

INSTILL EDUCATION LIMITED

**REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2014**

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COMPANIES HOUSE

INSTILL EDUCATION LIMITED

COMPANY INFORMATION

Director	T Gins
Secretary	Diamond College Limited
Company number	01293463
Registered office	38 Binsey Lane Oxford OX2 0EY
Auditors	Baker Tilly UK Audit LLP Hartwell House 55-61 Victoria Street Bristol BS1 6AD
Bankers	HSBC Bank Plc Apex Plaza Reading Berkshire RG1 1AX

INSTILL EDUCATION LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The director presents the strategic report and financial statements for the year ended 31 December 2014.

Review of the business

The Board has focused on the continual enhancement of course quality combined with the selective reduction of costs, with commensurate improvement in profitability. An overview of the OISE group business activity in the period, including future developments, can be seen in the Directors' Report of the group's annual report, which does not form part of this report.

Immediately after the start of the year, the trade and assets of two fellow subsidiary undertakings, Eckersley Oxford Limited and OISE @ Sherbourne Priors Limited, were transferred to the company. The businesses were transferred as going concerns and no material adjustments were required to the carrying values of the assets and liabilities transferred to the company. Further details are given in note 6.

Key performance indicators

The directors of OISE Holdings Limited manage the group's operations on a divisional basis. For this reason, the company's director believes that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance and position of the business of Instill Education Limited. The key performance indicators of OISE Holdings Limited are discussed in the Directors' Report of the group's annual report, which does not form part of this report.

Matters of strategic importance

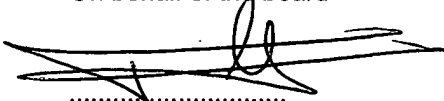
The company has operating and financial procedures designed to minimise risk. The key risks to which the business is exposed are reviewed regularly by senior management and the Board of OISE Holdings Limited.

The major risks to which the business is exposed are in relation to the demand for language services, maintenance and extension of the client base and the recruitment and retention of skilled employees in all areas of the business.

These risks are managed by anticipating customer trends, evaluating new markets and sectors and optimising staff deployment with performance related remuneration policies.

Potential liabilities arising from the company's operations are managed through appropriate contractual terms and condition reinforced by suitable insurance arrangements.

On behalf of the board



T Gins

Director

22 OCTOBER 2015

INSTILL EDUCATION LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The director presents his report and financial statements for the year ended 31 December 2014.

Principal activities

The company is principally engaged in arranging language courses for overseas students.

Results and dividends

The company's trading profit for the year, after taxation, was £406,624 (2013 profit £2,110,015).

Future developments

Details of future developments can be seen in the Directors' Report of the consolidated financial statements of the company's parent, OISE Holdings Limited.

Financial risk management objectives and policies

The financial risk management objectives of the company and the group in relation to financial instruments are set by the director with a view to minimising exposure to price risk, credit risk, liquidity risk and cash flow risk. The use of derivative instruments will be considered to mitigate risks or enhance returns, subject to strict control of exposures. No derivatives were used during the year.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

T Gins

Employee involvement

The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company.

Disabled persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them in order that their employment with the company may continue.

It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

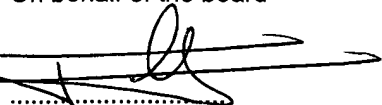
Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office and its reappointment will be proposed in accordance with section 485 of the Companies Act 2006.

Statement of disclosure to auditors

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



T Gins

Director

22 OCTOBER 2015

INSTILL EDUCATION LIMITED

DIRECTOR'S RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

The director is responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 these financial statements, the director is 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 will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSTILL EDUCATION LIMITED

We have audited the financial statements set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of director and auditor

As more fully explained in the Director's Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

Baker Tilly UK audit LLP.

