

ARDEN UNIVERSITY LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	6
Statement of Responsibilities to the members of Arden University Limited	7
Independent Auditors' Report	8
Profit and Loss Account	10
Statement of Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Cash Flow Statement	14
Notes to the Cash Flow Statement	15
Notes to the Financial Statements	16

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 OCTOBER 2019**

DIRECTORS:

A Etingen
V Kisilevsky
A Tate Cbe
C R Lygo
A C Morris
R Hannay

SECRETARY:

Irwin Mitchell Secretaries Limited

REGISTERED OFFICE:

Arden House
Middlemarch Park
Siskin Drive
Coventry
CV3 4FJ

REGISTERED NUMBER:

02450180 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
Pegasus Business Park
Castle Donington
DE74 2UZ

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2019**

The directors present their strategic report for the year ended 31 October 2019.

REVIEW OF BUSINESS

The company results are shown on page 10. The profit and loss account shows an overall loss before tax for the year of £1,925,433 (2018 loss £3,977,815) and profit after tax for the year of £1,173,952 (2018 loss £3,977,815), reflecting 12 months trading for the year 1 November 2018 to 31 October 2019.

During 2019 Arden University Ltd (AU) continued to grow significantly. Turnover increased by 48% whilst student numbers increased by 40% in line with AU's business plan, this is a consequence of a series of strategic investment and development activities. This investment has seen growth in student numbers in its 5 UK study centres and Berlin study centre, whilst the number of distance learning students in the UK and internationally continue to increase at a healthy rate.

AU have introduced a variety of new revenue streams, highlights including apprenticeship programmes, an MBA endorsed by Karren Brady and accelerated international blended learning growth.

Following the achievement of a successful outcome to the National Student Survey in 2019, AU has put in place a wide range of further investment initiatives for 2020 and beyond to continue to enhance student outcomes, develop sector-leading course materials and introduce cutting edge IT infrastructure.

The University is well positioned for further growth having invested in developing a new senior executive team during 2019. Professor Carl Lygo joined as Chief Executive and Vice Chancellor. Carl is a former member of the English Higher Education regulator, the Office for Students and was the Chief Executive of BPP Holdings plc, the professional educator. Professor Helen Scott joined as pro Vice Chancellor Academic from Northampton University. Vitaly Klopov has joined as the Chief Commercial Officer for the University and brings a wealth of expertise in marketing and sales in the higher education sector.

AU is ultimately controlled by Global University Systems BV (GUS). During November 2018 GUS injected £12.6m of equity into AU. This transaction significantly strengthened AU's balance sheet, moving AU into a positive cash and net assets position. Net assets have increased by £13,773,952 at 31 October 2019 and is forecasting positive cash balances into the foreseeable future.

STATEMENT OF CORPORATE GOVERNANCE

Arden University's corporate governance arrangements are as set out below:

The Board of Directors

The Board of Directors (the 'Board') consists of non-executive and executive directors and is structured so that the non-executive members form an absolute majority. The roles of Chair and Chief Executive (Vice-Chancellor) are separated.

The Board is responsible for the ongoing strategic direction of the University, its financial solvency, approval of major developments, and the receipt of regular reports from members of the senior executive team on the day-to-day operations of the University and any subsidiary companies. Under the Articles of Association a number of matters are reserved to the Board. The Board approves key governance policies and documents, which are updated and reviewed by the Board as and when appropriate.

The Board has established an Academic Board which is responsible under delegated authority from the Board of Directors for maintaining and enhancing the academic performance of the University in teaching, examining and research, and for advising the Board of Governors on matters relating to the educational character and mission of the University. The Academic Board's terms of reference are approved by the Board of Directors.

The Board delegates some detailed oversight and exercises its function through a series of committees, which are described below:

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 OCTOBER 2019**

Audit Committee

Recommends the appointment and reviews the work of the internal and external auditors and considers their reports, together with recommendations for the improvement of the systems of internal control in conjunction with management responses and implementation plans. It reviews the University's annual financial statements and the appropriateness of its accounting policies. It also provides oversight of the risk management process on the Board's behalf.

