



INTO University Partnerships Limited

Annual report for the year ended 31 July 2017

Registered number: 05507863



Contents

3	Directors and advisers
4	Strategic report for the year ended 31 July 2017
8	Directors' report for the year ended 31 July 2017
11	Independent auditors' report to the members of INTO University Partnerships Limited
14	Consolidated statement of comprehensive income for the year ended 31 July 2017
15	Consolidated balance sheet as at 31 July 2017
16	Company balance sheet as at 31 July 2017
17	Consolidated statement of changes in equity for the year ended 31 July 2017
17	Company statement of changes in equity for the year ended 31 July 2017
18	Consolidated cash flow statement for the year ended 31 July 2017
19	Notes to the financial statements

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 2017

The directors present their strategic report on the group for the year ended 31 July 2017.

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 21 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 14, show group and share of joint venture's turnover increasing 13% to £178,187k (2016: £157,773k) and profit for the financial year of £9,811k (2016: £6,108k). The group generated a profit on ordinary activities before taxation of £16,572k (2016: £8,604k). The current year result was impacted by non-recurring exceptional income of £8.5m (Note 2). The shareholders' funds for the group total £27,148k (2016: £17,806k).

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. 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 Washington State University

INTO University Partnerships has partnered with Washington State University (WSU) to increase its international diversity and global reach. The effort is an essential step in the Drive to 25, the university's institutional commitment to achieving recognition as one of the nation's top 25 public research universities by 2030. Working together, WSU and INTO will develop academic pathway programs for international students to improve their English language comprehension while preparing them to be successful, degree-seeking students at WSU. WSU has long been reputed for its outstanding global engagement and innovation and this initiative will boost their efforts to expand its global engagement and outreach activities, providing new opportunities for the university to share its expertise in research, teaching, service, and economic development with global partners.

New partnership with Suffolk University, Boston

INTO University Partnerships signed a long-term partnership with prestigious Boston-based Suffolk University. The new partnership is INTO's tenth in the United States, and the agreement builds on Suffolk's international reputation as a magnet for ambitious students from around the world. Suffolk University is located in the heart of Boston, which today is known for its diversity and dynamism. Home to 50,000 international students, Boston is seen as one of the most innovative cities in the United States, recognized for entrepreneurial growth and innovation by the US Chamber of Commerce. INTO Suffolk, as the new venture is known, is now recruiting and the first students will arrive on campus in the spring of 2018.

Investing in systems and service

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. During the year we have launched our Partner Portal which includes a Global application form to enable our recruitment partners to provide an efficient digital service to our students.

We have also launched our student payment platform INTOPay to enable students to make deposit and full payments online in their destination or local currency. We have also commenced the roll out of a new generation of interactive MIS Dashboards to help drive further insight and optimisation for our partners.

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 a more detailed understanding of the student journey and student experience aligned with our core business values.

Key performance indicators ("KPIs")

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

	2017 £'000	2016 £'000
Total group turnover *	276,505	247,757
EBITDA**	12,470	12,863
Adjusted EBITDA***	20,856	20,818
Profit for the financial year	9,811	6,108
Number of INTO partnerships	24	22
Student satisfaction	84%	85%
Cash	35,024	34,500

* Total group turnover is calculated as group turnover plus 100% of joint venture turnover.

** 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).

*** Adjusted EBITDA is a metric used by management to assess the underlying performance of the business. This metric adjusts for losses incurred for both new partnerships and products, one off items and board costs which distort true profitability. The metric is measured at constant fx and includes group and 50% share of joint ventures.

	2017 £'000	2016 £'000
Turnover: group and share of joint ventures	178,187	157,773
Add: Share of joint ventures' turnover not owned by the group	98,318	89,984
Total group turnover	276,505	247,757

	2017 £'000	2016 £'000
Group and share of joint ventures operating profit	16,852	8,368
Less: group exceptional income	(8,450)	-
Add: depreciation and amortisation of group	2,823	2,436
Add: share of joint ventures' depreciation not owned by group	1,245	2,059
EBITDA	12,470	12,863

	2017 £'000	2016 £'000
EBITDA	12,470	12,863
New partnership and product start up losses	3,963	6,194
Board and one off costs	3,731	1,115
Statutory accounts adjustment	692	(156)
Foreign exchange restatement to management accounts constant rate	-	802
Adjusted EBITDA (at constant fx)	20,856	20,818

The INTO group continued to grow and develop during the year resulting in a strong financial performance for the year ended 31 July 2017.

Total group turnover growth continues to be a key strategic priority and gross revenue increased by 12% to £276.5m in 2017 (2016: £247.8m).

