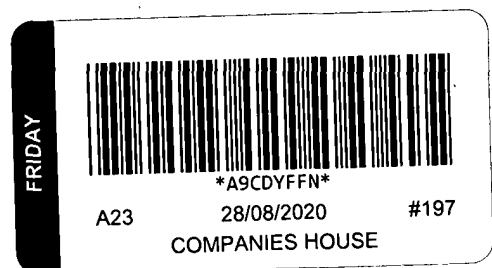


**International College Portsmouth Ltd.**  
**Annual Report and Financial Statements**  
**For the Year Ended 30 June 2019**

Registered number: 06770123 (England and Wales)



**International College Portsmouth Ltd.**

**Contents of Annual Report and Financial Statements  
For the Year Ended 30 June 2019**

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**International College Portsmouth Ltd.**

**Company Information  
For the Year Ended 30 June 2019**

**Directors:**

P Lovegrove  
S Jones

**Secretary:**

Pennsec Limited

**Registered office:**

Navitas Uk Holdings Ltd  
Littlemore Park  
Armstrong Road  
Oxford  
OX4 4FY

**Registered number:**

06770123 (England and Wales)

**Independent Auditor:**

Deloitte LLP  
Statutory Auditor  
Reading  
United Kingdom

## **International College Portsmouth Ltd.**

### **Directors' Report For the Year Ended 30 June 2019**

The Directors present their Annual Report on the affairs of International College Portsmouth Ltd ('the Company'), together with the financial statements and Auditor's Report, for the year ended 30 June 2019.

#### **Principal activity**

The principal activity of the Company in the year under review was that of providing educational and training services.

#### **Review of business**

During the year, revenues grew by 9% from £7,452,664 to £8,132,494 (2018: 9%), in line with increased student numbers and increased tuition fees. Gross profit increased by 3% from £4,599,017 to £4,461,806 (2018: 20%) in line with the relationship between increased revenue and cost savings experienced in the cost of sales. Profit for the year decreased by 3% (2018: increased by 46%) due to the increase in administrative expenses.

#### **Going concern**

The Directors have acknowledged the latest guidance regarding going concern and have assessed the existing and anticipated effects of COVID-19 on the Company's activities and the appropriateness of the use of the going concern basis. A wide range of factors have been taken into account in financial projections utilised for this purpose including travel bans, restrictions, government assistance and whether there will be sufficient liquidity to continue to meet obligations when they are due. Further details are included with the events after the balance sheet date note which provides an outline the Group's response to the COVID-19 pandemic.

The Directors have considered the ability to fund operations for at least twelve months from the date of issuing these financial statements, taking into consideration current cash on hand, current and projected net cash flows from operations and availability of intercompany funding. At a Group level additional considerations include the maturities of debt and other commitments, compliance with financial and/or nonfinancial debt covenants and available sources of funding. The Directors are working proactively with the Group's lenders and equity holder to ensure appropriate liquidity is available (where required) under a range of outcomes. The Directors are satisfied that the Company has the financial and operational flexibility to respond to potential earnings decline beyond our expectations over the next 12 months. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

Navitas Uk Holdings Limited, the Company's immediate parent company, has provided a letter of support confirming its intention to provide support to the Company for the foreseeable future, and in particular for a period of at least twelve months from the date of these financial statements.

#### **Events after the balance sheet date**

Details of significant events since the balance sheet date are contained in note 18 to the financial statements.

#### **Directors**

The Directors who held office during the period and to the date of this report was as follows:

P Lovegrove  
S Jones (appointed 5 July 2019)  
D Buckingham (appointed 1 July 2018 and resigned 5 July 2019)

#### **Directors' indemnities**

The Company has no qualifying third party indemnity provisions.

**International College Portsmouth Ltd.**

**Directors' Report  
For the Year Ended 30 June 2019**

**Auditor**

Each person who is a Director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

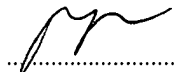
A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**Small companies exemption**

This Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. The Directors have elected not to prepare a Strategic Report under the Companies Act exemption applicable to small entities.

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



.....  
P Lovegrove  
Director

Navitas Uk Holdings Ltd  
Littlemore Park  
Armstrong Road  
Oxford  
OX4 4FY

Date: 27/08/2020 .....

**International College Portsmouth Ltd.**

**Directors' Responsibilities Statement  
For the Year Ended 30 June 2019**

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 101 "Reduced Disclosure Framework". 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 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; 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.