Remuneration and Nominations Committee

Chaired by the Chair of the Board

- Considers the salaries and terms and conditions of service of senior staff, including the Vice-Chancellor;
- Has oversight of the processes and policies for senior appointments; and,
- Advises the Board on succession planning for the Board and the senior Executive team..

Finance and Resources Committee

Reviews and recommends to the Board of Directors:

- The University's annual capital and revenue budgets
- Estates and human resources matters
- The University's financial regulations
- Monitoring financial performance
- Financial and statistical returns and forecasts submitted to regulatory bodies including Office for Students
- Compliance with the University's 'Value for Money' policy

Not more than one member of the Audit Committee may be a member of Finance and Resources Committee but may not chair the committee.

Academic Standards and Ethics Committee

The purpose of the Academic Standards Committee is to safeguard and keep under review the standard of education provided by and of degrees awarded by the University. The Academic Standards Committee has oversight of and works closely with the Academic Board.

STATEMENT OF INTERNAL CONTROL

The Board is responsible for ensuring a sound system of internal control to support the University's policies and objectives. It is responsible for safeguarding any public and other funds available to the University.

Internal control is designed to manage rather than eliminate the risk of failing to achieve business objectives. It can only provide reasonable, not absolute, assurance against material misstatement or loss. It is also designed to prevent and detect fraud and other irregularities.

The University's system of internal control is informed by a continuous process to identify, evaluate and manage the University's significant risks, linked to the achievement of institutional objectives. This process covers business, operational and compliance as well as financial risk.

The effectiveness of the system of internal control is assessed in the following ways:

- The Board receives regular progress reports on risk management and confirms there is a clear policy and plan of risk management.
 - The Risk Register is updated throughout the year and identifies the main risk owners and risk mitigating actions. Risks are scored by likelihood and impact and are ranked accordingly.
 - The Executive regularly reviews all aspects of the Risk Register.
-

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 OCTOBER 2019**

STATEMENT OF INTERNAL CONTROL (continued)

- The Audit Committee oversees the arrangements for risk management. Members of the Board receive a report of each meeting of the Audit Committee.
- Each year the Audit Committee approves a programme of special internal audits for the following year, in addition to a programme of continuous auditing of the core financial systems. The programme of internal audit is based around a structured assessment of system risks within the University's operations and is reviewed in-year to ensure that emerging issues are addressed.
- The Audit Committee receives reports from the internal auditors. These reports provide an independent opinion on the adequacy and effectiveness of the University's arrangements for risk management and the internal control systems, together with appropriate recommendations. The internal auditors also report as a matter of course on the progress made in implementing recommendations from previous reports.

The Vice-Chancellor and the Chief Financial Officer attend meetings of the Audit Committee and have direct and independent access to members of that Committee, as do the internal and external auditors.

The Board, through the Audit Committee, has reviewed the effectiveness of the system of internal control operating during the year ended 31 October 2019 and up to the date of approval of the financial statements. There were no significant internal control issues during the year.

Brexit

The Board of Directors do not consider there to be a significant risk exposure as a consequence of the United Kingdom's departure from the European Union. Developments in this area continue to be monitored closely.

PRINCIPAL RISKS AND UNCERTAINTIES

AU has an established risk register which is reviewed by the directors and senior management quarterly. The risk register includes the assessment of the likelihood and impact of a risk becoming a reality. The principal risks and uncertainties of the business are broadly grouped as Competitive, Regulatory & Quality Assurance, and Liquidity.

Competitive

Competition amongst UK universities is strong in the UK and in some international regions. AU differentiates itself through its efficient 'online' Distance Learning delivery model, its Blended Learning delivery model, its Apprenticeships programmes, its many years of experience operating internationally and in seeking new market places for its products. The company does not disclose its turnover by class of business or geographical location as it considers that it would be detrimental to its business.

Regulatory & Quality Assurance

As a UK HE provider, AU is regulated by the Office for Students (OfS), which is advised by its Designated Quality Body the Quality Assurance Agency (QAA) for England and the Education and Skills Funding Agency (ESFA).

AU has implemented systems and processes to ensure compliance with relevant regulations and standards. Management regularly reviews systems and procedures in order to manage regulatory risk.