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 £9.8m (2016: £6.1m). The current year result was impacted by non-recurring exceptional income of £8.5m in respect of adjustment to provisions for settlements of disputes in which the group is involved and non-recurring exceptional income.

EBITDA decreased by 3% to £12.5m in 2017 (2016: £12.9m). Note the prior year was favourably impacted by £2.1m of non-recurring income from a property project. Underlying EBITDA performance was ahead of budget and continues to be strong despite increased investment by the group including increased investment in executive and senior management roles.

Adjusted EBITDA, measured at a constant fx rate, is in-line with the prior year at £20.8m (2016: £20.8m).

Student satisfaction decreased by 1% to 84% in 2017. Although student satisfaction continues to be high, it has been given additional priority within the group which is expected to bring about an increase in global satisfaction in 2018.

The group continues to be debt free and has maintained its strong cash position to £35,024k (2016: £34,500k). In the year ended 31 July 2017 £3.6m was paid in respect of exceptional items (2016: £2.1m). The group also continues to invest in new joint ventures which typically require cash injections during their start-up period.

Principal risks and uncertainties

Process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the group and the 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 students. The Board constantly reviews competitor activity. The directors also keep abreast of risk through market awareness, investment in information systems and process improvement, building robust working relationships with partners and developing a strong senior management team.

Outlook

Despite a challenging trading environment we anticipate further growth of the business through 2018. 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:



John Latham, Director

19 December 2017

Date

Directors' report for the year ended 31 July 2017

The directors present their annual report together with the audited consolidated financial statements of the group and company for the year ended 31 July 2017.

Results and dividends

The profit for the financial year amounted to £9,811k (2016: profit of £6,108k). The directors do not recommend the payment of a dividend (2016 £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. During the year the group agreed a £20m rolling cash flow facility with its bankers. The financial commitments in relation to this facility are disclosed in Note 17.

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
C Harned
J Leeds
D S Eastwood
J C Latham

Company registration number

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

Going concern

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

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

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 £102,517 (2016: £79,732).

Post balance sheet events

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

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 our partner universities and the local and regional economy that surrounds them. The group also works closely with INTO Giving, a charity that supports educational 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 2016/17, £120,824 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, if required. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer a disability.

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

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 are a director at the date of approval of this report confirm that:

- so far as the directors is 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:



John Latham, Director

19 December 2017

Date

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

Report on the financial statements

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 2017 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 balance sheets as at 31 July 2017; the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

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

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

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.

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2017 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 parent 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 set out on pages 9-10, 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 parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

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 parent 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

Companies Act 2006 exception reporting

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 by the parent 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 parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



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

19 DECEMBER 2017

Date

Consolidated statement of comprehensive income for the year ended 31 July 2017

Registered number: 05507863

	Note	Underlying £'000	Non-underlying £'000 (note 2)	2017 £'000	2016 £'000
Turnover: group and share of joint ventures		178,187	-	178,187	157,773
Existing operations		178,187	-	178,187	157,678
Acquisitions		-	-	-	95
Less: share of joint ventures' turnover		(98,318)	-	(98,318)	(89,984)
Group turnover	1	79,869	-	79,869	67,789
Cost of sales		(15,480)	-	(15,480)	(17,060)
Gross profit		64,389	-	64,389	50,729
Administrative expenses		(54,337)	-	(54,337)	(45,170)
Profit on disposal of land and buildings		-	-	-	2,134
Exceptional items	2	-	8,450	8,450	-
Group operating profit	3	10,052	8,450	18,502	7,693
Existing operations		10,052	8,450	18,502	7,621
Acquisitions		-	-	-	72
Share of operating (losses) / profit in joint ventures	8	(1,650)	-	(1,650)	675
Group and share of joint ventures operating profit		8,402	8,450	16,852	8,368
Net interest receivable / (payable)					
Group		110	-	110	374
Share of joint ventures'		(390)	-	(390)	(138)
Profit on ordinary activities before taxation		8,122	8,450	16,572	8,604
Tax on profit on ordinary activities of subsidiaries	5	(4,287)	(2,061)	(6,348)	(986)
Share of joint ventures taxation	5	(413)	-	(413)	(1,510)
Profit on ordinary activities after taxation		3,422	6,389	9,811	6,108
Profit for the financial year	15, 16	3,422	6,389	9,811	6,108
Currency translation difference on foreign currency net investments		(483)	-	(483)	2,100
Total comprehensive income		2,939	6,389	9,328	8,208

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 19 to 40 form part of these financial statements.

