Registered No. 04551096

ISTITUTO MARANGONI LIMITED

Report and Financial Statements

For the period ended 30 June 2021

Financial Statements for the year ended 30 June 2021.

Contents

This document constitutes the annual report

Company Information

Registered No. 04551096

Directors
S Valenti
C Gorse
Prof M Hunt
Prof D Vaughan
S Krnic
Yannick Laniel

Secretary
S Sivari

Statutory Auditor
Deloitte LLP
Abbots House
Abbey Street
Reading, RG1 3BD United Kingdom

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30 Fashion Street
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Royal Bank of Scotland
62-63 Threadneedle Street
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8 Canada Square
London,
E14 5HQ
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Strategic Report

Financial performance review

	Year ended June 30, 2021	Year ended June 30 ,2020	
	£	£	%
Turnover	16,136,129	15,535,203	4%
Operating Profit	4,454,004	5,371,827	-17%
Profit after tax	4,196,118	5,564,963	-25%

For the financial period ended 30 June 2021, turnover increased by 4% to £16,136,129 compared to 30 June 2020 in line with yearly price increase in the student fees.

The operating profit decrease by 17% is mainly due to increase of operational costs.

The increase of operational costs is noted due to estates expansion (through the confirmation of an additional adjacent lease from May 2020). The additional space generates an increase of the rent and other occupancy costs with an impact from 2021/22 compared to the previous year, as the new lease commences prior to full occupancy.

Financial Key Performance Indicators (KPIs)

The financial performance of the Company is driven by the overall quality and academic standards and success of the higher education provided to its students.
This says that great financial results are driven by strong academic results and student number.
Student number are monitored weekly through WeR.
There is then evidence in our latest Uk HE results of good outcomes for example in:
UKVI
NSS
And others listed below
Always monitored in HESA outcomes and this is proven adequate by our recent TEF provisional award.
Our KPIs will be better defined in the Strategic Plan which will be signed off by BoD in 21/22.
The London School continues to meet the relevant UK higher education regulatory requirements of the relevant UK Government departments and that of its validating partner, Manchester Metropolitan University. The School continues to ensure compliance, enhancement and best practice through designated management teams and departments within the Company both at UK and (as applicable) at group level, charged with ensuring all relevant accreditations and licenses are maintained in line with legal advice and reported to the UK governing body. Quality standards, compliance and achievements against School strategic goals are monitored continuously through the London committees and reported on a quarterly basis to the governing body and Shareholders. Evidence of recent London School regulatory compliance are listed below undertaken (in part) during a COVID-impacted period without effect on compliance or overall quality standards.

Submissions and reviews in Academic Year 2020/21:

UK regulatory returns:
- HESA AP Student Record

- BCA UKVI Annual Submission
- OfS Financial Return
- National Student Survey
- Graduate Outcomes
- OIA Annual Return
- Prevent Annual Monitoring
- Unistats
- Office for Students Registration (including conclusion of Enhanced Monitoring (July 2021) & outcome of Independent Review of Management & Governance (PWC Dec 2019)
- TEF Provisional Award (July 2021)

New programme validation, Manchester Metropolitan University (**ManMet**) July 2020;

The following new programmes were validated by ManMet for delivery from AY 2021/22:

Graduate Certificate (L6) in Fashion Design
Graduate Certificate (L6) in Fashion Styling
Graduate Certificate (L6) in Fashion Business
Graduate Certificate (L6) in Design

Principal risks and uncertainties

Liquidity risks

Istituto Marangoni Limited remains in a healthy financial position, with adequate funding available, and so the liquidity risk to the company is considered to be minimal.

Currency exchange risks

Currency exchange rate risk is low as most students pay fees in local currency (GBP). However, some of the costs incurred by the company are incurred outside the United Kingdom, and therefore there is a risk that the exchange rates may differ from the rates expected when calculating the costs.

Based on the assessment performed by the company and its management, no elements were noted that might affect the Company's capability to comply with law, and to generate profits, cash, and consequently the overall financial sustainability for the upcoming periods.

Brexit risks

The School is monitoring the potential impact of Brexit upon school performance.

This constitutes some risk (as seen by other providers) in terms of maintaining current EU student recruitment and progression and European retention and recruitment of staff and faculty.