Price Risk

The company has a limited exposure to price risk and manages the risk through monitoring of the costs of supply of the services utilised by the business and taking appropriate mitigating action as and when necessary.

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 OCTOBER 2019

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Liquidity Risk

AU manages its liquidity risk via a robust process of cash monitoring and review to ensure that the company maintains adequate cash reserves.

GUS is committed to support Arden University, if required, to ensure the company has available funds for operations and planned expansions.

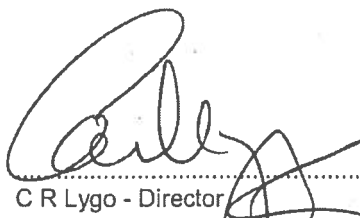
Exchange Rate Fluctuation

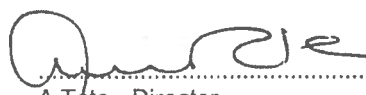
The company has a limited exposure to exchange rate fluctuations and the impact is managed by matching the expected currency inflows and outflows as far as possible.

Interest Rate Cash Flow Risks

The company has a limited exposure to interest rate risk outside the group. Cash balances or borrowings beyond the GUS group are limited due to the company's participation in a group funding facility.

ON BEHALF OF THE BOARD:


C R Lygo - Director
Date: 26/2/20


A Tate - Director
Date: 26/2/20

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 2019**

The directors present their report with the financial statements of the company for the year ended 31 October 2019.

PRINCIPAL ACTIVITY

DIVIDENDS

No dividends have been proposed or distributed for the year ended 31 October 2019 and up to the approval of the accounts.

FUTURE DEVELOPMENTS

The University has a long-term investment in Distance Learning and Blended Learning and maintains a trajectory of business growth and continued investment in study centres, IT systems, academic management and support functions. The further enhancement of that investment is fully supported by the University's parent company which seeks to encourage the University to achieve further strong growth and further improve its stability.

DIRECTORS

The directors shown below have held office during the period from 1 November 2018 to the date of this report.

A Etingen
V Kisilevsky
A C Morris – resigned 28 February 2020
R J T Wilson – resigned 31 December 2019
A Tate
P Hallam - resigned 11 April 2019
C R Lygo - appointed 11 April 2019
R Hannay – appointed 22 January 2020

At the date of signing of these financial statements A C Morris is still a director of Arden University Limited.

GOING CONCERN

The financial statements have been prepared under the going concern concept which assumes that the company will be able to meet its liabilities when they fall due for the foreseeable future. In drawing this conclusion the directors have prepared detailed cash flow forecasts and have considered sensitivities and risks in this process. In addition the directors have sought and obtained assurances of continuing support from its ultimate parent undertaking Global University Systems (GUS).

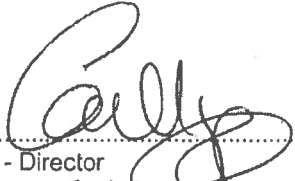
DIRECTORS INDEMNITY STATEMENT

The company purchased and maintained throughout the financial year Directors' and Officers' Liability Insurance in respect of itself and the directors.

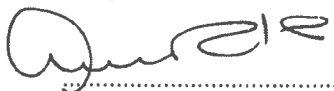
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:


C R Lygo - Director

Date: 26/2/20


A Tate - Director

Date: 26/2/20

**STATEMENT OF RESPONSIBILITIES TO THE MEMBERS OF ARDEN UNIVERSITY LIMITED
FOR THE YEAR ENDED 31 OCTOBER 2019**

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

Company law requires the directors to prepare financial statements for each financial 12 month period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

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.

Statement of disclosure of information to auditors

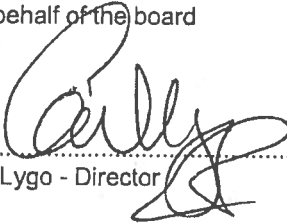
In the case of each director in office at the date the directors' report is approved:

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

Independent auditors

The Board of Directors will give consideration to reappointing PricewaterhouseCoopers LLP as auditors to the company at the Annual General Meeting.