## **Independent Auditor's Report to the Members of International College Portsmouth Ltd.**

### **Opinion**

In our opinion, the financial statements of International College Portsmouth Ltd. (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 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 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Cash Flow Statement; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

### **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 (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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in 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 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.

We have nothing to report in respect of these matters.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

### **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.

## **Independent Auditor's Report to the Members of International College Portsmouth Ltd. - continued**

### **Responsibilities of Directors - continued**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

### **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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 Directors' Report.

#### **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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

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.



Andrew Hornby ACA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Reading  
United Kingdom

Date: 27 August 2020.....



**International College Portsmouth Ltd.**

**Income Statement  
For the Year Ended 30 June 2019**

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>£</b>	<b>Restated (Note 5) £</b>
<b>Turnover</b>	4	8,132,494	7,452,664
<b>Cost of sales</b>	5	(3,533,477)	(2,990,858)
<b>Gross profit</b>		4,599,017	4,461,806
<b>Administrative expenses</b>		(1,729,462)	(1,406,607)
<b>Operating profit</b>		2,869,555	3,055,199
<b>Interest receivable and similar income</b>	8	86,865	-
<b>Profit before taxation</b>		2,956,420	3,055,199
<b>Tax on profit</b>	9	(1,457)	(682)
<b>Profit for the year</b>		<u>2,954,963</u>	<u>3,054,517</u>

All amounts are derived from continuing operations.

**International College Portsmouth Ltd.**

**Statement of Comprehensive Income  
For the Year Ended 30 June 2019**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
<b>Profit for the year</b>	2,954,963	3,054,517
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>2,954,963</u>	<u>3,054,517</u>

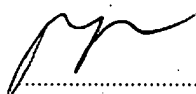
**International College Portsmouth Ltd.**

**Balance Sheet  
As at 30 June 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible fixed assets	11	16,255	12,385
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	12,506,654	10,396,259
Cash at bank and in hand		84,152	107,370
		<u>12,590,806</u>	<u>10,503,629</u>
<b>Creditors</b>			
Amounts falling due within one year	13	(3,393,576)	(4,239,974)
<b>Net current assets</b>		<u>9,197,230</u>	<u>6,263,655</u>
<b>Total assets less current liabilities</b>		<u>9,213,485</u>	<u>6,276,040</u>
<b>Creditors</b>			
Amounts falling due after one year	14	(24,075)	(41,593)
<b>Net assets</b>		<u>9,189,410</u>	<u>6,234,447</u>
<b>Capital and reserves</b>			
Called-up share capital	16	2	2
Profit and loss account		<u>9,189,408</u>	<u>6,234,445</u>
<b>Shareholder's funds</b>		<u>9,189,410</u>	<u>6,234,447</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to the small companies regime.

The financial statements of International College Portsmouth Ltd. (registered number: 06770123) were approved by the Board of Directors and authorised for issue on 27/08/2020. They were signed on its behalf by:



.....  
P Lovegrove - Director

**International College Portsmouth Ltd.**

**Statement of Changes in Equity  
For the Year Ended 30 June 2019**

	<b>Called-up share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>Balance at 1 July 2017</b>	2	3,179,928	3,179,930
Total comprehensive income	-	3,054,517	3,054,517
<b>Balance at 30 June 2018</b>	2	6,234,445	6,234,447
Total comprehensive income	-	2,954,963	2,954,963
<b>Balance at 30 June 2019</b>	2	9,189,408	9,189,410

**International College Portsmouth Ltd.**

**Cash Flow Statement  
For the Year Ended 30 June 2019**

	<b>Note</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Cash flow from operating activities</b>			
Net cash (used in)/ generated from operating activities	17	(96,661)	13,145
<b>Cash flow from investing activities</b>			
Interest received		84,606	-
Acquisitions of tangible fixed assets		(11,163)	(5,293)
Net cash generated from / (used in) investing activities		73,443	(5,293)
Net (decrease)/ increase in cash and cash equivalents		(23,218)	7,852
Opening cash and cash equivalents		107,370	99,518
<b>Closing cash and cash equivalents</b>		<b>84,152</b>	<b>107,370</b>

## **International College Portsmouth Ltd.**

### **Notes to the Financial Statements For the Year Ended 30 June 2019**

#### **1. General information**

International College Portsmouth Ltd. is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the Directors' Report on pages 2 and 3.