Mitigation measures in place include:

- Communication strategy to provide up to date information and advice to students, staff and faculty;

- Dedicated communication campaigns to new students and applicants including accurate regulationsand school scholarship schemes;
- Legal clarification and school assistance to relevant information and advice including whererelevant/ necessary to apply to the EU Settlement Scheme;
- The updated Student Protection Plan identifying institutional actions to protect student continuity ofstudy
- Enhanced funding and promotion to eligible applicants to the School Scholarship Scheme as accessto the Student Loan Company Scheme changes;
- Revisions to direct and agent recruitment approaches in support of new applicant needs;
- Revised staff/ faculty retention activities in support of continuation of work in UK; and
- Consideration of Tier 2 sponsorship license application.

Public health/pandemic risk

The Covid-19 pandemic continued to be effectively monitored and actions adjusted in real time to mitigate potential risks to business continuity, financial sustainability, health and safety and learning and teaching.

This has been reviewed by Internal Audit (UNIAC) in 2020/21 and confirmed as being actively managed through comprehensive mitigation and health and safety measures in accordance with government and public health guidance and regulation undertaken by the Covid Risk Unit (since Jan 2020) with oversight by the head of provider reporting to the Audit Committee, Board of Governors and Board of Directors.

The School continued to maintain continuity of study (without business interruption) throughout 2020/2021 through delivery of hybrid learning (in line with CMA requirements) as required during educational lockdown phases.

During 2021/22, the School will continue to operate social distancing and enhanced health & safety assurance (in line with customer demand) and provide (in line with latest government requirements) a flexible (where appropriate for international students as yet unable to travel) hybrid approach to delivery, providing the best combination of face to face teaching delivery and blended components to meet our student population needs. The approach has enabled it to deliver its student recruitment planned while additional investment has and will continue to be made to ensure it provides high quality digital learning and in health and safety measures including PPE and special equipment and new space allocation (to secure social distancing).

The reports were approved and authorized for issue by the Board and were signed on its behalf by

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C Gorse (Director)

Date: 29/11/21

Directors' report

The directors present their report and the financial statements for the period ended 30 June 2021.

Principal activity and business review

The principal activity of the company during the period was the provision of higher educational courses related to the fashion and design industry.

On 1 July 2020, Providence Equity Partners ('Providence'), the majority shareholder since 2011, sold its shares in the Group to a consortium comprised of global long-term institutional investors, including Canada Pension Plan Investment Board ('CPP Investments'), through its wholly owned subsidiary, CPP Investment Board Europe S.à r.l., and Montagu Private Equity LLP, alongside existing shareholders Téthys Invest SAS and Bpifrance Investissement Sas.

Results and dividends

The profit for the financial period amounted to £4,196,118 (2020: £5,564,963). In June 2021, a £6,870,000 dividend has been approved by the directors (2020: £3,000,000).

Directors

The directors who served the company during the period were:

S Valenti

C Gorse

Prof M Hunt

Prof D Vaughan

S Krnic (resigned 1 July 2020)

Yannick Laniel (appointed 1 July 2020 and resigned 5 August 2020)

Going concern

In assessing the going concern position of the Company for the financial statements for the year ended 30 June 2021, the Directors have considered the Company's cash flows, liquidity and activities.

In making this assessment the Directors have made a current consideration of the potential impact of the COVID-19 pandemic on the cashflows and liquidity of the Company for a period of twelve months from the date of approval of these accounts.

Based on the company's forecasts, the Directors have adopted the going concern basis in preparing the financial statements.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and

- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing their report and to establish thatthe company's auditors are aware of that information.

Auditor

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The reports were approved and authorised for issue by the Board and were signed on its behalf by

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C Gorse Director

Date: 29/11/21

Statement of directors' responsibilities in relation to the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

In preparing those financial statements, the directors are required to:

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

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

Statement on Corporate Governance and Internal Control

Istituto Marangoni Limited (the London School) is a UK based independent higher education provider and private limited company registered with Companies House. It is registered with the Office for Students (OfS) and United Kingdom Visa & Immigration (UKVI) as a recognised Higher Education Provider, and holds a validating partnership with Manchester Metropolitan University. The London School is committed to adopting best governance practice as set out in relevant codes of governance, principally the CUC Code of Governance and the UK Corporate Governance Code. In accordance with its conditions of registration with the OfS, it upholds public interest principles of academic freedom, accountability, student engagement, academic governance, risk management, value for money, freedom of speech and 'fit and proper'.