On behalf of the board



C R Lygo - Director

Date: 26/2/20

Independent auditors' report to the members of Arden University Limited

Report on the audit of the financial statements

Opinion

In our opinion, Arden University Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Report of the Directors and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 October 2019; the Profit and Loss Account, the Statement of Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Independent auditors' report to the members of Arden University Limited (continued)

Reporting on other information (continued)

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

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 October 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of responsibilities to the members of Arden University Limited, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



David Teager (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
28 February 2020

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2019**

	Note	2019 £	2018 £
TURNOVER		23,777,405	16,116,935
Cost of sales		<u>(9,054,121)</u>	<u>(6,547,886)</u>
GROSS PROFIT		14,723,284	9,569,049
Administrative expenses		<u>(16,709,153)</u>	<u>(13,101,014)</u>
OPERATING LOSS	5	(1,985,869)	(3,531,965)
Interest receivable and similar income	6	183,705	-
Interest payable and similar expenses	7	<u>(123,269)</u>	<u>(445,850)</u>
LOSS BEFORE TAXATION		(1,925,433)	(3,977,815)
Taxation credit	8	<u>3,099,385</u>	-
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		<u>1,173,952</u>	<u>(3,977,815)</u>

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2019

	2019 £	2018 £
PROFIT / (LOSS) FOR THE FINANCIAL YEAR	1,173,952	(3,977,815)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE FINANCIAL YEAR	<u>1,173,952</u>	<u>(3,977,815)</u>

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

BALANCE SHEET
AS AT 31 OCTOBER 2019

		2019		2018 as restated	
	Note	£	£	£	£
FIXED ASSETS					
Intangible assets	10		1,494,041		1,330,415
Tangible assets	11		1,283,245		1,172,847
Investments	12		<u>316,640</u>		<u>295,050</u>
			3,093,926		2,798,312
CURRENT ASSETS					
Debtors	13	20,118,142		8,710,370	
Cash at bank and in hand		<u>7,455,438</u>		<u>957,826</u>	
		27,573,580		9,668,196	
CREDITORS					
Amounts falling due within one year	14	<u>(25,857,595)</u>		<u>(21,441,212)</u>	
NET CURRENT ASSETS / (LIABILITIES)			<u>1,715,985</u>		<u>(11,773,016)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,809,911		(8,974,704)
CREDITORS					
Amounts falling due after more than one year	15		<u>(201,138)</u>		<u>(190,475)</u>
NET ASSETS/(LIABILITIES)			<u><u>4,608,773</u></u>		<u><u>(9,165,179)</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		12,720,481		120,481
Capital reserve	18		10,227,830		10,227,830
Accumulated losses	18		<u>(18,339,538)</u>		<u>(19,513,490)</u>
TOTAL EQUITY			<u><u>4,608,773</u></u>		<u><u>(9,165,179)</u></u>

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

25th February 2020

.....
C R Lygo - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2019**

	Called up share capital £	Accumulated losses £	Capital reserve £	Total equity £
Balance at 1 November 2017	120,481	(15,535,675)	10,227,830	(5,187,364)
Changes in equity				
Total comprehensive loss	-	(3,977,815)	-	(3,977,815)
Balance at 31 October 2018 and 1 November 2018	<u>120,481</u>	<u>(19,513,490)</u>	<u>10,227,830</u>	<u>(9,165,179)</u>
Changes in equity				
Issue of share capital	12,600,000	-	-	12,600,000
Total comprehensive profit	-	1,173,952	-	1,173,952
Balance at 31 October 2019	<u>12,720,481</u>	<u>(18,339,538)</u>	<u>10,227,830</u>	<u>4,608,773</u>

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2019**

	Note	2019 £	2018 £
Cash flows from operating activities			
Cash (used in) / generated from operations	1	(1,544,397)	1,213,103
Deferred taxes		3,099,385	-
Interest paid		(123,269)	(445,850)
Net cash from operating activities		<u>1,431,719</u>	<u>767,253</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(652,110)	(489,947)
Purchase of tangible fixed assets		(336,544)	(603,132)
Purchase of fixed asset investments		(21,590)	-
Interest received		183,705	-
Net cash from investing activities		<u>(826,539)</u>	<u>(1,093,079)</u>
Cash flows from financing activities			
Capital repayments in year		(107,568)	(107,702)
Share issue		6,000,000	-
Proceeds from other short term borrowings		-	952,330
Net cash from financing activities		<u>5,892,432</u>	<u>844,628</u>
Increase in cash and cash equivalents		<u>6,497,612</u>	<u>518,802</u>
Cash and cash equivalents at beginning of year	2	<u>957,826</u>	<u>439,024</u>
Cash and cash equivalents at end of year	2	<u><u>7,455,438</u></u>	<u><u>957,826</u></u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2019**