Consolidated balance sheet as at 31 July 2017

Registered number: 05507863

	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	6	9,851	9,447
Tangible assets	7	4,188	4,225
Other investments	9	150	150
Total fixed assets		14,189	13,822
Current assets			
Debtors	10	50,846	47,775
Prepayments and accrued income			
– amounts falling due within one year	10	21,305	15,097
– amounts falling due after one year	10	4,083	3,053
Cash at bank and in hand		35,024	34,500
		111,258	100,425
Creditors: Amounts falling due within one year	11	(15,353)	(8,969)
Accruals and deferred income	11	(43,561)	(41,864)
Provisions for liabilities	12	(3,261)	(19,281)
Net current assets		49,083	30,311
Total assets less current liabilities		63,272	44,133
Creditors: Amounts falling due after more than one year	13	(186)	(216)
Investments in joint ventures	8	(35,938)	(26,111)
Net assets		27,148	17,806
Capital and reserves			
Called up share capital	14	1,206	1,192
Share premium account	15	33,002	33,002
Foreign exchange translation reserve	15	1,808	2,291
Profit and loss reserve	15	(8,868)	(18,679)
Total shareholders' funds	16	27,148	17,806

The consolidated financial statements on pages 14 to 40, were approved by the Board of Directors and signed on its behalf by:



John Latham, Director

19 December 2017

Date

The notes on pages 19 to 40 form part of these financial statements.

Company balance sheet as at 31 July 2017

Registered number: 05507863

	Note	2017 £'000	2016 £'000
Investments	9	36,066	36,066
		36,066	36,066
Current assets			
Debtors	10	5,207	9,382
Prepayments and accrued income	10	5,421	1,272
Cash at bank and in hand		14,890	536
		25,518	11,190
Creditors: amounts falling due within one year	11	(6,841)	(3,194)
Accruals and deferred income	11	(606)	(563)
Provision for liabilities	12	(2,978)	(20,596)
Net current assets/(liabilities)		15,093	(13,163)
Total assets less current liabilities		51,159	22,903
Net assets		51,159	22,903
Capital and reserves			
Called up share capital	14	1,206	1,192
Share premium account	15	33,002	33,002
Profit and loss account	15	16,951	(11,291)
Total shareholders' funds	16	51,159	22,903

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 2017 of the parent company was a £28,242k profit (2016: £2,094k profit).

The financial statements on pages 14 to 40, were approved by the Board of Directors and signed on its behalf by



John Latham, Director

19 December 2017

Date

The notes on pages 19 to 40 form part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 July 2017

GROUP	Called up share capital £'000	Share premium £'000	Translation reserve £'000	Profit and loss account £'000	Total shareholders funds £'000
As at 1 August 2015	1,192	33,002	191	(24,787)	9,598
Profit for the financial year	-	-	-	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
Profit for the financial year	-	-	-	9,811	9,811
Issue of shares to employees	14	-	-	-	14
Translation Reserve	-	-	(483)	-	(483)
As at 31 July 2017	1,206	33,002	1,808	(8,868)	27,148

Company statement of changes in equity for the year ended 31 July 2017

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total shareholders funds £'000
As at 1 August 2015	1,192	33,002	(13,385)	20,809
Profit for the financial year	-	-	2,094	2,094
As at 31 July 2016	1,192	33,002	(11,291)	22,903
Profit for the financial year	-	-	28,242	28,242
Issue of bonus shares to employees	14	-	-	14
As at 31 July 2017	1,206	33,002	16,951	51,159

Consolidated cash flow statement for the year ended 31 July 2017

Registered number: 05507863

	2017 £'000	2016 £'000
Cash flows from operating profit		
Profit for the financial year	9,811	6,108
Depreciation charge	919	920
Amortisation of intangibles	1,904	1,516
Loss on disposal of tangible assets	76	-
Interest received	(110)	(374)
Share of profit for the financial year in Joint ventures	2,063	835
Share of interest in Joint ventures	390	138
Taxation	6,348	986
Sale of stocks	-	2,268
Increase in debtors	(8,614)	(11,241)
(Decrease) / Increase in creditors	(11,564)	3,122
Cash from operations	1,223	4,278
Income taxes paid	(2,550)	277
Net cash (outflow) / inflow from operating activities	(1,327)	4,555
Cash flow from investing activities		
Interest received	358	392
Interest paid	(248)	(18)
Purchase of tangible fixed assets	(1,129)	(513)
Purchase of intangible fixed assets	(3,966)	(3,684)
Investment in joint ventures	(38)	(114)
Dividends received from joint ventures	7,411	9,054
Net cash from investing activities	2,388	5,117
Cash flow from financing activities		
Issue of ordinary share capital	14	-
Movement on AJC Holdings account	-	157
Movement on director loan account	-	32
Increase in borrowings	(30)	(29)
Net cash (outflow) / inflow from financing activities	(16)	160
Net increase in cash and cash equivalents	1,045	9,832
Cash and cash equivalents at beginning of the year	34,500	22,072
Exchange adjustments	(521)	2,596
Cash and cash equivalents at the end of year	35,024	34,500

Notes to the financial statements

Principal accounting policies

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

The functional 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.