The Board of Directors

The Board of Directors is the ultimate accountable body and therefore ultimately responsible for the strategic direction, management, and financial solvency of the company. Its remit is set out within the Company Articles of Association, the London School's Scheme of Delegation and board Terms of Reference. The powers of the Company, the approval of the annual financial statements and accounts, the financial solvency and safeguarding of its assets are specifically reserved for the Board's own decision making and cannot be delegated.

The Board of Directors is supported and advised by its governance sub-committees; namely the Board of Governors and Audit Committee, each of which has delegated responsibility for detailed aspects of governance as summarised below. The Board of Directors and its sub-committees include an appropriately balanced membership of internal company Directors and external (Non-Executive Directors or Independent External) members. The Board of Governors and Audit Committee are each chaired by a Non-Executive Director and there is a Student Governor member on the Board of Governors. Members of the Board of Directors and the Board's appointed Independent External Members are required to disclose information on the register of interests which is updated annually and maintained by the Registrar. Appropriate due diligence checks are also undertaken as part of the nomination and appointment process in addition to members declarations regarding their fit and proper status.

The Board of Governors

The Board of Governors advises the Board of Directors on the academic strategic direction of the London School, including undertaking regular reviews of its mission and vision and policies for monitoring the overall effectiveness and comparability of them with UK Higher Education practice. It has specific responsibility for academic governance, including the monitoring of the effectiveness of the School's procedures for ensuring quality and threshold standards, regulatory compliance, the health, safety and welfare of students and equality and diversity.

Audit Committee

The Audit Committee reviews and provides assurance on the London School's annual financial statements and appropriateness of financial policies. It exercises oversight of the risk management process, data processes and returns, regulatory compliance, quality assurance, health and safety, and systems of internal control to advise the Board of Governors and Board of Directors. It approves and/or makes recommendations on the annual programme of internal audits, appoints internal auditors, and both engages with and oversees the work of the external auditors, advising the Board of Directors on the Auditors' findings and any recommendations relating to the Board's system of internal control. The Audit Committee considers reports from internal and external audits and those of regulatory bodies and monitors compliance with reporting requirements and management response plans.

School Board

The London School Board is the senior academic board and is responsible for ensuring oversight and enabling enhancement of the academic performance within the School, advising and recommending actions to the Board of Directors and Board of Governors on all matters relating to the overall educational strategy and School achievement against relevant key performance indicators and UK Higher Education norms. It monitors, recommends, and reports on the effectiveness and implementation of a wide range of policies and procedures, enhancement projects, the student experience and compliance with the validating partner and a wide range of UK regulatory bodies.

Key Governance Activities

During the reporting period, alongside standing governance activities and preparations towards an expression of interest submission for taught degree awarding powers, in common with the wider higher education and corporate sector, the London School managed and responded to the significant challenge of the COVID-19 Pandemic. The Board of Directors has exercised relevant governance oversight of the management of the academic, financial and organizational risks posed by the pandemic. Throughout the Board has been assured that appropriate controls for the management of risk are in place based upon the detailed and systematic reporting on the monitoring and mitigation of risks undertaken by the School, including the arrangements for maintaining continuity and quality of study. During the 2020/2021 reporting cycle the School's COVID management response was also independently audited by the Internal Auditors.

During the reporting period the Board has been undertaking a review of its governance structures to ensure these remain fit for purpose and is due to report on its findings to reflect good governance practice and that it has the necessary governance infrastructure to support its ambition to secure degree awarding powers.

The Board of Directors is in the process of appointing two (Non-Executive and/or Company) Directors. These are replacements following the retirement of our outgoing Non-Executive Director and the recent resignation of one Company Director (due to a change in the ultimate beneficial ownership of the parent company) during the last period, which have been reported/ notified to relevant regulatory bodies as appropriate.

Internal Control

The Board of Directors is responsible for ensuring and maintaining a sound system of internal control to support the School's objectives, the safeguarding of its assets and resources and the management of risk. In accordance with the Scheme of Delegation, the Audit Committee maintains oversight of safeguarding of public and other funds (in line with the OfS' Terms & Conditions of Funding in Higher Education Institutions) and the management of the Risk Register. The appointed internal auditors provide an independent opinion of the adequacy of the School's risk management and the systems of internal control. The Board's assurance role in assessing the effectiveness of the system of internal control is fulfilled and informed by the work of Internal Audit, the work of the senior and executive management and any judgements provided by the external auditors through their reports and management letter(s).

