built a new secondary school for girls in sub-Saharan Africa, refurbished a school for Syrian refugee schoolchildren in Lebanon, and provided solar power for an e-learning centre in Zambia.

Employees

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

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

Future developments

Please see Strategic Report for details.

Statement of directors' responsibilities

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

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

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

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

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

Statement of disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirm that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

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

21/12/2016

John Sykes, Director

Date

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

Report on the financial statements

Our opinion

In our opinion, INTO University Partnerships 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 July 2016 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Consolidated Balance Sheet and Company Balance Sheet as at 31 July 2016;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity as at 31 July 2016;
- the Consolidated Cash Flow Statement for the year then ended: and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group and company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

21/12/2016

Simon O'Brien (Senior Statutory Auditor) | Date
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Consolidated statement of comprehensive income for the year ended 31 July 2016

Registered number: 05507863

	Note	2016 £'000	2015 £'000
Turnover: group and share of joint ventures		157,773	135,454
Existing operations		157,678	132,818
Acquisitions	21	95	2,636
Less: share of joint ventures' turnover		(89,984)	(79,677)
Group turnover	1	67,789	55,777
Cost of sales		(17,060)	(14,720)
Gross profit		50,729	41,057
Administrative expenses		(45,170)	(37,826)
Profit on disposal of land and buildings	10	2,134	–
Exceptional items	2	-	(18,679)
Group operating profit/(loss)	3	7,693	(15,448)
Existing operations		7,621	(14,199)
Acquisitions	21	72	(1,249)
Share of operating profit in joint ventures	8	675	2,657
Group and share of joint ventures operating profit/(loss)		8,368	(12,791)
Net interest receivable / (payable)			
Group		374	476
Share of joint ventures'		(138)	7
Profit/(loss) on ordinary activities before taxation		8,604	(12,308)
Tax on profit/(loss) on ordinary activities of subsidiaries	5	(986)	(733)
Share of joint ventures taxation	5	(1,510)	(1,394)
Profit/(loss) on ordinary activities after taxation		6,108	(14,435)
Profit/(loss) for the financial year	16, 17	6,108	(14,435)
Currency translation difference on foreign currency net investments		2,100	480
Total comprehensive Income/(expense)		8,208	(13,954)

All amounts relate to continuing operations.

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

The notes on pages 17 to 41 form part of these financial statements.

Consolidated balance sheet as at 31 July 2016

Registered number: 05507863

	Note	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	6	9,447	7,333
Tangible assets	7	4,225	5,111
Other investments	9	150	150
Total fixed assets		13,822	12,594
Current assets			
Stocks	10	-	1,867
Debtors	11		
– amounts falling due within one year	11	44,722	35,080
– amounts falling due after one year	11	3,053	3,202
Prepayments and accrued income	11	18,150	16,301
Cash at bank and in hand		34,500	22,072
Total current assets		100,425	78,522
Creditors: Amounts falling due within one year	12	(8,969)	(10,505)
Accruals and deferred income	12	(41,864)	(36,541)
Provisions for liabilities	13	(19,281)	(19,429)
Net current assets		30,311	12,047
Total assets less current liabilities		44,133	24,641
Creditors: Amounts falling due after more than one year	14	(216)	(245)
Investments in joint ventures	8	(26,111)	(14,798)
Net assets		17,806	9,598
Capital and reserves			
Called up share capital	15	1,192	1,192
Share premium account	16	33,002	33,002
Foreign exchange translation reserve	16	2,291	191
Profit and loss reserve	16	(18,679)	(24,787)
Total shareholders' funds	17	17,806	9,598

The consolidated financial statements on pages 12 to 41, were approved by the Board of Directors and signed on its behalf by:

John Sykes, Director

Date: 21/12/2016

The notes on pages 17 to 41 form part of these financial statements.

Company balance sheet as at 31 July 2016

Registered number: 05507863

	Note	2016 £'000	2015 £'000
Investments	9	36,066	36,066
		36,066	36,066
Current assets			
Debtors	11	9,382	6,857
Prepayments and accrued income	11	1,272	365
Cash at bank and in hand		536	111
		11,190	7,333
Creditors: amounts falling due within one year	12	(3,194)	(2,011)
Accruals and deferred income	12	(563)	(327)
Provision for liabilities	13	(20,596)	(20,252)
Net current liabilities		(13,163)	(15,257)
Total assets less current liabilities		22,903	20,809
Net assets		22,903	20,809
Capital and reserves			
Called up share capital	15	1,192	1,192
Share premium account	16	33,002	33,002
Profit and loss account	16	(11,291)	(13,385)
Total shareholders' funds	17	22,903	20,809

As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company. The result for the financial year ended 31 July 2016 dealt with in the financial statements of the parent company was a £2,094k profit (2015: £18,119k loss).