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.

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 2017, with comparatives representing an annual year to 31 July 2016.

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 2017. 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

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 statement of comprehensive income.

Foreign operations

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

Intangible assets

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

Computer Software	–	25% straight line
Goodwill and other Intangible Assets	–	15 years

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. It is believed that the useful life of 15 years is appropriate as the contacts in the acquired entities are expected to generate benefits over at least this period.

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

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

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure directly attributable to acquisition. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only

when it is probable that the future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

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

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

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

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

Pension obligations

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

Financial instruments

Financial assets and liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price. As detailed in the directors' report the group does not have any complex financial instruments.

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.

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 statement of comprehensive income.

Taxation

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

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

Critical accounting judgements and key sources of estimation

In the application of the groups 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 Principals of Accounting for the useful economic lives for each class of assets.

Exceptional items

The exceptional provision in the year relates to a provision in respect of settlement of disputes and associated costs. Management consider them a prudent assessment of the likely settlement and costs.

1 Turnover

	2017 £'000	2016 £'000
Geographical analysis		
UK	48,225	42,418
North America	29,586	21,451
Asia	2,058	3,920
	79,869	67,789
Business analysis		
Tuition	18,440	20,541
Accommodation, catering & other ancillary student services	9,085	7,701
Management & corporate services fees	42,409	33,591
Progression and placement fees	9,935	5,956
	79,869	67,789

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

2 Exceptional items

Exceptional items are highlighted where they are material and one-off in nature in order to assist the understanding of the results. Exceptional items include £4.80m of non-recurring income recoverable over the next 5 years in relation to a settlement agreement, and £3.65m movement in relation to provisions described in Note 12.

3 Operating profit

The operating profit is stated after charging:

	2017 £'000	2016 £'000
Amortisation of intangible fixed assets	1,904	1,516
Depreciation of tangible fixed assets	919	920
Operating lease charges	2,774	2,744
Foreign exchange losses	116	83
Services provided by the Company's auditors		
Fees payable for the audit of the company's annual financial statements	30	28
Fees payable for other services – audit of subsidiaries pursuant to legislation	52	102
Fees payable for other services – tax services	101	110
Fees payable for other services – corporate finance	76	70
Fees payable for other services – other advisory	14	-

4 Staff costs

Staff costs comprise:

	2017 £'000	2016 £'000
Wages and salaries	26,544	23,131
Social security costs	2,599	2,468
Other pension costs	1,424	1,405
	<u>30,567</u>	<u>27,004</u>

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

GROUP	2017 £'000	2016 £'000
Teaching	153	153
Marketing	158	153
Admission and enrolment	112	93
Administration	269	266
	<u>692</u>	<u>665</u>

COMPANY	2017 £'000	2016 £'000
Marketing	16	17
Administration	17	17
	<u>33</u>	<u>34</u>

The average monthly number of employees, including the directors, during the year was 692 (2016: 665).

Directors' remuneration	2017 £'000	2016 £'000
Directors' remuneration consists of:		
Emoluments	1,089	883
Payments to defined contribution pension scheme	35	41
	<u>1,124</u>	<u>924</u>

There were 3 directors in the company's defined contribution pension scheme during the year (2016: 4).

The emoluments of the highest paid director in the year were £434k (2016: £206k). Payments to defined contribution pension scheme in respect of the highest paid director were £13k (2016: £16k). Key management personnel is considered to be directors only and therefore is disclosed above.

5 Tax on profit on ordinary activities

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax on profits of the year	4,469	-
Foreign corporation tax on profits of the year	1,378	2,496
Tax charge relating to the prior period	1,200	-
Total current tax	7,047	2,496
Deferred tax:		
Effect of changes in the tax rate	-	-
Origination and reversal of temporary differences	(182)	-
Tax (credit) relating to prior years	(104)	-
Total deferred tax credit	(286)	-
Tax on profit on ordinary activities	6,761	2,496
Tax calculated at domestic rates applicable to profits in the respective countries (2017: 19.67%, 2016: 20%)	3,259	1,721
Effects of:		
Expenses not deductible for tax purposes	602	(620)
Income not taxable	93	-
Adjustments in respect of foreign tax rates	584	1,216
Difference in tax rates	(164)	-
Deferred tax not recognised	1,291	179
Prior year adjustment	1,096	-
Total tax charge	6,761	2,496

Deductible temporary differences and unused tax losses for which no deferred tax asset has been recognised total £3,244k (2016: £5,551k). 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 19% which was enacted on 18 November 2015 and effective from 1 April 2017, the relevant tax balances have been re-measured.