This system described below is an on-going process designed to identify the principal risks to the achievement of the School's aims and objectives; to evaluate the likelihood and impact of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 30 June 2021 and up to the date of approval of the financial statements, and accords with OfS guidance.

The key elements of the School's systems of risk management and internal control, which are designed to discharge the responsibilities set out above, include the following:

- Financial controls and procedures set and maintained at School level, in line with Shareholder and Board of Directors requirements and relevant UK regulations;
- Financial controls and procedures which provide oversight of the systems that prevent and detect fraud, bribery, and other irregularities (i.e., segregation of duty; sign-off forms; reports), are set out and maintained at School level under the oversight of the Board of Directors;
- Clearly defined requirements for approval and control of expenditure, with business plan decisions involving capital or revenue expenditure according to approved levels are set by the Shareholders under oversight by the Board of Directors;
- 5 Year plan and annual financial sustainability and capital expenditure planning for Board of Directors consideration and ultimate Shareholder submission and approval;
- Quarterly School budget management and forecasting (under the School leadership team) in line with approved Board financial planning, reported through Audit Committee, to the Board and Shareholders
- Monthly forecasting business review, supplemented by detailed projected annual income, expenditure, capital and cash flow budgets to inform the Leadership team, Board of Governors and Audit Committee of ongoing performance;
- Weekly Market Reviews to monitor student recruitment and projected revenue results involving variance reporting and updates of forecast outturns.

Risk Management:

- The School embeds risk management and internal control processes in the annual operation of academic and professional services activities;
- The School Risk Unit evaluates the likelihood and impact of risks, establishing mitigating controls through the School Risk Register, overseen by the School Registrar on behalf of the Leadership team. The Register includes an evaluation of the likelihood and impact of risks, and identifies mitigation measures;
- Clear responsibilities and delegated authority of managers including responsibility for identifying and managing operational risks at a departmental level and escalating significant risk to the School Risk Unit;

  The School Board evaluates identification and management of risk to the achievement of the London School's strategic objectives through the annual planning & quarterly review process;

Internal Audit

- A professional independent Internal Audit team is appointed by the Audit Committee. The annual programme is approved by the Audit Committee and reports through the Audit Committee to the Board of Governors and Board of Directors;
- The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

External Audit

- Deloitte LLP have been appointed to perform the external Audit on the Financial Statements of the Company.
- Audit Report is sent on a yearly basis to the Audit Committee for review and recommended approval to the Board of Directors.

Independent auditor's report to the Members of Istituto Marangoni Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Istituto Marangoni (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the statement of principle accounting policies; and
- the related notes to the financial statements 1 to 14

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation, the Office for Students "Regulatory Advice 9: Accounts Direction"; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Revenue recognition, specifically with respect to deferred revenue and adjustments to revenue: we performed substantive testing of a sample of revenue adjustments and deferred income.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Opinions on other matters prescribed by the Office for Students (OfS) "Regulatory Advice 9: Accounts Direction"

In our opinion, in all material respects:

- funds from whatever source administered by the university for specific purposes have been applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS and UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS accounts direction have been met.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Under the OfS Regulatory Advice 9: Accounts Direction, we are required to report in respect of the following matters if, in our opinion:

- the provider's grant and fee income, as disclosed in the statement of principle accounting policies – section "turnover", has been materially misstated

We have nothing to report in respect of these matters.

Use of our report

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

Paul Thomas

Paul Thomas, DPhil, MChem, ACA
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom
30 November 2021

Profit and loss account

For the year ended 30 June 2021

	Note	12 Months 2021 £	12 Months 2020 £
Turnover		16,136,129	15,535,203
Cost of sales		(4,718,920)	(4,390,360)
Gross Profit		11,417,209	11,144,843
Administrative expenses		(6,963,205)	(5,773,016)
Operating Profit	1	4,454,004	5,371,827
Interest receivable and similar income	2	814,516	1,122,074
Profit before taxation		5,268,520	6,493,901
Tax on profit on ordinary activities	3	(1,072,402)	(928,938)
Profit for the financial period		4,196,118	5,564,963

All amounts relate to continuing activities.

There were no recognised gains or losses other than those included in the profit and loss account. The notes 1 to 14 form part of these financial statements.