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019 £	2018 £
Loss before taxation	(1,925,433)	(3,977,815)
Depreciation and amortisation charges	856,284	742,200
Loss on disposal of fixed assets	-	47,710
Finance costs	123,269	445,850
Finance income	<u>(183,705)</u>	<u>-</u>
	(1,129,585)	(2,742,055)
Increase in trade and other debtors	(11,407,772)	(2,247,519)
Increase in trade and other creditors	<u>10,992,960</u>	<u>6,202,677</u>
Cash (used in) / generated from operations	<u>(1,544,397)</u>	<u>1,213,103</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 October 2019

	31.10.19 £	1.11.18 £
Cash and cash equivalents	<u>7,455,438</u>	<u>957,826</u>

Year ended 31 October 2018

	31.10.18 £	1.11.17 £
Cash and cash equivalents	<u>957,826</u>	<u>439,024</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019**

1. STATUTORY INFORMATION

Arden University Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all presented years, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The financial statements have been prepared under the going concern concept which assumes that the company will be able to meet its liabilities when they fall due for the foreseeable future. In drawing this conclusion the directors have prepared detailed cash flow forecasts and have considered sensitivities and risks in this process. In addition the directors have sought and obtained support from its ultimate parent undertaking Global University Systems (GUS).

The financial statements do not contain the adjustments that would result if the company was not deemed to continue as a going concern.

Preparation of consolidated financial statements

The financial statements contain information about Arden University Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Global University Systems BV, Tower H, 5th Floor, WTC Amsterdam, Zuidplein 36, 1077 XV Amsterdam, The Netherlands.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Revenue recognition

Income is recognised in correlation to the constituent parts of courses provided by the company as either principal or as agent.

There are five main streams of revenue:

- Distance Learning consists of students studying remotely through accessing content online and completing assessments electronically. Revenue is recognised over the period of study for modules.
- Blended Learning consists of students studying through a mixture of classroom tuition and remotely accessing content online, and completing both online and classroom based assessment. Revenue is recognised over the period of study for modules.
- Student Recruitment services consist of recruiting students to Distance Learning courses provided by external parties and receiving a fee for this service. Revenue is recognised when the student commences the course with the external party.
- Registration Fees (annual) are payable on some Distance Learning courses. These fees are paid annually and revenue is recognised evenly over the associated 12 month registration period.

These notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019**

2. ACCOUNTING POLICIES - continued

- Apprenticeships – Government approved apprenticeships where students study through a mixture of classroom and online study. Revenue is recognised over the period of study.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 33.33% on cost, 20% on cost and 12.5% on cost
Computer equipment	- 20% on cost and 33.33% on cost

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.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. All foreign currency transactions during the year are converted at the exchange rates existing on the respective transaction dates.

Advertising

Advertising expenditure in relation to student intake for Distance Learning and Blended Learning programmes is charged to the profit and loss account when the liabilities are incurred.

Pension scheme

The company operates a small self-administered pension scheme to enable them to provide retirement benefits for certain directors. The company also operates a defined contribution pension scheme whereby the company makes contributions to insurance companies to enable them to provide retirement benefits for certain directors and employees of the company. The pension contributions made by the company under these arrangements (stated net of the personal contributions received from the individual directors/employees) are shown in the notes to the financial statements.

Intangible assets

Intangible Assets are stated at cost less accumulated amortisation and less accumulated impairment costs.

Amortisation is provided at the annual rate of 20% on cost in order to write off each asset over its estimated useful life.

Assets relating to course development are disposed of after 5 years.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019**

2. ACCOUNTING POLICIES - continued

Operating leases

Operating leases are written off to the profit and loss account on a remittance basis. Future obligations under these leases are shown in the notes to the financial statements.