6 Intangible assets

GROUP	Goodwill	Agency Relationship	Computer Software	Assets under course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 August 2016	5,743	894	5,810	957	13,404
Additions	39	-	157	3,770	3,966
Reclassifications	-	-	133	(133)	-
Disposals	-	-	-	(1,695)	(1,695)
Foreign exchange	24	6	-	-	30
At 31 July 2017	5,806	900	6,100	2,899	15,705
Accumulated amortisation					
At 1 August 2016	1,400	115	2,442	-	3,957
Charge	378	62	1,239	-	1,679
Impairment	225	-	-	-	225
Foreign exchange	(6)	(1)	-	-	(7)
At 31 July 2017	1,997	176	3,681	-	5,854
Net book value					
At 31 July 2017	3,809	724	2,419	2,899	9,851
At 31 July 2016	4,343	779	3,368	957	9,447

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

Amortisation is charged to Administrative expenses in the 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 2016	995	2,256	2,203	2,347	172	7,973
Additions	-	112	271	548	198	1,129
Reclassifications	-	72	105	21	(198)	-
Disposals	-	-	(98)	(19)	(172)	(289)
Exchange Adjustments	-	-	1	2	-	3
At 31 July 2017	995	2,440	2,482	2,899	-	8,816
Accumulate depreciation						
At 1 August 2016	91	603	1,556	1,498	-	3,748
Charge for the year	20	228	297	374	-	919
Disposals	-	-	(41)	-	-	(41)
Exchange Adjustments	-	-	1	1	-	2
At 31 July 2017	111	831	1,813	1,873	-	4,628
Net book value						
At 31 July 2017	884	1,609	669	1,026	-	4,188
At 31 July 2016	904	1,653	647	849	172	4,225

8 Interests in joint ventures

GROUP	2017 £'000	2016 £'000
Share of assets		
Share of current assets	82,113	80,291
Share of fixed assets	7,667	6,281
	89,780	86,572
Share of liabilities		
Liabilities due within one year	(125,718)	(112,683)
Share of net liabilities	(35,938)	(26,111)
Share of turnover	98,318	89,984
Share of expenses	(99,968)	(89,309)
Share of operating (loss) / profit from joint ventures	(1,650)	675

The group's share of the individually significant joint ventures are analysed in Note 22.

9 Investments

GROUP	Other Investments £'000
At 1 August 2016	150
At 31 July 2017	150

COMPANY	Investment in subsidiaries £'000	Other Investments £'000	Total £'000
At 1 August 2016	35,962	104	36,066
At 31 July 2017	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 21.

10 Debtors

GROUP	2017	2016
	£'000	£'000
Due within one year:		
Trade debtors	14,751	16,425
Amounts owed by related undertakings	33,261	28,824
Other debtors	2,834	2,526
Prepayments and accrued income	21,305	15,097
	72,151	62,872

Due after more than one year:		
Prepayments and accrued income	4,083	3,053

COMPANY	2017	2016
	£'000	£'000
Due within one year:		
Amounts owed by group undertakings	1,558	6,547
Amounts owed by related undertakings	3,090	2,731
Other debtors	559	104
Prepayments and accrued income	5,421	1,272
	10,628	10,654

Prepayments and accrued income, for the Company, include £nil (2016: £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.

11 Creditors

GROUP	2017	2016
	£'000	£'000
Amounts falling due within one year:		
Trade creditors	1,326	1,121
Amounts owed to related undertakings	6,177	3,406
Corporation tax	4,594	796
Other taxation and social security	1,123	1,674
Other creditors	2,133	1,972
Accruals	20,145	22,572
Deferred income	23,416	19,292
	58,914	50,833

COMPANY	2017	2016
	£'000	£'000
Trade creditors	176	156
Amounts owed to group undertakings	1,552	1,538
Amounts owed to related undertakings	1,080	1,129
Corporation tax	3,316	-
Other taxation and social security	172	370
Other creditors	545	1
Accruals	177	372
Deferred income	429	191
	7,447	3,757

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

12 Provisions for liabilities

GROUP	Total £'000
At 1 August 2016	19,281
Charged	283
Utilised	(8,527)
Transferred to joint ventures	(7,776)
At 31 July 2017	3,261

COMPANY	Total £'000
At 1 August 2016	20,596
Utilised	(6,919)
Transferred to other subsidiary companies and joint ventures	(10,384)
Released to statement of comprehensive income	(315)
At 31 July 2017	2,978

Provisions for liabilities at 31 July 2017 comprise provisions in respect of potential settlement of disputes in which the group is involved along with associated costs. The provision released in the year represents a transfer of liability from the group and its subsidiaries to the group's joint ventures.