The financial statements on pages 12 to 41, were approved by the Board of Directors and signed on its behalf by

21/12/2016

John Sykes, Director

Date

The notes on pages 17 to 41 form part of these financial statements.

Consolidated statement of changes in equity as at 31 July 2016

GROUP	Share capital £'000	Share premium £'000	Translation reserve £'000	Profit and loss account £'000	Total shareholders funds £'000
As at 1 August 2014	1,128	33,002	(289)	(10,288)	23,553
Loss for the year	–	–	–	(14,499)	(14,499)
Issue of bonus shares to employees	64	–	–	–	64
Translation Reserve	–	–	480	–	480
As at 31 July 2015	1,192	33,002	191	(24,787)	9,598
Total Comprehensive Income	–	–	–	6,108	6,108
Translation Reserve	–	–	2,100	–	2,100
As at 31 July 2016	1,192	33,002	2,291	(18,679)	17,806

Company statement of changes in equity as at 31 July 2016

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total shareholders funds £'000
As at 1 August 2014	1,128	33,002	4,798	38,928
Loss for the year	–	–	(18,183)	(18,183)
Issue of bonus shares to employees	64	–	–	64
As at 31 July 2015	1,192	33,002	(13,385)	20,809
Total Comprehensive Income	–	–	2,094	2,094
As at 31 July 2016	1,192	33,002	(11,291)	22,903

Consolidated cash flow statement for the year ended 31 July 2016

Registered number: 05507863

	2016 £'000	2015 £'000
Cash flows from operating profit		
Profit/(loss) for the financial year	6,108	(14,435)
Depreciation charge	920	1,461
Amortisation of intangibles	1,516	249
Loss on disposal of tangible assets	-	75
Interest received	(374)	(476)
Share of profit for the financial year in Joint ventures	835	(1,263)
Share of interest in Joint ventures	138	(7)
Taxation	986	733
Sale / (Purchase) of stocks	2,268	(1,612)
Increase in debtors	(11,241)	(3,897)
Increase in creditors	3,122	22,888
Cash from operations	4,278	3,716
Income taxes paid	277	(997)
Net cash inflow from operating activities	4,555	2,719
Cash flow from investing activities		
Interest received	392	507
Interest paid	(18)	(31)
Purchase of tangible fixed assets	(513)	(1,028)
Purchase of intangible fixed assets	(3,684)	(1,874)
Acquisition of subsidiaries	-	(1,607)
Net cash acquired with subsidiaries	-	4,594
Investment in joint ventures	(114)	(700)
Dividends received from joint ventures	9,054	8,777
Net cash inflow from investing activities	5,117	8,638
Cash flow from financing activities		
Movement on AJC Holdings account	157	(133)
Movement on director loan account	32	936
Increase in borrowings	(29)	(29)
Net cash inflow from financing activities	160	774
Net increase in cash and cash equivalents	9,832	12,131
Cash and cash equivalents at beginning of the year	22,072	9,327
Exchange adjustments	2,596	614
Cash and cash equivalents at the end of year	34,500	22,072

Notes to the financial statements

Principles of Accounting

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

The functional currency of the Group is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Group operates. The prior year financial statements were restated for material adjustments in adoption of FRS 102 in the current year. For more information see Note 24.

INTO University Partnerships Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, and remuneration of key management personnel.

Going concern

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

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

No adjustments have been made to these financial statements in the event of the company not being a going concern.

Consolidation

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

The results of subsidiaries and share of profits and losses from joint ventures represent an annual year to 31 July 2016, with comparatives representing an annual year to 31 July 2015.

INTO USF Inc prepare their financial statements to 30 June. Given non-coterminous balance sheet dates, the share of profits and losses and net assets in relation to this joint venture represent the annual period to 30 June 2016. As INTO USF Inc's balance sheet date is less than 3 months prior to the Group's balance sheet date, this is permitted under FRS 102.

Subsidiaries

Business combinations are accounted for under the purchase method. In accordance with Section 35 of FRS 102, section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition. More information can be found in Note 21 to these financial statements.

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

Interests in joint ventures

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

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

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

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

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

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss account.

Foreign operations

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

Intangible assets and amortisation

The disclosure of computer software was previously treated as a tangible fixed asset under previous UK GAAP, but under FRS 102 it is now disclosed as an intangible asset.

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

Computer Software	-	25% straight line
Other Intangible Assets	-	15 years

Goodwill

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

Goodwill is amortised on a systematic basis over its useful life, which is 15 years.