Investments

Investments are stated at cost, unless the directors are of the opinion that there is an impairment and it is required to write down the investment to its estimated net realisable value.

Financial Instruments

i. Financial Assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial Liabilities

Basic financial liabilities, including trade and other payables, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019**

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Distance Learning is a part time form of study. Modules are completed at half rate of full time course. Key assumptions are that revenue is recognised on a pre module basis assuming study periods are between 3 and 6 months and 8 months for dissertations. Where study periods cross the end of an accounting period income is recognised on a pro rata basis.

Blended Learning courses are on a full time basis and are a mixture of online access to material and classroom engagement. Programmes have a set timetable over three semesters per year. Key assumptions are that revenue is recognised per semester based on fees paid. Where study periods cross the end of an accounting period income is recognised on a pro rata basis.

Management perform regular reviews and analysis to ensure the assumptions reflect the best estimates and to ensure revenue recognition under the model is consistent with FRS 102.

A Deferred tax asset is recognised only when it is probable that unrealised tax losses will become recoverable against future profits. Management produce long range profitability forecasts. These are scrutinised and challenged on a quarterly basis. Management are satisfied that the company is on track to realise its growth and profitability ambitions and consequently deem it appropriate to recognise a deferred tax asset in full.

4. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	6,601,781	4,887,945
Social security costs	595,841	453,750
Other pension costs	249,067	171,193
	<u>7,446,689</u>	<u>5,512,888</u>

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

	2019	2018
Total staff	<u>236</u>	<u>179</u>

	2019 £	2018 £
Directors' remuneration	476,438	255,678
Directors' pension contributions to money purchase schemes	<u>10,000</u>	<u>10,000</u>

Information regarding the highest paid director is as follows:

	2019 £	2018 £
Emoluments etc	346,809	243,078
Pension contributions to money purchase schemes	<u>10,000</u>	<u>10,000</u>

Key management personnel of the entity or its parent (in the aggregate)

Key management personnel received compensation totalling £780,000 (2018: £574,534).

These notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019

4. EMPLOYEES AND DIRECTORS - continued

Senior Staff Pay

	2019 Number of staff	2018 Number of staff
£110,000 to £114,999	1	0
£120,000 to £124,999	1	1
£140,000 to £149,999	1	1
£200,000 to £204,999	1	0
£225,000 to £229,999	1	1

Head of Provider

Professor Philip Hallam resigned from his role as Vice-Chancellor and CEO on 11 April 2019, he remained an employee, supporting the new Vice-Chancellor during the transition period until 31 October 2019. On 11 April 2019 Professor Carl Lygo was appointed as Vice-Chancellor & CEO. The Vice Chancellor and CEO's remuneration is set by the remuneration committee.

The highest paid Director in the 12 month period to 31 October 2019 was Professor Philip Hallam, Vice-Chancellor & CEO.

Remuneration paid to Professor Philip Hallam, former Vice Chancellor & CEO was as follows:

	12 months to 31 Oct 2019 £'000
Salary	225
Bonus	56
Pension	10
Total	<u>291</u>

In the financial year ending 31 October 2019 Professor Hallam was paid a bonus £65,559 in respect of the year ending 31 October 2018 and £56,250 in respect of the year ending 31 October 2019.

Remuneration paid to Professor Carl Lygo was as follows:

	11 April 2019 to 31 Oct 2019 £'000
Salary	<u>110</u>
Total	<u>110</u>

No bonus was paid to Professor Lygo in the period.

Relationship between the head of the provider's remuneration and other staff

- (i) The Head of Provider's basic salary is 8.91 times the median pay of staff, where the median pay is calculated on a full time equivalent basis for the salaries paid by the provider to the staff.
- (ii) The Head of Provider's total remuneration is 7.86 times the median total remuneration of staff, where the median total remuneration is calculated on a full time equivalent basis for the total remuneration paid by the provider to the staff.

These notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019

5. OPERATING LOSS

The operating loss is stated after charging:

	2019	2018
	£	£
Hire of plant and machinery	126,245	45,790
Depreciation - owned assets	332,076	289,718
Depreciation - assets on hire purchase contracts	97,527	53,259
Loss on disposal of fixed assets	-	47,710
Website and software development costs amortisation	426,682	399,223
Auditors' remuneration	75,392	55,500
Operating lease rentals - Land and Buildings	334,679	278,306
Operating lease rentals - Equipment	<u>121,236</u>	<u>84,568</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£	£
Amounts receivable on group undertakings	<u>183,705</u>	<u>-</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Bank interest and other charges	95,814	62,730
Amounts payable on group undertakings	<u>27,455</u>	<u>383,120</u>
	<u>123,269</u>	<u>445,850</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019

8. TAX ON LOSS

Analysis of the tax charge

	2019 £	2018 £
Current tax	-	-
Deferred tax charge / (credit)	<u>(3,099,385)</u>	<u>-</u>
	<u>(3,099,385)</u>	<u>-</u>
	2019 £	2018 £
Loss before tax	<u>(1,925,433)</u>	<u>(3,977,815)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	<u>(365,832)</u>	<u>(755,785)</u>
Effects of:		
Expenses not deductible for tax purposes	13,879	18,892
Income not taxable for tax purposes	(57,045)	(51,025)
Depreciation in excess of capital allowances	(29,719)	50,033
Tax losses carried forward	-	737,885
Deferred tax	<u>(2,660,668)</u>	<u>-</u>
Total tax credit	<u>(3,099,385)</u>	<u>-</u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These included reductions to the main rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax rates from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. However, it is possible that the corporation tax rate remains at 19% after 1 April 2020.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019

9. DEFERRED TAX

	2019 £	2018 £
Deferred tax asset	3,243,337	-
Deferred tax liability	(143,952)	-
	<u>3,099,385</u>	<u>-</u>

The company has trading losses totalling £19,078,445 (2018: £16,769,407) available for offset against future trading profits. It has claimed accelerated capital allowances and other short-term timing differences totalling £847,000 (2018: £426,000).

17% has been applied in the measurement of the deferred tax assets and liabilities at 31 October 2019. The deferred tax asset related to 2019 totals £3,099,385 (2018: £2,778,440).

Forecasts indicate that the University will become and remain profitable in the near future and as such could create a deferred tax asset to set against future tax charges.

10. INTANGIBLE FIXED ASSETS

	Goodwill £	Website development costs £	Software development costs £	Library and database £	Totals £
COST					
At 1 November 2018	13,510	1,199,208	915,926	631,470	2,760,114
Additions	-	177,196	420,412	54,502	652,110
Disposals	-	(205,942)	-	-	(205,942)
At 31 October 2019	<u>13,510</u>	<u>1,170,462</u>	<u>1,336,338</u>	<u>685,972</u>	<u>3,206,282</u>
AMORTISATION					
At 1 November 2018	13,510	397,991	573,308	444,890	1,429,699
Amortisation for year	-	264,727	161,955	61,802	488,484
Eliminated on disposal	-	(205,942)	-	-	(205,942)
At 31 October 2019	<u>13,510</u>	<u>456,776</u>	<u>735,263</u>	<u>506,692</u>	<u>1,712,241</u>
NET BOOK VALUE					
At 31 October 2019	<u>-</u>	<u>713,686</u>	<u>601,075</u>	<u>179,280</u>	<u>1,494,041</u>
At 31 October 2018	<u>-</u>	<u>801,217</u>	<u>342,618</u>	<u>186,580</u>	<u>1,330,415</u>

The nature of the assets held within Library and database has been reviewed and has been re-classified as intangible assets from tangible assets. The prior year figures have also been restated for this reclassification. There is no financial impact of this restatement.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019

11. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 November 2018	953,775	600,393	1,554,168
Additions	<u>166,869</u>	<u>311,330</u>	<u>478,199</u>
At 31 October 2019	<u>1,120,644</u>	<u>911,723</u>	<u>2,032,367</u>
DEPRECIATION			
At 1 November 2018	225,488	155,833	381,321
Charge for year	<u>190,580</u>	<u>177,221</u>	<u>367,801</u>
At 31 October 2019	<u>416,068</u>	<u>333,054</u>	<u>749,122</u>
NET BOOK VALUE			
At 31 October 2019	<u>704,576</u>	<u>578,669</u>	<u>1,283,245</u>
At 31 October 2018	<u>728,287</u>	<u>444,560</u>	<u>1,172,847</u>