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

13 Creditors; Amounts falling due after more than one year

GROUP	2017 £'000	2016 £'000
Long term		
Loans due after one year	186	216

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	2017 £'000	2016 £'000
Between 2 and 5 years	186	216

14 Called up share capital - group and company

Allotted, called up and fully paid	2017 £'000	2016 £'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
6,720,000 C Ordinary Shares of £0.01 each	67	53
100,000 D Ordinary Shares of £0.01 each	1	1
1,000,000 E Ordinary Shares of £0.01 each	10	10
	1,206	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.

See Note 20.

15 Reserves

GROUP	Called up share capital £'000	Share premium account £'000	Foreign exchange translation £'000	Profit and loss account £'000
At 1 August 2016	1,192	33,002	2,291	(18,679)
Profit for the financial year	-	-	-	9,811
Issue of shares net of expenses	14	-	-	-
Foreign exchange on overseas operations	-	-	(483)	-
At 31 July 2017	1,206	33,002	1,808	(8,868)

COMPANY	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000
At 1 August 2016	1,192	33,002	(11,291)
Profit for the financial year	-	-	28,242
Issue of shares net of expenses	14	-	-
At 31 July 2017	1,206	33,002	16,951

16 Reconciliation of movement in shareholders' funds

GROUP	2017 £'000	2016 £'000
Opening shareholders' funds	17,806	9,598
Foreign exchange on overseas operations	(483)	2,100
Issue of shares	14	-
Profit for the financial year	9,811	6,108
Closing shareholders' funds	27,148	17,806

COMPANY	2017 £'000	2016 £'000
Opening shareholders' funds	22,903	20,809
Profit for the financial year	28,242	2,094
Issue of shares	14	-
Closing shareholders' funds	51,159	22,903

17 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	2017	2016
	£'000	£'000
Land and Buildings:		
Within one year	3,127	3,122
Between two years and five years	8,143	10,953
After five years	1,319	2,643

COMPANY	2017	2016
	£'000	£'000
Land and Buildings:		
Within one year	573	573
Between two years and five years	2,054	2,293
After five years	-	334

The lease payments recognised as an expense in the year are £2,774k (2016: £2,744k).

There are debentures over assets held in INTO University Partnerships Limited, INTO Manchester Limited, INTO London World Education Centre Limited, Delta Language Training & Consultancy Limited, INTO TEFL Limited, INTO London MDX Street LLP and Newincco 1306 Limited in relation to a three year Revolving Loan Facility in place with HSBC PLC. In addition, there is a Security Agreement in place with IUP2 LLP in relation to the same loan facility which grants security over its assets other than those related to INTO UEA LLP.

18 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 £41,391k (2016: £33,591k).

The total remuneration for key management personnel for the period totalled £1,124k (2016: £924k) being remuneration disclosed in Note 4.

At 31 July 2017, the group had the following balances with related parties:

	2017 £'000	2016 £'000	Relationship
	Debtor / (Creditor)	Debtor / (Creditor)	
INTO UEA LLP	(909)	209	50% owned by INTO Group
INTO University of Exeter LLP	(1,065)	(1,114)	50% owned by INTO Group
INTO Newcastle University LLP	(788)	(879)	50% owned by INTO Group
INTO Scotland LLP	896	708	50% owned by INTO Group
INTO Queen's LLP	1,527	2,023	50% owned by INTO Group
INTO City LLP	4,155	5,327	50% owned by INTO Group
INTO St George's Hospital Medical School LLP	2,992	2,324	50% owned by INTO Group
INTO Gloucestershire LLP	1,363	3,867	50% owned by INTO Group
INTO USF inc	(3,412)	(1,035)	50% owned by INTO Group
INTO Oregon State University inc.	960	1,373	50% owned by INTO Group
INTO CSU LLC	2,171	1,141	50% owned by INTO Group
INTO Marshall LLC	1,727	853	50% owned by INTO Group
INTO Mason LLC	(4)	139	50% owned by INTO Group
INTO New York at Drew LLC	5,612	3,813	50% owned by INTO Group
INTO Stirling LLP	1,047	1,477	50% owned by INTO Group
Newcastle University INTO London LLP	5,493	3,232	50% owned by INTO Group
INTO SLU LLC	1,505	1,197	50% owned by INTO Group
INTO UAB LLC	1,650	895	50% owned by INTO Group
INTO Washington State University LLC	1,736	-	50% owned by INTO Group
Espalier Ventures Limited	(1)	237	Parent Company of the INTO Group

19 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 2017, 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.