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

At each reporting date an assessment is conducted to review if there is any indication of impairment. If there is objective evidence of impairment an impairment loss is recognised in profit or loss.

Tangible fixed assets

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

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

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

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

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

Pension obligations

The Group only has defined contribution plans. Contributions in respect of defined contribution pension schemes are charged to the Profit and Loss account when they are payable. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Revenue recognition

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

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

- **Tuition**
  Tuition fees represent all fees chargeable to students or their sponsors received and receivable attributable to the current accounting year net of discounts. Tuition fees are attributed to accounting periods based on the tuition actually provided in that period. The costs of any fees waived are deducted from the tuition fee income.
- **Accommodation**
  Accommodation fees are spread over the period of occupancy to which they relate.
- **Catering**
  Catering income represents the sale of food and beverages from ancillary catering facilities and is recognised as earned over the year.

- **Management and corporate services fees**
  Marketing services, management services and other corporate services are provided by the Group to its joint ventures. Such turnover is recognised in the accounting period in which the services are provided.
- **Progression fees**
  The Group receives contractual payments from certain Universities in relation to students progressing to join the University from INTO study centres and/or from direct applicants joining the University as a result of marketing activity conducted by the Group. Such turnover is recognised at the point students accept a place to study at the University and is recognised for all future payments in full less a provision for estimated student withdrawals.
- **Placement fees**
  Contractual payments are received from certain education providers in relation to placing students where the Group acts as agent. Such turnover is recognised at the point students accept a place to study and only the agency commission due is recognised as revenue.

Operating leases

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

Capital requirements

The Group is not subject to any externally imposed capital requirements.

In order to maintain an optimal capital structure, the Group may adjust the amount of distributions paid to members, return capital to members, raise capital or sell assets to reduce debt.

The Board has put in place a distribution policy which takes into account the degree of maintainability of the Group's different profit streams, as well as the requirement to maintain a certain level of cash resources for working capital and corporate development purposes.

Contingent Liabilities

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

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

Share based payments

The cost of cash-settled share-based payment are measured at fair value and recognised over the vesting period. Fair value is estimated initially at the grant date and at each balance sheet date thereafter until the awards are settled. Non-market based performance conditions are taken into account when determining fair value. The Directors have made an assessment of the likelihood of an event triggering a cash award occurring and consider it to be remote. Accordingly no charges has been recognised in the Profit and Loss account.

Taxation

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

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Critical accounting judgements and key sources of estimation

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

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

The following are the critical judgements that have the most significant effect on the amounts recognised in the financial statements.

- **Useful economic lives of tangible and intangible assets**
  The annual depreciation charge for tangible and intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 6 and 7 for the carrying amount and Principles of Accounting for the useful economic lives for each class of assets.

1 Turnover

	2016 £'000	2015 £'000
Geographical analysis		
UK	42,418	37,880
North America	21,451	16,565
Asia	3,920	1,332
	67,789	55,777
Business analysis		
Tuition	20,541	18,185
Accommodation, catering & other ancillary student services	7,701	4,862
Management & corporate services fees	33,591	26,792
Progression and placement fees	5,956	5,938
	67,789	55,777

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

2 Exceptional items

Exceptional items relate to provisions at 31 July 2016 described in Note 13. In the year ended 31 July 2016 £2m was paid (2015: £nil).

3 Operating profit/(loss)

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

	2016 £'000	2015 £'000
Amortisation of intangible fixed assets	1,516	249
Depreciation of tangible fixed assets	920	1,461
Operating lease charges	2,744	2,670
Foreign exchange losses / (gains)	83	(129)
Services provided by the Company's auditors		
Fees payable for the audit of the company's annual accounts	28	51
Fees payable for other services – audit of subsidiaries pursuant to legislation	102	106
Fees payable for other services – tax services	110	90
Fees payable for other services – corporate finance	70	–

4 Staff costs

Staff costs comprise:

	2016 £'000	2015 £'000
Wages and salaries	21,787	19,271
Social security costs	2,468	1,971
Other pension costs	1,405	1,018
	25,660	22,260

The average monthly number of employees, including the directors, during the year was 665 (2015: 563).

Directors' Remuneration	2016 £'000	2015 £'000
Directors' remuneration consists of:		
Emoluments	883	609
Payments to defined contribution pension scheme	41	16
	924	625

There were 4 directors in the company's defined contribution pension scheme during the year (2015: 3).

The emoluments of the highest paid director in the year were £206k (2015: £205k). Payments to defined contribution pension scheme in respect of the highest paid director were £16k (2015: £12k).