Heather Wheelhouse ACA (Senior Statutory Auditor)
for and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

23 October 2015.

INSTILL EDUCATION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

		2014 £	2013 £
	Notes		
Turnover	2		
Existing operations		22,430,939	24,347,333
Acquisitions		488,824	-
		<u>22,919,763</u>	<u>24,347,333</u>
Cost of sales		(11,859,893)	(12,330,887)
Gross profit		<u>11,059,870</u>	<u>12,016,446</u>
Administrative expenses		(10,545,675)	(9,231,028)
Operating profit			
Existing operations		622,383	2,785,418
Acquisitions		(108,188)	-
		<u>514,195</u>	<u>2,785,418</u>
Profit on ordinary activities before taxation	3	<u>514,195</u>	<u>2,785,418</u>
Tax on profit on ordinary activities	5	(107,571)	(675,403)
Profit for the financial year	14	<u><u>406,624</u></u>	<u><u>2,110,015</u></u>

INSTILL EDUCATION LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Profit for the financial year		406,624	2,110,015
Foreign currency translation differences		(16)	-
Total recognised gains and losses relating to the year		<u>406,608</u>	<u>2,110,015</u>

INSTILL EDUCATION LIMITED**BALANCE SHEET
AS AT 31 DECEMBER 2014**

	Notes	2014 £	£	2013 £	£
Fixed assets					
Intangible assets	6	865,264		650,966	
Tangible assets	7	2,137,380		2,043,734	
		<u>3,002,644</u>		<u>2,694,700</u>	
Current assets					
Debtors	8	9,057,668		8,920,720	
Cash at bank and in hand		2,596,315		3,041,562	
		<u>11,653,983</u>		<u>11,962,282</u>	
Creditors: amounts falling due within one year	9	<u>(3,019,657)</u>		<u>(3,442,234)</u>	
Net current assets		<u>8,634,326</u>		<u>8,520,048</u>	
Total assets less current liabilities		<u>11,636,970</u>		<u>11,214,748</u>	
Creditors: amounts falling due after more than one year	10	-		(346)	
Provisions for liabilities	11	<u>(93,336)</u>		<u>(77,376)</u>	
Net assets		<u>11,543,634</u>		<u>11,137,026</u>	
Capital and reserves					
Called up share capital	13	100		100	
Profit and loss account	14	<u>11,543,534</u>		<u>11,136,926</u>	
Shareholders' funds	15	<u>11,543,634</u>		<u>11,137,026</u>	

The financial statements on pages 5 to 17 were approved and signed by the director and authorised for issue on 22 OCTOBER 2015


T Gins
Director

INSTILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Cash flow statement

The director has taken advantage of the exemption in FRS1 from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

Turnover

Turnover shown in the profit and loss account represents income, excluding Value Added Tax, for courses which have run during the year. Income received in advance for courses running in future financial periods is deferred and released to turnover in those periods. The turnover and profit before tax are attributable to the one principal activity of the company arising in the United Kingdom.

Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets acquired and is amortised through the Profit and Loss account in equal instalments over its useful life which is considered to be 20 years.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short-term leasehold improvements	Over the period of the lease
Fixtures & fittings	10%-25% straight line

Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date and is not discounted.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

INSTILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies (Continued)

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Profit on ordinary activities before taxation	2014 £	2013 £
Profit on ordinary activities before taxation is stated after charging/ (crediting):		
Amortisation of intangible assets	70,218	53,147
Depreciation of tangible fixed assets		
- owned	350,590	313,223
- held under finance leases and hire purchase contracts	207	207
Operating lease rentals	1,038,886	1,053,486

The auditor has been remunerated through the parent company OISE Limited.

INSTILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

4 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2014 Number	2013 Number
Teaching	442	447
Administrative	91	97
	<u>533</u>	<u>544</u>

Employment costs

	2014 £	2013 £
Wages and salaries	6,455,190	6,709,114
Social security costs	414,196	454,680
Other pension costs	81,194	69,890
	<u>6,950,580</u>	<u>7,233,684</u>

During the current year and the prior year the director was remunerated by OISE Limited, for which no specific recharge was made.

INSTILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

5	Tax on profit on ordinary activities	2014 £	2013 £
	Current tax		
	U.K. corporation tax	87,149	657,774
	Adjustment in respect of prior years	5,263	5,344
	Total current tax	92,412	663,118
	Deferred tax		
	Origination and reversal of timing differences	15,159	12,285
	Total tax on profit on ordinary activities	107,571	675,403

Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax of 21.49% (2013 - 23.25%). The differences are explained below:

Profit on ordinary activities before taxation	514,195	2,785,418
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.49% (2013 - 23.25%)	110,501	649,177
Effects of:		
Expenses not deductible for tax purposes	27,071	32,745
Capital allowances in excess of depreciation	(17,151)	(24,148)
Adjustments to previous periods	5,263	5,344
Group relief claimed	(34,343)	-
Other tax adjustments, reliefs and transfers	1,071	-
	(18,089)	13,941
Current tax charge for the year	92,412	663,118

Factors that may affect future tax charges

The main rate of corporation tax has been reduced to 20% from 1 April 2015.

INSTILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

6 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 January 2014	1,062,940
Transfers from group undertakings	341,419
	<hr/>
At 31 December 2014	1,404,359
	<hr/>
Amortisation	
At 1 January 2014	411,974
Transfers from group undertakings	56,903
Charge for the year	70,218
	<hr/>
At 31 December 2014	539,095
	<hr/>
Net book value	
At 31 December 2014	865,264
	<hr/> <hr/>
At 31 December 2013	650,966
	<hr/> <hr/>

The transfers from group undertakings resulted from the transfers of the trade and assets of two fellow subsidiary undertakings, Eckersley Oxford Limited and OISE @ Sherbourne Priors Limited, on 1 January 2014. The businesses were transferred as going concerns and no material adjustments were required to the carrying values of the assets and liabilities transferred to the company.

The net book value of the assets and liabilities of Eckersley Oxford Limited transferred to the company was £389,343, comprising goodwill of £284,516, fixtures & fittings of £37,605, debtors of £10,104, cash of £139,622 and creditors falling due within one year of £82,504. Consideration of £389,343 was reflected within the intercompany account. In its year ended 31 December 2013 (the last full financial year before acquisition) Eckersley Oxford Limited recorded turnover of £542,947, gross profit of £292,520 and a net loss for the financial year of £50,158.

The net book value of the assets and liabilities of OISE @ Sherbourne Priors Limited transferred to the company was £360,034, comprising tangible fixed assets of £79,893, debtors of £9,862, cash of £313,074 and creditors falling due within one year of £42,795. Consideration of £360,034 was reflected within the intercompany account. In its year ended 31 December 2013 (the last full financial year before acquisition) OISE @ Sherbourne Priors Limited recorded turnover of £295,900, gross profit of £186,122 and a net loss for the financial year of £180,785.

INSTILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

7 Tangible fixed assets

	Short-term leasehold improvements £	Fixtures & fittings £	Total £
Cost			
At 1 January 2014	1,752,254	2,076,478	3,828,732
Transfers from group undertakings	-	170,261	170,261
Additions	-	326,944	326,944
Disposals	(335,928)	(558,593)	(894,521)
At 31 December 2014	1,416,326	2,015,090	3,431,416
Depreciation			
At 1 January 2014	656,015	1,128,982	1,784,997
Transfers from group undertakings	-	52,763	52,763
On disposals	(335,928)	(558,593)	(894,521)
Charge for the year	140,869	209,928	350,797
At 31 December 2014	460,956	833,080	1,294,036
Net book value			
At 31 December 2014	955,370	1,182,010	2,137,380
At 31 December 2013	1,096,238	947,496	2,043,734

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures & fittings £
Net book values	
At 31 December 2014	1,556
At 31 December 2013	1,763
Depreciation charge for the year	
At 31 December 2014	207
At 31 December 2013	207

The transfers from group undertakings resulted from the transfers of the trade and assets of two fellow subsidiary undertakings, Eckersley Oxford Limited and OISE @ Sherbourne Priors Limited, immediately after the start of the year. The businesses were transferred as going concerns and no material adjustments were required to the carrying values of the assets and liabilities transferred to the company.

INSTILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

8 Debtors	2014	2013
	£	£
Trade debtors	263,347	409,222
Amounts owed by group undertakings	8,155,532	7,962,333
Corporation tax	62,549	-
Other debtors	-	1,300
Prepayments and accrued income	576,240	547,865
	<u>9,057,668</u>	<u>8,920,720</u>
9 Creditors: amounts falling due within one year	2014	2013
	£	£
Deferred income	1,279,145	1,520,032
Net obligations under finance leases	346	691
Trade creditors	527,861	725,478
Amounts owed to group undertakings	835,063	435,059
Corporation tax	-	384,705
Other creditors	100,109	92,432
Accruals	277,133	283,837
	<u>3,019,657</u>	<u>3,442,234</u>
10 Creditors: amounts falling due after more than one year	2014	2013
	£	£
Net obligations under finance leases	-	346
	<u>-</u>	<u>346</u>
Net obligations under finance leases		
Amounts payable:		
Within one year	346	691
Within two to five years	-	346
	<u>346</u>	<u>1,037</u>
Included in liabilities falling due within one year	(346)	(691)
	<u>-</u>	<u>346</u>

INSTILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

11 Provisions for liabilities

	Deferred tax liability £
Balance at 1 January 2014	77,376
Profit and loss account	15,159
Transfer	801
	<hr/>
Balance at 31 December 2014	93,336
	<hr/>

The deferred tax liability is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	93,336	77,376
	<hr/>	<hr/>

12 Retirement Benefits

	2014 £	2013 £
Contributions paid by the company for the year	81,194	69,890
	<hr/>	<hr/>

13 Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

14 Profit and loss account

	Profit and loss account £
Balance at 1 January 2014	11,136,926
Profit for the year	406,624
Foreign currency translation differences	(16)
	<hr/>
Balance at 31 December 2014	11,543,534
	<hr/>

INSTILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

15 Reconciliation of movements in shareholders' funds	2014	2013
	£	£
Profit for the financial year	406,624	2,110,015
Foreign currency translation differences	(16)	-
Net addition to shareholders' funds	406,608	2,110,015
Opening shareholders' funds	11,137,026	9,027,011
Closing shareholders' funds	11,543,634	11,137,026

16 Contingent liabilities

In the normal course of business, the company has provided an unlimited guarantee as valuable security in connection with the banking facilities of the ultimate parent undertaking OISE Holdings Limited and other group companies. At 31 December 2014 the amount outstanding was £nil (2013: £nil).

The group of which the company is a member is currently in discussion with HMRC regarding group relief claims involving overseas' subsidiaries to the value of c£1.9m. The directors are confident that these claims will prove successful, however the outcome is currently uncertain.

The company had no other contingent liabilities at 31 December 2014.

17 Commitments under operating leases

At 31 December 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2015:

	Land and buildings	
	2014	2013
	£	£
Operating leases which expire:		
Within one year	122,150	69,537
Between two and five years	355,000	467,150
In over five years	561,736	544,936
	1,038,886	1,081,623

INSTILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

18 Capital commitments

Capital expenditure authorised and contracted for but not provided in the accounts amounts to £150,000 (2013: £48,300) for the company at the balance sheet date.

19 Related party relationships and transactions

As a wholly-owned subsidiary in the group ultimately headed by OISE Holdings Limited the company has taken advantage of the exemption in Financial Reporting Standard 8 'Related Party Disclosures' and has not disclosed details of transactions with other wholly-owned subsidiaries in that group.

During the year, Lanleya Limited charged the company £398,116 (2013: £398,116) in relation to the leasing of certain properties. Lanleya Limited is a company owned by Till Gins, the director of Instill Education Limited. There were no amounts due to or from Lanleya Limited at the year end (2013: £nil).

20 Ultimate parent company and controlling party

The immediate parent company is OISE Limited. The ultimate parent company is OISE Holdings Limited. Both companies are incorporated in the United Kingdom and registered in England and Wales.

OISE Holdings Limited heads the largest and smallest group for which consolidated financial statements are drawn up. The consolidated accounts of OISE Holdings Limited are available from Companies House.

The ultimate controlling party is T Gins who owns 70% of the issued share capital of OISE Holdings Limited.

INSTILL EDUCATION LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014

The following pages do not form part of the statutory accounts