Balance sheet

As at 30 June 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	4	1,644,597	1,543,448
Investments		743,207	743,207
Debtors amounts falling due after more than one year	5	7,846,615	11,277,379
		10,234,419	13,564,034
Current assets			
Debtors amounts falling due within one year	5	11,420,017	7,748,242
Cash at bank and in hand		9,704,085	3,489,651
		21,124,102	11,237,893
Creditors amounts falling due within one year	6	16,116,241	6,925,506
Net current assets		5,007,861	4,312,387
Total assets less current liabilities		15,242,280	17,876,421
Creditors amounts falling due after more than one year	6	41,875	2,134
Net assets		15,200,405	17,874,287
Capital and Reserves			
Called up share capital	8	50,000	50,000
Share premium account	9	250,000	250,000
Profit and loss account	9	14,900,405	17,574,287
Shareholders' Funds		15,200,405	17,874,287

The notes 1 to 14 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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C Gorse

Director

Date: 29/11/21

Statement of changes in equity

For the year ended 30 June 2020

	Called-up share capital	Share premium	Profit and loss account	Total Equity
At 1 July 2019	50,000	250,000	15,009,325	15,309,325
Profit for the financial period	-	-	5,564,962	5,564,962
Equity dividends paid (note 10)	-	-	(3,000,000)	(3,000,000)
At 30 June 2020	50,000	250,000	17,574,287	17,874,287

For the year ended 30 June 2021

	Called -up share capital	Share premium	Profit and loss account	Total Equity
At 1 July 2020	50,000	250,000	17,574,287	17,874,287
Profit for the financial period	-	-	4,196,118	4,196,118
Equity dividends (note 10)	-	-	(6,870,000)	(6,870,000)
At 30 June 2021	50,000	250,000	14,900,405	15,200,405

Cash Flow statement

For the year ended 30 June 2021

	2021	2020
Cash Flows used in operating activities		
Profit for the financial period before tax	5,268,520	6,493,900
Depreciation on property, plant and equipment	731,015	544,812
Movements in deferred revenue	2,438,076	(820,902)
Change in working capital	67,632	(973,097)
	8,505,243	5,244,713
Income tax paid	(1,458,645)	(1,644,499)
Net cash generated used in operating activities	7,046,598	3,600,214
Cash Flows used in investing activities		
Purchase of property, plant and equipment	(832,163)	(588,706)
Net cash used in investing activities	(832,163)	(588,706)
Cash Flows used in financing activities		
Payment of Dividend	-	(3,000,000)
Net cash used in financing activities	-	(3,000,000)
Net (decrease) in cash and cash equivalents	6,214,435	11,508
Cash and cash equivalents at the beginning of the year	3,489,651	3,478,143
Cash and cash equivalents at the end of the period	9,704,086	3,489,651

Notes to the financial statements

For the year ended 30 June 2021

1. Statement of principle accounting policies

Statement of compliance

Istituto Marangoni Limited is a limited liability company incorporated in England. The Registered office is 30 Fashion Street, London E1 6PX, United Kingdom

The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the period ended 30 June 2021.

Basis of preparation

The financial statements of the company were approved for issue by the Board of Directors on 29 November, 2021. The financial statements have been prepared in accordance with applicable accounting standards and under OfS Regulatory Advice 9: Accounts direction.

The company has taken advantage of the following disclosure exemptions under FRS 102:

- The requirements of Section 11 paragraphs 11.39 to 11.43A and Section 12 paragraphs 12.26 to 12.29 providing the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirement of Section 33 Related Party Disclosures paragraph 33.7.
- GGE TCo 1 SAS is the ultimate Parent Company incorporated in France. GGE TCo 1 SAS is the parent of the largest and smallest group for which consolidated accounts containing the results of Istituto Marangoni Limited are drawn up. These are available from 41, Rue Saint Sebastien, Paris 75011 France.

The company's financial statements are prepared in Sterling and all values are rounded to the nearest pound,except when otherwise indicated.

Judgements and key sources of estimation

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements.

There are no sources of material estimation uncertainty.

Notes to the financial statements

For the year ended 30 June 2021

Statement of principle accounting policies (continued)

Significant accounting policies

Tangible fixed assets

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost included costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Leasehold improvement	−	20% straight line
Computer equipment	−	33% straight line
Fixtures & fittings	–	25% straight line
Plant & Machinery	−	20% straight line

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance and provision of higher educational courses related to the fashion and design industry. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Revenue represents the value of the work done in the period, including estimates of amounts not invoiced. Revenue in respect of contracts for on-going services is recognised by reference to the stage of completion.