5 Tax on profit/(loss) on ordinary activities

	2016 £'000	2015 £'000
Current tax:		
UK corporation tax on profits of the year	-	–
Foreign corporation tax on profits of the year	2,496	2,127
Adjustments in respect of prior periods	-	–
Total current tax	2,496	2,127
Tax on profit/(loss) on ordinary activities	2,496	2,127

The tax assessed for the year is higher (2015: higher) than the standard rate of corporation tax in the UK of 20.0% (2015: 20.7%). The differences are explained below:

	2016 £'000	2015 £'000
Profit / (loss) on ordinary activities before taxation	8,604	(12,308)
Tax calculated at domestic rates applicable to profits in the respective countries (2016: 20.0%, 2015: 20.7%)	1,721	(2,548)
Effects of:		
Expenses not deductible for tax purposes	(620)	709
Adjustments in respect of foreign tax rates	1,216	1,000
Other timing differences	46	40
Utilisation of tax losses from previous years	(839)	(72)
Tax losses carried forward to future years	972	2,998
Total tax charge	2,496	2,127

Deductible temporary differences and unused tax losses for which no deferred tax asset has been recognised total £5,551k (2015: £4,883k). This asset has not been recognised in the financial statements due to current uncertainties surrounding the reversal of the underlying differences. This deferred tax asset would be recovered if there were future taxable profits from which the reversal of the underlying difference could be deducted.

Factors affecting current and future tax charges:

As a result of the changes in the UK corporation tax rate to 20% which was substantially enacted on 2 July 2013 and effective from 1 April 2015, the relevant tax balances have been re-measured.

6 Intangible assets

GROUP	Goodwill £'000	Agency Relationship £'000	Computer Software £'000	Assets under course of construction £'000	Total £'000
Cost					
At 1 August 2015	4,872	758	3,836	270	9,736
Additions	298	–	269	3,117	3,684
Transfers from Tangible Assets	–	–	1,735	(1,494)	241
Disposals	–	–	(30)	(936)	(966)
Foreign exchange	573	136	–	–	709
At 31 July 2016	**5,743**	**894**	**5,810**	**957**	**13,404**
Accumulated amortisation					
At 1 August 2015	903	26	1,474	–	2,403
Charge	442	76	998	–	1,516
Disposals	–	–	(30)	–	(30)
Foreign exchange	55	13	–	–	68
At 31 July 2016	**1,400**	**115**	**2,442**	**-**	**3,957**
Net book value					
At 31 July 2016	**4,343**	**779**	**3,368**	**957**	**9,447**
At 31 July 2015	3,969	732	2,362	270	7,333

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

The disclosure of computer software was previously treated as a tangible fixed asset under previous UK GAAP, but under FRS 102 it is now disclosed as an intangible asset.

Amortisation is charged to Administrative expenses in the Statement of Comprehensive Income.

7 Tangible assets

GROUP	Land & Buildings Freehold £'000	Land & Buildings Leasehold Improvements £'000	Fixtures & Fittings £'000	Office Equipment £'000	Assets under course of construction £'000	Total £'000
Cost						
At 1 August 2015	993	2,115	1,714	2,654	431	7,907
Additions	2	137	49	325	–	513
Transfers to Intangibles	–	–	40	(281)	–	(241)
Transfers to Fixtures and Fittings	–	–	384	(384)	–	-
Disposals	–	–	–	–	(259)	(259)
Exchange Adjustments	–	4	16	33	–	53
At 31 July 2016	**995**	**2,256**	**2,203**	**2,347**	**172**	**7,973**
Accumulate depreciation						
At 1 August 2015	61	422	940	1,373	–	2,796
Charge for the year	30	178	329	383	–	920
Transfers to Fixtures and Fittings	–	–	278	(278)	–	-
Exchange Adjustments	–	3	9	20	–	32
At 31 July 2016	**91**	**603**	**1,556**	**1,498**	**-**	**3,748**
Net book value						
At 31 July 2016	**904**	**1,653**	**647**	**849**	**172**	**4,225**
At 31 July 2015	932	1,693	774	1,281	431	5,111

8 Interests in joint ventures

GROUP	2016 £'000	2015 £'000
Share of assets		
Share of current assets	80,291	69,671
Share of fixed assets	6,281	5,591
	86,572	75,262
Share of liabilities		
Liabilities due within one year	(112,683)	(90,060)
	(112,683)	(90,060)
Share of net liabilities	(26,111)	(14,798)
Share of turnover	89,984	79,677
Share of expenses	(89,309)	(77,020)
Share of profit from joint ventures	675	2,657

The Group's share of the individually significant joint ventures are analysed in Note 25.