The Company meets the definition of a qualifying entity and as permitted by paragraph 8 of FRS 101, the Company, a wholly owned subsidiary of Navitas Pty Limited, has elected to take advantage of the disclosure exemptions as set out in Note 2. These group financial statements are available to the public and can be obtained as set out in Note 19.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

#### **Adoption of new and revised Standards**

##### **Amendments to IFRS Standards and the new Interpretation that are mandatorily effective for the current year**

##### **Impact of initial application of IFRS 9 Financial Instruments**

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Details of these new requirements introduced under IFRS 9 as well as their impact on the Company's financial statements are described below.

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets, and
3. General hedge accounting.

##### *(a) Classification and measurement of financial assets*

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 January 2018 have been restated where appropriate.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

None of the reclassifications of financial assets have had any impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

##### *(b) Impairment of financial assets*

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

**Notes to the Financial Statements - continued**  
**For the Year Ended 30 June 2019**

**1. General information - continued**

**Adoption of new and revised Standards - continued**

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

1. Debt investments measured subsequently at amortised cost; and,
2. Trade debtors and contract assets.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade debtors and contract assets in certain circumstances.

The Directors have compared the credit risk of the respective financial instruments on the date of their initial recognition to their credit risk as at 1 January 2017, no additional credit loss allowance was required.

*(c) Classification and measurement of financial liabilities*

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer. Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities.

*(d) Impact of initial application of IFRS 9 on financial performance*

No adjustments were required to the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year on application of IFRS 9.

**Impact of application of IFRS 15 Revenue from Contracts with Customers**

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. More prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15.C5(a), and (b), or for modified contracts in IFRS 15.C5(c).

The Company's accounting policies for its revenue streams are disclosed in detail in note 2 below. The application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Company, no adjustments were required.

**Impact of initial application of other amendments to IFRS Standards and Interpretations**

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions
- IAS 40 (amendments) Transfers of Investment Property
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

**Notes to the Financial Statements - continued**  
**For the Year Ended 30 June 2019**

**2. Accounting policies**

**Basis of accounting**

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective, certain disclosure in respect of revenue from contracts with customers, impairment of assets and certain related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of Navitas Pty Limited.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

**Going concern**

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report on pages 2 and 3. The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future.

The Directors have acknowledged the latest guidance regarding going concern and have assessed the existing and anticipated effects of COVID-19 on the Company's activities and the appropriateness of the use of the going concern basis. A wide range of factors have been taken into account in financial projections utilised for this purpose including travel bans, restrictions, government assistance and whether there will be sufficient liquidity to continue to meet obligations when they are due. Further details are included with the events after the balance sheet date note which provides an outline the Group's response to the COVID-19 pandemic.

The Directors have considered the ability to fund operations for at least twelve months from the date of issuing these financial statements, taking into consideration current cash on hand, current and projected net cash flows from operations and availability of intercompany funding. At a Group level additional considerations include the maturities of debt and other commitments, compliance with financial and/or nonfinancial debt covenants and available sources of funding. The Directors are working proactively with the Group's lenders and equity holder to ensure appropriate liquidity is available (where required) under a range of outcomes. The Directors are satisfied that the Company has the financial and operational flexibility to respond to potential earnings decline beyond our expectations over the next 12 months. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

Navitas UK Holdings Limited, the Company's immediate parent company, has provided a letter of support confirming its intention to provide support to the Company for the foreseeable future, and in particular for a period of at least twelve months from the date of these financial statements.



**International College Portsmouth Ltd.**

**Notes to the Financial Statements - continued  
For the Year Ended 30 June 2019**

**2. Accounting policies - continued**

**Turnover**

Turnover representing tuition fees earned and ancillary income from students is recognised in line with the satisfaction of performance obligations, which for the Company means the provision of classes to students over the term of the course and is stated net of VAT. When payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of Creditors: Amounts falling due within one year.

All turnover arises within the United Kingdom from the single principal activity.

**Operating profit**

Operating profit is stated after administrative and other operating expenses.

**Employee benefit costs**

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the income statement in the period to which they relate.

**Deferred income**

Revenue from tuition fees is recognised across the period of the trimester as a proportion of the total trimester days. All other revenue is recognised when charged to the students.