Any portion of the work not yet delivered is recognised as deferred income.

Interest income

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrumentsto its net carrying mount.

Dividends

Revenue is recognised when the company’s right to receive payment is established.

Notes to the financial statements

For the year ended 30 June 2021

Statement of principle accounting policies (continued)

Significant accounting policies (continued)

Provision for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the rate of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All the differences are taken to the income statement.

Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire.

Cash at bank and in hand

Cash at bank and in hand in the balance sheet comprise cash at current bank accounts and in hand. Short-term debtors and creditors.

Debtors and creditors

With no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Operating lease commitments

The company has entered into commercial property leases as a lessee. The classification of such leases as operating leases requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Pensions

The company makes defined contributions to a group personal pension scheme on behalf of its employees. Contributions are charged to the profit and loss account in the period in which they become payable.

Investment in associates

This relates to a 30% investment in Istituto Marangoni Mumbai Training Centre Private Limited (Registred office: Ceejay House, F Block, Shivsagar Estate, Dr. Annie Besant Road, Worli - Mumbai 400018 India).
The investment is measured at cost less any accumulated impairment losses recognised.
There hasn’t been any movement since prior year.

Notes to the financial statements

For the year ended 30 June 2021

Statement of principle accounting policies (continued)

Turnover

The whole of the turnover is attributable to the provision of higher educational courses related to the fashion and design industry.

All turnover arose within the United Kingdom.

	12 Months 2021 £	12 Months 2020 £
Grant income from the OfS	-	-
Grant income from other bodies	-	-
Fee income for taught awards (exclusive of VAT)	16,080,745	15,079,630
Fee income for research awards (exclusive of VAT)	-	-
Fee income for non-qualifying courses (exclusive of VAT)	55,384	455,573
Total grant and fee income	16,136,129	15,535,203

1. Operating Profit

The operating profit is stated after charging:	12 Months 2021 £	12 Months 2020 £
Depreciation of tangible fixed assets	731,015	544,812
Auditors' remuneration for auditing of the financial statements (includes irrecoverable VAT)	66,000	57,900
Net profit on foreign exchange transactions	600,543	8,603
Rent	2,047,798	1,581,634
	3,445,356	2,192,949

The auditor, Deloitte LLP (2020 Ernst & Young LLP London), did not perform any non-audit services.

2. Interest receivable and similar income

	12 Months 2021 £	12 Months 2020 £
Interest receivable on intercompany loan	814,516	850,505
Other Finance Income	-	271,569
	814,516	1,122,074

Notes to the financial statements

For the year ended 30 June 2021

3. Tax on profit on ordinary activities

	12 Months 2021 £	12 Months 2020 £
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	1,107,921	1,295,903
Adjustments in respect of prior periods - corporation tax	-	(319,859)
	1,107,921	976,044
Group taxation relief	-	-
Total current tax	1,107,921	976,044
Deferred tax (see note 7)		
Origination and reversal of timing differences	(35,519)	(47,106)
Tax on profit on ordinary activities	1,072,402	928,938

Factors affecting tax charge for the year

The tax charge for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	12 Months 2021 £	12 Months 2020 £
Profit on ordinary activities before tax	5,268,520	6,493,901
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	1,001,019	1,233,841
Effects of:		
Expenses not deductible for tax purposes, other than goodwill		
Adjustments in respect of amortization and impairment	71,383	47,179
Deferred Tax PY	-	(36,769)
Adjustments to tax charge in respect of prior periods	-	(319,859)
Tax rate differences	-	4,546
Current tax charge for the year	1,072,402	928,938

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense period by £2,279, to decrease the deferred tax asset by £2,279.