20 Share-based payments

In 2015 the company established a Management Incentive Plan ("MIP") where certain key employees and Directors have been 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
J Latham	1,250,000	12
All other qualifying staff	4,681,712	47
Total	7,820,000	78

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 2017 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 (2016: £nil).

21 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 (Registered No. 06438137) **** (1)	100%	Educational services
Delta Language Training & Consultancy Limited (Registered No. 02976005) **** (1)	100%	Educational services
Friars 607 Limited (Registered No. 06885738) **** (1)	100%	Investment holding Company
IUP East Anglia Limited (Registered No. 06296000) **** (1)	100%	Investment holding Company
INTO Exeter Limited (Registered No. 05980246) **** (1)	100%	Investment holding Company
INTO Newcastle Limited (Registered No. 06030536) **** (1)	100%	Investment holding Company
Newincco 821 Limited (Registered No. 06556353) **** (1)	100%	Investment holding Company
Newincco 921 Limited (Registered No. 06858769) **** (1)	100%	Investment holding Company
Newincco 922 Limited (Registered No. 06858821) **** (1)	100%	Investment holding Company
INTO Medical Limited (Registered No. 07601122) **** (1)	100%	Investment holding Company
INTO UOG Limited (Registered No. 08404156) **** (1)	100%	Investment holding Company
INTO University Partnerships (Asia) Limited ** (2)	100%	Educational services
IUP 2 LLP (Registered No. 0C376452) **** (1)	100%	Provision of corporate services
Newincco 1183 Limited (Registered No. 08068260) ***** (1)	100%	Dormant
Newincco 1306 Limited (Registered No. 09083887) **** (1)	100%	Investment holding Company
INTO GP LP* (3)	100%	Investment holding Company
INTO Newcastle Line East Property Limited (Registered No. 09061279) **** (1)	100%	Development of building projects
INTO York Property Limited (Registered No. 08848481) **** (1)	100%	Development of building projects
INTO MAS Limited (Registered No. 09738488) **** (1)	100%	Educational services
MAS Education S.A.S ***** (4)	100%	Educational services
London Academy of Diplomacy Limited (Registered No. 09382151) ***** (1)	100%	Dormant
Indirectly held subsidiary undertakings	Holding	Main activities
INTO Asia Limited ** (2)	100%	Educational services
INTO TEFL Limited (Registered No. 07269199) **** (1)	100%	Educational services
INTO London MDX Street LLP (Registered No. 0C346266) **** (1)	100%	Educational services
INTO China Limited ** (2)	100%	Educational services
Guangzhou INTO Education Limited *** (5)	100%	Educational services
INTO London World Education Centre Limited (Registered No. 07956509) **** (1)	100%	Educational services
INTO USA LP* (3)	100%	Investment holding Company
INTO NA Inc* (3)	100%	Provision of corporate services
International Student Education Services, Inc* (6)	100%	Educational services
INTO UK Service Centre Limited ***** (1)	100%	Dormant
INTO Global Service Centre Limited** (2)	100%	Educational services
Newincco 1184 Limited ***** (1)	100%	Dormant
INTO USF LP* (7)	100%	Investment holding Company

Indirectly held interests in joint ventures	Holding	Main activities
INTO UEA LLP (8)	50%	Educational services
INTO University of Exeter LLP (1)	50%	Educational services
INTO Newcastle University LLP (1)	50%	Educational services
INTO Scotland LLP (9)	50%	Educational services
INTO City LLP (1)	50%	Educational services
INTO St George's Hospital Medical School LLP (10)	50%	Educational services
INTO Queens LLP (11)	50%	Educational services
INTO Gloucestershire LLP (1)	50%	Educational services
INTO Oregon State University Inc * (12)	50%	Educational services
INTO USF Inc * (7)	50%	Educational services
INTO CSU LLC * (13)	50%	Educational services
INTO Marshall LLC * (14)	50%	Educational services
INTO New York at Drew LLC* (15)	50%	Educational services
INTO Mason LLC* (16)	50%	Educational services
INTO Stirling LLP (17)	50%	Educational services
INTO SLU LLC* (18)	50%	Educational services
INTO UAB LLC* (19)	50%	Educational services
INTO Washington State University LLC* (20)	50%	Educational services
INTO Suffolk LLC* (21)	50%	Educational services
Newcastle University INTO London LLP (1)	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;