**Related party transactions**

The Company is a wholly owned subsidiary of Navitas Pty Limited; the consolidated financial statements of which are publicly available. Accordingly, the Company has taken advantage of the disclosure exemptions as permitted by FRS 101 "Reduced Disclosure Framework" and the requirements of IAS 24 Related Party Disclosures, from disclosing transactions within group companies.

**Royalty costs**

The Company accrues for royalty obligations to its host university as a percentage of its applicable turnover as determined by the tuition delivery model.

The Company has paid a royalty to its parent company, Navitas Pty Limited, in recognition of the intellectual property value held by the global group. The payment is a percentage of its turnover.

Royalty costs are recorded within cost of sales in the income statement, with any unpaid balances at period end recorded as accruals and included as part of Creditors: Amounts falling due within one year.

**Interest income**

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

**Notes to the Financial Statements - continued**  
**For the Year Ended 30 June 2019**

**2. Accounting policies - continued**

**Taxation - continued**

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

*Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

*Current tax and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**Tangible fixed assets**

All fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all fixed assets at annual rates calculated to write off the cost, less estimated residual value, over the expected useful life of each asset, as follows:

Furniture and equipment 25.0% to 33.3% straight-line

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

**Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Notes to the Financial Statements - continued**  
**For the Year Ended 30 June 2019**

**2. Accounting policies - continued**

**Financial instruments - continued**

*Financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets held by the Company are classified as 'loans and trade receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

**Recognition and measurement**

*Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'interest receivable and similar income' line item.

***Impairment of financial assets***

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade debtors and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade debtors and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Notes to the Financial Statements - continued  
For the Year Ended 30 June 2019

2. Accounting policies - continued

Financial instruments - continued

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

*(i) Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

**Notes to the Financial Statements - continued**  
**For the Year Ended 30 June 2019**

**2. Accounting policies - continued**

**Financial instruments - continued**

*(ii) Definition of default*

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*(iii) Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

1. significant financial difficulty of the issuer or the borrower;
2. a breach of contract, such as a default or past due event (see (ii) above);
3. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
4. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
5. the disappearance of an active market for that financial asset because of financial difficulties.

*(iv) Write-off policy*

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade debtors, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

*(v) Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the balance sheet.

**Notes to the Financial Statements - continued  
For the Year Ended 30 June 2019**

**2. Accounting policies - continued**

**Financial instruments - continued**

***Derecognition of financial assets***

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

***Financial liabilities and equity***

***Classification as debt or equity***

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

***Financial liabilities***

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

***Financial liabilities measured subsequently at amortised cost***

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

***Derecognition of financial liabilities***

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

***Provisions***

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Notes to the Financial Statements - continued  
For the Year Ended 30 June 2019

3. **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying the Company's accounting policies**

The Directors do not consider there to be any critical judgements surrounding the application of the Company's accounting policies.

**Key sources of estimation uncertainty**

The Directors do not consider there to be any key sources of estimation uncertainty.

4. **Turnover**

An analysis of the Company's turnover by class of business is set out below:

	2019 £	2018 £
Tuition fees earned	8,020,628	7,364,911
Ancillary income from students	111,866	87,753
	<u>8,132,494</u>	<u>7,452,664</u>

All turnover arose in the United Kingdom.

5. **Cost of sales**

The 2018 comparatives have been restated due to reclassification of expenses between cost of sales and administrative expenses as a result of a change in accounting policy. The restated cost of sales amounted to £2,990,858. Before restatement, cost of sales amounted to £4,130,435. The net impact of this restatement is nil to prior year profits and assets.

6. **Auditor's remuneration**

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £11,320 (2018: £10,800).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

**International College Portsmouth Ltd.**

**Notes to the Financial Statements - continued**  
**For the Year Ended 30 June 2019**

**7. Staff costs**

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

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Administrative	16	15
Teaching staff	34	33
	<u>50</u>	<u>48</u>

Their aggregate remuneration comprised:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,152,953	1,010,232
Social security costs	99,471	86,069
Other pension costs	71,395	47,349
	<u>1,323,819</u>	<u>1,143,650</u>

No remuneration was paid to the Directors during the year (2018: None).