9 Investments

GROUP	Other Investments £'000
At 1 August 2015	150
At 31 July 2016	150

COMPANY	Investment in subsidiaries £'000	Other Investments £'000	Total £'000
At 1 August 2015	35,962	104	36,066
At 31 July 2016	35,962	104	36,066

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

A full list of the subsidiaries and joint ventures of the Group can be found in Note 23.

10 Stocks

GROUP	Total £'000
At 1 August 2015	1,867
Additions	4,689
Disposal	(6,556)
At 31 July 2016	-

Stocks comprised of land and buildings in the course of construction which was completed and sold during the year.

A profit on disposal of £2,134k was made on the sale of the development.

11 Debtors

GROUP	2016 £'000	2015 £'000
Due within one year:		
Trade debtors	16,425	14,101
Amounts owed by related undertakings	28,824	22,362
Amounts owed by director	-	32
Corporation tax	-	647
Other debtors	2,526	1,140
Prepayments and accrued income	18,150	16,301
	65,925	54,583

COMPANY	2016 £'000	2015 £'000
Due within one year:		
Amounts owed by group undertakings	6,547	3,825
Amounts owed by related undertakings	2,731	2,507
Corporation tax	-	470
Other debtors	104	55
Prepayments and accrued income	1,272	365
	10,654	7,222

Prepayments and accrued income, for the Group, include £3,053k (2015: £3,202k) falling due after more than one year.

Prepayments and accrued income, for the Company, include £nil (2015: £nil) falling due after more than one year.

Amounts owed by group and related undertakings are unsecured, non-interest bearing and have no fixed repayment date.

12 Creditors

GROUP	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade creditors	1,121	2,748
Amounts owed to related undertakings	3,406	5,199
Corporation tax	796	180
Other taxation and social security	1,674	1,060
Other creditors	1,972	1,318
Accruals and deferred income	41,864	36,541
	50,833	47,046

COMPANY	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade creditors	156	325
Amounts owed to group undertakings	1,538	1,357
Amounts owed to related undertakings	1,129	6
Corporation tax	-	-
Other taxation and social security	370	199
Other creditors	1	24
Accruals and deferred income	563	327
	3,757	2,238

Amounts owed to group and related undertakings are unsecured, non-interest bearing and have no fixed repayment date.

13 Provisions for liabilities

GROUP	Total £'000
At 1 August 2015	19,429
Accrued in year	1,864
Released to profit and loss account	(2,012)
At 31 July 2016	19,281

COMPANY	Total £'000
At 1 August 2015	20,252
Accrued in year	2,356
Released in year to profit and loss account	(2,012)
At 31 July 2016	20,596

Provisions for liabilities at 31 July 2016 comprise provisions in respect of potential settlement of disputes in which the Group is involved along with associated costs.

Management considers that the provisions cover a prudent assessment of the likely settlement and costs in each case.

14 Creditors; Amounts falling due after more than one year

GROUP	2016 £'000	2015 £'000
Long term		
Loans due after one year	216	245

Bank loans represent a commercial mortgage loan agreement secured against the freehold property of the group by way of a first legal charge. The interest rate on the mortgage is calculated at 3.8% per annum above the HSBC Bank plc Sterling Base Rate.

The maturity of long term borrowings is as follows:

GROUP	2016 £'000	2015 £'000
Between 2 and 5 years	216	245

15 Called up share capital

Allotted, called up and fully paid	2016 £'000	2015 £'000
67,500,000 A1 Ordinary Shares of £0.01 each	675	675
22,500,000 B1 Ordinary Shares of £0.01 each	225	225
22,788,800 Deferred Shares of £0.01 each	228	228
5,339,000 C Ordinary Shares of £0.01 each	53	53
100,000 D Ordinary Shares of £0.01 each	1	1
1,000,000 E Ordinary Shares of £0.01 each	10	10
	1,192	1,192

A1 Ordinary Shares:

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

B1 Ordinary Shares:

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

Deferred Shares:

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

C, D and E Ordinary Shares:

The C, D and E ordinary shares do not carry any rights to receive notice of or to attend or vote at any general meeting of the Company or to receive a copy of or to vote on any written resolution of the Company. The C, D and E ordinary shareholders will not have any rights to participate in any distribution of capital upon winding up except in accordance with the formula set out in the Company's articles of association. The C, D and E ordinary shares are not redeemable.

The C, D and E shares were granted to directors and employees during the year to 31 July 2015. See Note 22.