4. Tangible fixed assets

	Long/Term Leasehold Property	Plant & machinery	Fixtures & fittings	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 July 2020	3,232,355	107,682	896,659	736,193	4,972,888
Additions	556,930	2,080	198,632	74,521	832,163
At 30 June 2021	3,789,285	109,762	1,095,291	810,714	5,805,052
Depreciation					
At 1 July 2020	1,944,981	94,439	722,770	667,250	3,429,440
Charge for the year	545,547	4,047	130,536	50,885	731,015
At 30 June 2021	2,490,528	98,486	853,306	718,135	4,160,455
Carrying value					
At 1 July 2020	1,287,374	13,243	173,889	68,943	1,543,448
At 30 June 2021	1,298,757	11,276	241,985	92,579	1,644,597

5. Debtors

Due after more than one year

	June 30, 2021	June 30, 2020
	£	£
Amounts owed by group undertakings	7,846,615	11,277,379
	7,846,615	11,277,379

Due within one year

	June 30, 2021	June 30, 2020
Trade debtors	293,220	368,506
Amounts owed by group undertakings	9,899,355	6,413,496
Prepayments	1,220,227	966,240
Deferred tax liability (see note 7)	7,216	-
	11,420,017	7,748,242

Debtors (continued)

The amount in other debtors due after more than one year relates to a rent deposit.

Included in amounts owed by group undertakings due after more than one year relates to the following loans:

- EUR 7,000,000 to Galileo Global Education Luxco S.a.r.l (formerly MBSP 3 S.a.r.l). The loan accrues interest at a rate of 4.75% per annum.

Included in amounts owed by group undertakings due within one year relates to the following loans:

- £1,500,000 to Galileo Global Education Luxco S.a.r.l (formerly MBSP 3 S.a.r.l). The loan accrues interest at a rate of 8.1875% per annum and is repayable on demand.
- EUR 2,000,000 to Istituto Marangoni S.r.l. The loan accrues interest at a variable rate of 12-months EURIBOR +400bp margin per annum and is repayable on demand.
- EUR 1,800,000 to Istituto Marangoni S.r.l. The loan accrues interest at a variable rate of 12-months EURIBOR +400bp margin per annum and is repayable on demand.
- EUR 2,000,000 to Istituto Marangoni S.r.l. The loan accrues interest at a variable rate of 12-months EURIBOR +400bp margin per annum and is repayable on demand.

Accrued interest is included in amounts owed by group undertakings.

6. Creditors

Due within one year

	June 30, 2021 £	June 30, 2020 £
Trade creditors	1,085,522	735,186
Amounts owed to group undertakings	101,292	148,843
Deferred tax liability (see note 7)	-	28,303
Social security and other taxes	64,891	130,236
Dividends payable	6,870,000	-
Accruals	1,726,122	1,701,877
Corporation tax payable	231,502	582,225
Deferred income	6,036,912	3,598,836
	16,116,241	6,925,506

Due after more than one year

	June 30, 2021 £	June 30, 2020 £
Other	41,875	2,134
	41,875	2,134

7. Deferred tax

The deferred tax liability is made up as follows:

	June 30, 2021	June 30, 2020
	£	£
At beginning of year	(28,303)	(75,409)
Prior year adjustment	-	-
Charged during year	35,519	47,106
Asset/Liability at end of the year	7,216	(28,303)

	June 30, 2021	June 30, 2020
	£	£
Accelerated capital allowances	7,216	(28,303)
	7,216	(28,303)

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £2,279, to decrease the deferred tax asset by £2,279.

8. Share Capital

	June 30, 2021	June 30, 2020
	£	£
Authorised, allotted, called up and fully paid		
50,000 Ordinary Shares of £1each	50,000	50,000

9. Reserves

	Share Premium Account	**Profit and loss account**
	£	£
At 1 July 2020	250,000	17,574,287
Profit for the year	-	4,196,118
Dividends paid on equity capital	-	(6,870,000)
At 30 June 2021	250,000	14,900,405

Notes to the financial statements

For the year ended 30 June 2021

10. Dividends

	12 Month Period Ended June 30, 2021	12 Month Period Ended June 30, 2020
	£	£
Dividends paid on equity capital	6,870,000	3,000,000

11. Operating lease commitments

At 30 June 2021, the company had commitments under non-cancellable operating leases as follows:

Building

	June 30, 2021	June 30, 2020
	£	£
Amounts payable:		
No later than 1 year	2,011,284	1,965,737
Later than 1 year and no later than 5 years	8,045,136	10,056,422
Later than 5 years	6,265,287	6,096,746
	16,321,707	18,118,905

Equipment

	June 30, 2021	June 30, 2020
	£	£
Amounts payable:		
No later than 1 year	-	47,386
Later than 1 year and no later than 5 years	-	-
Later than 5 years	-	-
	-	47,386