**8. Interest receivable and similar income**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Interest received from group undertakings	84,606	-
Other income	2,259	-
	<u>86,865</u>	<u>-</u>



**International College Portsmouth Ltd.**

**Notes to the Financial Statements - continued  
For the Year Ended 30 June 2019**

**9. Tax on profit**

**Analysis of tax expenses:**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Current tax:</b>		
Tax	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Deferred tax:</b>		
Current year	1,628	762
Effect of changes in tax rates	(171)	(80)
	<u>1,457</u>	<u>682</u>
Total deferred tax	<u>1,457</u>	<u>682</u>
Total tax expense in income statement	<u><u>1,457</u></u>	<u><u>682</u></u>

Finance Act 2016 included a reduction in the main rate of UK corporation tax from 19% to 17% from 1 April 2020. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19%. As this was not substantively enacted by the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at 17%. The rate of change will affect the size of the Company's deferred tax assets and liabilities in the future.

The charge for the year can be reconciled to the profit before tax as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Profit before income tax	<u>2,956,420</u>	<u>3,055,199</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	561,720	580,488
Effects of:		
Expenses not deductible	24,381	4,473
Tax rate changes	(171)	(80)
Effects of group relief/other reliefs	<u>(584,473)</u>	<u>(584,199)</u>
Tax expense	<u><u>1,457</u></u>	<u><u>682</u></u>

**International College Portsmouth Ltd.**

**Notes to the Financial Statements - continued**  
**For the Year Ended 30 June 2019**

**10. Profit for the financial year**

Profit for the financial year has been arrived at after charging:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Depreciation - owned assets	7,293	7,011
Bad debts	156,134	18,141
	<u>163,427</u>	<u>25,152</u>

**11. Tangible fixed assets**

	<b>Furniture and equipment £</b>
<b>Cost</b>	
At 1 July 2018	193,275
Additions	11,163
At 30 June 2019	<u>204,438</u>
<b>Depreciation</b>	
At 1 July 2018	180,890
Charge for year	7,293
At 30 June 2019	<u>188,183</u>
<b>Net book value</b>	
At 30 June 2019	<u>16,255</u>
At 30 June 2018	<u>12,385</u>

**12. Debtors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade debtors	161,079	344,412
Amounts owed by parent company	12,344,702	10,045,579
Deferred tax	873	2,330
Other debtors	-	3,938
	<u>12,506,654</u>	<u>10,396,259</u>

The amounts owed by parent company are not secured and have a variable rate of interest. These amounts are payable on demand.

**International College Portsmouth Ltd.**

**Notes to the Financial Statements - continued**  
**For the Year Ended 30 June 2019**

**13. Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade creditors	25,931	26,878
Deferred income	2,519,279	2,054,974
Accruals	427,124	280,892
Amounts owed to parent company	395,040	1,860,952
Amounts owed to other group undertakings	-	597
Social security and other taxes	26,202	15,681
	<u>3,393,576</u>	<u>4,239,974</u>

The amounts owed to parent company and other group undertakings are not secured and have a variable rate of interest. These amounts are payable on demand.

**14. Creditors: amounts falling due after one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Long service provision</b>		
Opening balance	41,593	35,336
Current year expense	-	6,257
Release during the year	(17,518)	-
Long Service Provision	<u>24,075</u>	<u>41,593</u>

The long service provisions are considered for certain employees that would have completed at least 5 years with the Company and is based on the employee basic salaries at the end of each financial period. No discounting is considered as it is deemed to yield immaterial changes to the provisions. Where possible expected increases in the basic salaries are considered in the provision.

**15. Deferred tax**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Balance at the start of the year	2,330	3,012
Deferred tax charged to the income statement for the year	(1,457)	(682)
Balance at the end of the year (Note 12)	<u>873</u>	<u>2,330</u>

At the Balance Sheet date, the Company has no unused tax losses (2018: £nil) available for offset against future profits. A deferred tax asset of £873 (2018: £2,330) has been recognised in respect of capital allowances as it is considered probable that there will be future taxable profits available to offset the asset.