16 Reserves

GROUP	Share capital £'000	Share premium account £'000	Foreign exchange translation £'000	Profit and loss account £'000
At 1 August 2015	1,192	33,002	191	(24,787)
Profit for the financial year	-	-	-	6,108
Foreign exchange on overseas operations	-	-	2,100	-
At 31 July 2016	1,192	33,002	2,291	(18,679)

COMPANY	Share capital £'000	Share premium account £'000	Profit and loss account £'000
At 1 August 2015	1,192	33,002	(13,385)
Profit for the financial year	-	-	2,094
At 31 July 2016	1,192	33,002	(11,291)

17 Reconciliation of movement in shareholders' funds

GROUP	2016 £'000	2015 £'000
Opening shareholders' funds	9,598	23,553
Foreign exchange on overseas operations	2,100	480
Profit for the financial year	6,108	(14,435)
Closing shareholders' funds	17,806	9,598

COMPANY	2016 £'000	2015 £'000
Opening shareholders' funds	20,809	38,928
Profit for the financial year	2,094	(18,119)
Closing shareholders' funds	22,903	20,809

18 Financial commitments

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

GROUP	2016 £'000	2015 £'000
Land and Buildings:		
Within one year	3,122	2,987
Between two years and five years	10,953	11,572
After five years	2,643	3,171

COMPANY	2016 £'000	2015 £'000
Land and Buildings:		
Within one year	573	573
Between two years and five years	2,293	2,293
After five years	334	908

The lease payments recognised as an expense in the year are £2,744k (2015: £2,670k).

19 Related party transactions

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

The fundamental core of the Group's business model is entering into joint venture partnerships with leading Universities to furnish overseas students with the requisite qualifications to enter onto undergraduate or postgraduate courses at those establishments. The Group provides Management and Corporate Services to these partnerships as highlighted in Note 1.

On an aggregated basis, the level of Management and Corporate Services provided by the Group to its joint ventures during the year was £33,591k (2015: £26,792).

The total remuneration for key management personnel for the year totalled £684k (2015: £625k) being remuneration disclosed in Note 4 of £684k (2015: £625k)

At 31 July 2016, the group had the following balances with related parties:

	2016 £'000 Debtor / (Creditor)	2015 £'000 Debtor / (Creditor)	**Relationship**
INTO UEA LLP	209	28	50% owned by INTO Group
INTO University of Exeter LLP	(1,114)	126	50% owned by INTO Group
INTO Newcastle University LLP	(879)	(2,609)	50% owned by INTO Group
INTO Scotland LLP	708	680	50% owned by INTO Group
INTO Queen's LLP	2,023	2,040	50% owned by INTO Group
INTO City LLP	5,327	3,821	50% owned by INTO Group
INTO St George's Hospital Medical School LLP	2,324	2,464	50% owned by INTO Group
INTO Gloucestershire LLP	3,867	3,515	50% owned by INTO Group
INTO USF inc	(1,035)	(1,003)	50% owned by INTO Group
INTO Oregon State University inc.	1,373	(1,244)	50% owned by INTO Group
INTO CSU LLC	1,141	852	50% owned by INTO Group
INTO Marshall LLC	853	1,129	50% owned by INTO Group
INTO Mason LLC	139	1,640	50% owned by INTO Group
INTO New York at Drew LLC	3,813	2,544	50% owned by INTO Group
INTO Stirling LLP	1,477	1,680	50% owned by INTO Group
Newcastle University INTO London LLP	3,232	–	50% owned by INTO Group
INTO SLU LLC	1,197	–	50% owned by INTO Group
INTO UAB LLC	895	–	50% owned by INTO Group
INTO Newcastle LLP	-	9	Owned by Andrew Colin
Alex Lee	9	(23)	Authorised Agent (Korea)
Diane Andres	(189)	(160)	Director of International Student Education Services, Inc.,
Janice Schiffman	(189)	(160)	Director of International Student Education Services, Inc.,
AJC Holdings Limited	-	157	Owned by Andrew Colin
Andrew Colin	-	32	Director / Controlling Party
Espalier Ventures Limited	237	–	Parent Company of the INTO Group

20 Ultimate controlling party

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

Accordingly, the largest and smallest group into which the results of the company are consolidated, as at 31 July 2016, is Espalier Ventures Limited. These financial statements are available to the public and may be obtained from the registered office at One Gloucester Place, Brighton, BN1 4AA.

21 Acquisition of subsidiary undertakings

On 2nd December 2015 the Group, through a newly formed company, INTO MAS Limited, purchased the trade and assets of MAS Education Limited, for a purchase price of £234k, including VAT. INTO MAS Limited was registered on 18th August 2015.