Notes to the financial statements

For the year ended 30 June 2021

12. Staff costs

Staff costs breakdown

	12 Months 2021	12 Months 2020
	£	£
Wages and salaries – Teachers	2,225,276	1,948,239
Wages and salaries- Administration	1,128,511	1,063,576
Social security costs	224,124	176,026
Pension costs	34,750	35,651
	3,612,661	3,223,492

The number of staff was made up as following:

	No.	*No.*
	2021	2020
Administration – Employees	29	26
Academic Staff – Employees	7	5
Academic Staff – Contracted	91	74

Administration and Academic Staff are calculated as average number.
Academic Staff contracted are calculated as head count.

Basic Salary of other higher paid staff

No Staff has a full-time equivalent basic salary of over £100,000 per annum.

	12 Months 2021 **Number of staff**	12 Months 2020 **Number of staff**
Basic salary per annum		
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-

School Director remuneration

The School undertakes a remuneration review process annually with all staff. This process ensures appropriate remuneration for all staff members respecting value, contribution and market positioning. The review includes:

- conclusion of individual performance review (line manager evaluation on the basis of set objectives and related achievements);
- annual company budget is considered with which potential remuneration increases can be proposed;
- the School Director projects proposed increases for all eligible IM Ltd employees which are reviewed by Human Resources, to ensure consistency with evaluation/ process and budgetary impact;
- the IM Srl Managing Director (on behalf of shareholders) projects proposed increases for the IM Ltd School Director which are reviewed by IM Srl Human Resources, to ensure consistency with evaluation/ process and budgetary impact;
- approval is confirmed through employment appraisal criteria where consistency of methodology and outcome across the Shareholder organisation (respecting local employment conditions) is considered.
- In addition, in 19/20, a competitor market pay scale analysis (by the independent organisational firm consultancy, Korn Ferry) was undertaken to evaluate all School salaries in relation to both the higher education sector and the corporate sector.

The School Director's annual remuneration review and that of any other employee falling within the OfS disclosure requirement, is considered within the OfS disclosure requirement, is considered separately as a reserved item by the Board of Directors (excluding the School Director or any other Senior Manager).

	12 Months 2021	12 Months 2020
Basic salary	88,000	88,000
Payments in lieu of pension contributions	-	-
Payment of dividends	-	-
Performance-related pay and other bonuses	26,747	22,286
Pension contributions	-	-
Salary sacrifice arrangements	-	-
Compensation for loss of office	-	-
Any sums paid under any pension scheme in relation to employment with the provider	6,136	6,137
Other taxable benefits	-	-
Non-taxable benefits	-	-

The School Director's annual basic salary is 2.8 (2020: 2.4) times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid to established and sessional staff.

The School Director's total remuneration is 3.2 (2020: 3) times the median pay of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total salaries paid to established and sessional staff.

School Director Salary justification:

Since the current School Director joined in 2015, the London School has continuously achieved goals such as: increase of students' population, validation of new courses, expansion of the School's facilities, enhancement of the students' experience, and increase of laboratories for creative courses. The School Director has been doing an outstanding job, meeting the vast majority of objectives and targets.

Severance payment

During Financial Year 2021, an amount of £13,000 has been paid out.

	12 Months 2021	12 Months 2020
Severance Payment	13,000	-

13. Related party transactions

The company has taken advantage of the exemption under paragraph 3 3.1 a of FRS 102 not to disclose transactions with fellow wholly owned subsidiaries

14. Post balance sheet events

Ultimate parent undertaking and controlling party

On 1 July 2020, Providence Equity Partners ('Providence'), the majority shareholder since 2011, sold its shares in the Group to a consortium comprised of global long-term institutional investors, including Canada Pension Plan Investment Board ('CPP Investments'), through its wholly owned subsidiary, CPP Investment Board Europe S.à r.l., and Montagu Private Equity LLP, alongside existing shareholders Téthys Invest SAS and Bpifrance Investissement Sas.

School reopening

During 2021/22, the School will continue to operate a hybrid approach to delivery, providing mostly face to face teaching following all relevant government and public health advice and supporting online learning as necessary to our international student not able to travel due the pandemic. The approach has enabled it to largely deliver its student recruitment planned while additional investment has and will continue to be made to ensure it provides high quality digital learning, health and safety measures including PPE and enhanced space allocation (to optimize social distancing).