**International College Portsmouth Ltd.**

**Notes to the Financial Statements - continued**  
**For the Year Ended 30 June 2019**

**16. Called up share capital**

<b>Allotted, issued and fully paid:</b>		<b>Nominal value:</b>	<b>2019</b>	<b>2018</b>
<b>Number:</b>	<b>Class:</b>		<b>£</b>	<b>£</b>
2	Ordinary shares	£1	<u>2</u>	<u>2</u>

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

**17. Reconciliation of profit before taxation to cash generated from operations**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Profit for the year	2,956,420	3,055,199
Adjustment to cash flow from non-cash items:		
Depreciation	7,293	7,011
Finance income	(84,606)	-
Income tax expense	(1,457)	(682)
	<u>2,877,650</u>	<u>3,061,528</u>
Increase in trade and other receivables	(2,110,395)	(4,060,162)
(Decrease)/increase in trade and other payables	<u>(863,916)</u>	<u>1,011,779</u>
Net cash (used in)/ generated from operating activities	<u>(96,661)</u>	<u>13,145</u>

**18. Events after the balance sheet date**

On 5 July 2019, the BGH Bidco A Pty Ltd acquired all the issued capital in Navitas Limited by way of a Scheme of Arrangement. Navitas Limited shareholders received cash consideration of \$5.825 (£3.095) per Navitas Limited share. Navitas Limited was delisted from the Australian Securities Exchange on 8 July 2019 following the implementation of the Scheme of Arrangement.

On 6 September 2019, Navitas Limited changed its name to Navitas Pty Limited as a result of its conversion from a public to a proprietary company.

**Non-adjusting event**

**COVID-19**

Subsequent to 30 June 2019 the Group and Company have been impacted by the evolving situation surrounding COVID-19 and the resultant restrictions and travel bans imposed by various governments. As a result of the known and potential impact on student intakes together with the uncertainty surrounding the timing of any rebound the Group took immediate steps as outlined below.

As the global spread of COVID-19 continues, the Group response continues to be guided by the advice of relevant governments and health authorities in the regions in which Navitas operates. The health and safety of our staff and students is our priority and Navitas are taking proactive measures to protect their safety and wellbeing. International College Portsmouth Ltd. is part of the Navitas group which is a globally diversified business involved in the education sector in a range of areas including;

- University pathway programs
- Specialist tertiary education programs (e.g. creative media, psychology)
- Language, literacy, numeracy and employability skills training

**18. Events after the balance sheet date - continued**

**COVID-19 - continued**

The COVID-19 outbreak is impacting the education sector significantly and the impact on each of the Group's business varies, with the diversity of the Group's businesses being a strength in these extraordinary times. Where possible our campuses and colleges have been moving towards online learning during the pandemic. Many of our campuses are currently delivering all their programs remotely using online platforms, virtual lectures and face to face online tutorials. Navitas' priority is to ensure that students have as much support as possible and feel comfortable in these new online learning environments. Student experience and academic outcomes remain the focus of our colleges and Navitas is working hard to maintain our diverse and inclusive learning communities.

The COVID-19 pandemic is having a significant impact on international education (a major component of the Group's business) and therefore as a Group we are preparing for significant disruption to the recruitment pipeline and taking actions to sustain operations during this challenging period. The Group has seen a significant reduction in revenue and cash flows across a number of businesses and expects that this will continue for a sustained period whilst travel bans and restrictions remain in place. To deal with the rapidly changing landscape the Group leadership team have developed and implemented plans to reduce costs globally and preserve cash. Management are also working proactively with the Group's lenders and equity holder to ensure appropriate liquidity under a range of outcomes. A range of measures have been enacted including, reducing executive salaries, eliminating discretionary expenditure and travel, deferral of capital expenditure and enacting measures that reduce costs in key areas (including employment and occupancy costs). In addition the Group has applied for a range of stimulus plans that governments throughout the world have implemented to help businesses retain as many employees as possible and overcome the current trading conditions they are facing.

These actions have been taken across the Group to protect the long-term viability of the organisation and ensure that as COVID-19 restrictions are lifted the Group is well positioned to recover and grow, without losing focus on the experience and academic outcomes of our students. With low refinancing risk and given the equity structure of the Group management are satisfied that the Group has the financial flexibility to respond to potential earnings decline beyond our expectations over the next 12 months.

**19. Ultimate parent undertaking and controlling party**

The Directors consider that the immediate parent undertaking of the Company is its parent company, Navitas Uk Holdings Limited, a Company incorporated in England and Wales.

The ultimate parent company is BGH Holdco A Pty Ltd, a Company incorporated in Australia. The smallest and largest company to consolidate the result of the Company is Navitas Pty Limited, a Company incorporated in Australia. For the year ended 30 June 2019, the financial statements of Navitas Limited (the previous name of Navitas Pty Limited) were filed with the Australian Securities and Investments Commission (ASIC) and are available from ASIC's website ([www.asic.gov.au](http://www.asic.gov.au)).