***** incorporated in Columbia;

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

1 Registered address: One, Gloucester Place, Brighton, BN1 4AA

2 Registered address: Unit 1007, 10/F, Wing On Kowloon Centre, No. 345 Nathan Road, Jordan, Kowloon, Hong Kong

3 Registered address: Suite 1050, 701 B Street, San Diego, CA 92101

4 Registered address: Carrera 15, No.88-64, Edificio Torre Zimma, Oficina 707, Bogota, Cundinamarca, 11011,Colombia

5 Registered address: Office 2002, Teem Tower, Teemall, 208 Tianhe Road,Tianhe District, Guangzhou,510620 P.R. China

6 Registered address: Suite 305, 1610 Medical Drive, Pottstown, PA, 19464

7 Registered address: 4202, East Fowler Avenue, Tampa, FL, 33620

8 Registered address: The Registry, University of East Anglia, Norwich, Norfolk, NR4 7TJ

9 Registered address: Glasgow Caledonian University The Britannia Building, Cowcaddens Road, Glasgow, Strathclyde, G4 0BA

10 Registered address: 17 Cranmer Terrace, Tooting, London, SW17 0RE

11 Registered address: 2-8 Lennoxvale, Belfast, Co. Antrim, BT9 5BY

12 Registered address: 1701 SW Western Blvd, Corvallis, OR 97333

13 Registered address: 150 Old Main Drive, Fort Collins, CO, 80523

14 Registered address: One John Marshall Drive, Huntington, WV, 25755

15 Registered address: 26 Madison Avenue, Madison, NJ, 07940

16 Registered address: 4352 Mason Pond Drive, Fairfax, VA, 22030

17 Registered address: University Of Stirling, Stirling, FK9 4LA

18 Registered address: Suite 110, Beracha Hall, 3721 Laclede Avenue, St Louis, MO, 63108

19 Registered address: Floor 2, 917 13th Street South, Birmingham, AL, 35294

20 Registered address: 13 Kruegal Hall, Pullman, WA, 99164

21 Registered address: 13th Floor, 73 Tremont Street, Boston, MA, 02108

22 Financial information for individually significant joint ventures of the group

INTO Newcastle University LLP	2017	2016
	£'000	£'000
Share of assets		
Share of current assets	9,740	7,198
Share of fixed assets	855	788
	<u>10,595</u>	<u>7,986</u>
Share of liabilities		
Liabilities due within one year	(10,402)	(7,282)
Share of net assets	<u>193</u>	<u>704</u>
Share of turnover	10,224	11,293
Share of operating (loss) / profit for the financial year	(15)	1,411

INTO Oregon State University Inc	2017	2016
	£'000	£'000
Share of assets		
Share of current assets	9,387	11,183
Share of fixed assets	293	312
	<u>9,680</u>	<u>11,495</u>
Share of liabilities		
Liabilities due within one year	(12,817)	(14,865)
Share of net liabilities	<u>(3,137)</u>	<u>(3,370)</u>
Share of turnover	13,409	13,145
Share of operating profit for the financial year	51	1,168

INTO Mason LLC	2017	2016
	£'000	£'000
Share of assets		
Share of current assets	8,607	9,317
Share of fixed assets	1,113	845
	<u>9,720</u>	<u>10,162</u>
Share of liabilities		
Liabilities due within one year	(11,167)	(12,300)
Share of net liabilities	<u>(1,447)</u>	<u>(2,138)</u>
Share of turnover	10,415	7,770
Share of operating profit for the financial year	745	209

For more information visit intoglobal.com or contact us:

North America

INTO University Partnerships
1307 New York Avenue North West
Suite 200
Washington DC 20005
T: +1 541 974 2304

INTO University Partnerships
701 B Street
Suite 1050
San Diego, CA 92101
T: +1 858 356 4400

Europe, Middle East and Africa

INTO University Partnerships
One Gloucester Place
Brighton, East Sussex
BN1 4AA, United Kingdom
T: +44 (0)1273 665200

Asia

INTO University Partnerships
Unit 1007, 10/F
Wing On Kowloon Centre
345 Nathan Road
Jordan, Hong Kong
T: +852 210 56800

 @INTOglobal

 www.linkedin.com/company/into-university-partnerships