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

The following table sets out the fair values of the goodwill arising:

	Fair value £'000
Purchase consideration:	
– Cash paid	234
Total purchase consideration	234
Fair value of assets acquired	-
Goodwill	**234**

22 Share-based payments

In 2015 the company established a Management Incentive Plan ("MIP") where certain key employees and Directors were awarded C, D and E shares in the company.

Details of the shares awarded are as follows:

	Total number of shares awarded	£'000
J Sykes	741,721	7
S Smale	888,567	9
D Eastwood	258,000	3
S Holmes	295,714	3
All other qualifying staff	4,254,998	42
Total	**6,439,000**	**64**

The shares will vest on a Share Sale or Capital Return. Subject to the vesting conditions, the amount available for distribution to the shareholders is subject to a defined hurdle share value. The value of the shares when the capital distribution amount exceeds the hurdle share value is determined using a formula defined in the Articles of Association of the company. At 31 July 2016 a distribution to the shareholders has been deemed to be remote by management and as a result the company recognised total expenses of £nil related to share-based payment transactions in the year (2015: £nil).

23 Subsidiaries and joint ventures of the group

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

Directly held subsidiary undertakings	Holding	Main activities
INTO Manchester Limited	100%	Educational services
Delta Language Training and Consultancy Limited	100%	Educational services
Friars 607 Limited (Registered No. 06885738) ****	100%	Investment holding Company
IUP East Anglia Limited (Registered No. 06296000) ****	100%	Investment holding Company
INTO Exeter Limited (Registered No. 05980246) ****	100%	Investment holding Company
INTO Newcastle Limited (Registered No. 06030536) ****	100%	Investment holding Company
Newincco 821 Limited (Registered No. 06556353) ****	100%	Investment holding Company
Newincco 921 Limited (Registered No. 06858769) ****	100%	Investment holding Company
Newincco 922 Limited (Registered No. 06858821) ****	100%	Investment holding Company
INTO SGUL Limited (Registered No. 07601122) ****	100%	Investment holding Company
INTO UOG Limited (Registered No. 08404156) ****	100%	Investment holding Company
INTO University Partnerships (Asia) Limited **	100%	Educational services
IUP 2 LLP	100%	Provision of corporate services
Newincco 1183 Limited	100%	Dormant
Newincco 1306 Limited (Registered No. 09083887) ****	100%	Investment holding Company
INTO GP LP*	100%	Investment holding Company
INTO Newcastle Line East Property Limited	100%	Development of building projects
INTO York Property Limited (Registered No. 08848481) ****	100%	Development of building projects
INTO MAS Limited (Registered No. 09738488) ****	100%	Educational services
London Academy of Diplomacy Limited (Registered No. 09382151) ****	100%	Dormant

Indirectly held subsidiary undertakings	Holding	Main activities
INTO Asia Limited **	100%	Educational services
INTO TEFL Limited	100%	Educational services
INTO London MDX Street LLP	100%	Educational services
INTO China Limited **	100%	Educational services
Guangzhou INTO Education Limited ***	100%	Educational services
INTO London World Education Centre Limited	100%	Educational services
INTO USA LP*	100%	Investment holding Company
INTO NA Inc*	100%	Provision of corporate services
International Student Education Services, Inc*	100%	Educational services
INTO UK Service Centre Limited****	100%	Dormant
INTO Global Service Centre Limited**	100%	Dormant
Newincco 1184 Limited****	100%	Dormant
INTO USF LP*	100%	Investment holding Company

Indirectly held interests in joint ventures	Holding	Main activities
INTO UEA LLP	50%	Educational services
INTO University of Exeter LLP	50%	Educational services
INTO Newcastle University LLP	50%	Educational services
INTO Scotland LLP	50%	Educational services
INTO City LLP	50%	Educational services
INTO St George's Hospital Medical School LLP	50%	Educational services
INTO Queens LLP	50%	Educational services
INTO Gloucestershire LLP	50%	Educational services
INTO Oregon State University Inc *	50%	Educational services
INTO USF Inc *	50%	Educational services
INTO CSU LLC *	50%	Educational services
INTO Marshall LLC *	50%	Educational services
INTO New York at Drew LLC*	50%	Educational services
INTO Mason LLC*	50%	Educational services
INTO Stirling LLP	50%	Educational services
INTO SLU LLC*	50%	Educational services
INTO UAB LLC*	50%	Educational services
Newcastle University INTO London LLP	50%	Educational services

* incorporated in North America;

** incorporated in Hong Kong;

*** incorporated in China;

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

24 Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 July 2015 and the date of transition was therefore 1 August 2014, being the first day of the comparative year.

Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 July 2015 between UK GAAP as previously reported and FRS 102.

Intangible fixed assets

The disclosure of computer software was previously treated as a tangible fixed asset under previous UK GAAP, but under FRS 102 it is now disclosed as an intangible asset.

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

Computer software, with a net book value of £2,362k at 1st August 2015, has been reclassified from tangible to intangible assets as required under FRS 102. This has no effect on the company's net assets at either 31 July 2016 or 31 July 2015 nor on the profit for the 2 years represented, except that the previous depreciation charge of £249k is described as amortisation.

Employee short term benefits – Holiday Pay

The company provides a range of benefits to employees, including paid holiday arrangements and pension plans. Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Total Consolidated equity	31 July 2016 £'000	31 July 2015 £'000	31 July 2014 £'000
UK GAAP as previously reported	18,742	10,479	24,329
Holiday pay accrual	(936)	(881)	(776)
FRS 102 Restated equity	**17,806**	9,598	23,553

Profit for the financial year		31 July 2015 £'000	
UK GAAP as reported (Consolidated)		(14,330)	
Holiday pay accrual		(105)	
Total comprehensive income under FRS 102		(14,435)	

Total Company equity	31 July 2016 £'000	31 July 2015 £'000	31 July 2014 £'000
UK GAAP as previously reported	23,018	20,912	39,031
Holiday pay accrual	(115)	(103)	(103)
FRS 102 Restated equity	**22,903**	20,809	38,928

Profit for the financial year		31 July 2015 £'000	
UK GAAP as reported (Consolidated)		(18,119)	
Holiday pay accrual		–	
Total comprehensive income under FRS 102		(18,119)	

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. On consolidation, this has resulted in the consolidation liability of £776k on date of transition. In the year to 31 July 2015 a charge to the profit and loss account of £105k was recognised taking the liability to £881k. In the year to 31 July 2016 the consolidation liability at 31 July 2016 was £936k. An additional charge of £55k was recognised in the profit and loss account for the year ended 31 July 2016.

The company recognised a liability on date of transition of £103k. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid. In the year to 31 July 2015 there was no charge recognised maintaining the liability at £103k. In the year to 31 July 2016 the liability at 31 July 2016 was £115k. An additional charge of £12k was recognised in the profit and loss account for the year ended 31 July 2016.

25 Financial information for individually significant joint ventures of the group

INTO UEA LLP	2016 £'000	2015 £'000
Share of assets		
Share of current assets	5,536	6,216
Share of fixed assets	695	777
	6,231	6,993
Share of liabilities		
Liabilities due within one year	(5,917)	(6,414)
Liabilities due after one year or more	-	-
	(5,917)	(6,414)
Share of net assets	314	579
Share of turnover	9,343	9,839
Share of profit for the financial year	1,785	2,094

Newcastle University INTO London LLP	2016 £'000	2015 £'000
Share of assets		
Share of current assets	1,120	142
Share of fixed assets	293	264
	1,413	406
Share of liabilities		
Liabilities due within one year	(4,622)	(1,069)
Liabilities due after one year or more	-	-
	(4,622)	(1,069)
Share of net liabilities	(3,209)	(663)
Share of turnover	1,021	-
Share of loss for the financial year	(2,507)	(1,364)

INTO USF Inc	2016 £'000	2015 £'000
Share of assets		
Share of current assets	15,875	12,090
Share of fixed assets	207	172
	16,082	12,262
Share of liabilities		
Liabilities due within one year	(13,457)	(11,394)
Liabilities due after one year or more	-	-
	(13,457)	(11,394)
Share of net assets	2,625	868
Share of turnover	12,125	9,130
Share of profit for the financial year	2,491	1,425

INTO Oregon State University Inc	2016 £'000	2015 £'000
Share of assets		
Share of current assets	11,183	11,388
Share of fixed assets	312	325
	11,495	11,713
Share of liabilities		
Liabilities due within one year	(14,865)	(12,214)
Liabilities due after one year or more	-	-
	(14,865)	(12,214)
Share of net liabilities	(3,370)	(501)
Share of turnover	13,145	13,955
Share of profit for the financial year	1,168	2,222

INTO Mason LLC	2016 £'000	2015 £'000
Share of assets		
Share of current assets	9,317	7,692
Share of fixed assets	845	742
	10,162	8,434
Share of liabilities		
Liabilities due within one year	(12,300)	(10,436)
Liabilities due after one year or more	-	-
	(12,300)	(10,436)
Share of net liabilities	(2,138)	(2,002)
Share of turnover	7,770	3,591
Share of loss for the financial year	209	(1,505)

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