The prior year figures have been restated.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Computer equipment £
COST	
At 1 November 2018	357,782
Additions	<u>141,655</u>
At 31 October 2019	<u>499,437</u>
DEPRECIATION	
At 1 November 2018	53,259
Charge for year	<u>97,527</u>
At 31 October 2019	<u>150,786</u>
NET BOOK VALUE	
At 31 October 2019	<u>348,651</u>
At 31 October 2018	<u>304,523</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019

12. INVESTMENTS

	Unlisted investment £
COST	
At 1 November 2018	295,050
Additions	<u>21,590</u>
At 31 October 2019	<u>316,640</u>
NET BOOK VALUE	
At 31 October 2019	<u>316,640</u>
At 31 October 2018	<u>295,050</u>

The addition is in respect of the new company formed in Germany, Arden University GmbH.

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Resource Development International Limited

Registered office: Arden House, Middlemarch Park, Siskin Drive, Coventry, CV3 4FJ

Nature of business: Non trading

	%	2019	2018
Class of shares:	holding	£	£
Ordinary £1	100.00		
Aggregate capital and reserves		<u>308,969</u>	<u>308,969</u>

The Institute Of Business and Management Limited

Registered office: Arden House, Middlemarch Park, Siskin Drive, Coventry, CV3 4FJ

Nature of business: Non trading

	%	2019	2018
Class of shares:	holding	£	£
Ordinary £1	100.00		
Aggregate capital and reserves		<u>1</u>	<u>1</u>

Arden University GmbH

Registered office: Dessauer Strasse 3-5, 10963 Berlin, Germany

Nature of business: Non trading

	%	2019
Class of shares:	holding	£
Ordinary	100.00	
Aggregate capital and reserves		<u>21,590</u>

Arden University GmbH was incorporated on 18 October 2019 and is not trading at 31 October 2019

These notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	11,909,331	7,981,420
Amounts owed by group undertakings	4,095,589	6,757
Deferred tax asset	3,243,337	-
Prepayments and accrued income	869,885	722,193
	<u>20,118,142</u>	<u>8,710,370</u>

Amounts owed by group undertakings are unsecured and have no fixed date of repayment and are repayable on demand.

Of the Deferred tax asset £2,690,355 is expected to be recoverable after more than one year.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Hire purchase contracts (see note 16)	83,028	59,605
Trade creditors	521,965	336,011
Amounts owed to group undertakings	308,969	4,946,299
VAT	242,879	184,233
Deferred Income	17,410,642	11,158,551
Other creditors	996,621	397,526
Deferred tax liability	143,952	-
PAYE and NI	251,988	172,859
Accrued expenses	5,897,551	4,186,128
	<u>25,857,595</u>	<u>21,441,212</u>

Amounts owed to Group Undertakings are unsecured and have no fixed date of repayment and are repayable on demand. Interest is charged on the amounts borrowed from the shareholder and other intercompany balances are interest free.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Hire purchase contracts (see note 16)	<u>201,138</u>	<u>190,475</u>
	<u>201,138</u>	<u>190,475</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2019 £	2018 £
Net obligations repayable:		
Within one year	83,028	59,605
Between one and five years	<u>201,138</u>	<u>190,475</u>
	<u>284,166</u>	<u>250,080</u>

These notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019

16. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	557,926	545,041
Between one and five years	2,064,451	1,950,980
In more than five years	<u>3,207,198</u>	<u>3,687,967</u>
	<u>5,829,575</u>	<u>6,183,988</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2019	2018
Number:	Class:	Nominal value:	£	£
120,481	Ordinary	£1	120,481	120,481
12,600,000	Preference	£1	<u>12,600,000</u>	-
			<u>12,720,481</u>	<u>120,481</u>

On 28 November 2018, the company issued 12,600,000 £1 redeemable preference shares. The consideration was £2,000,000 in cash, £4,000,000 in intercompany receivables and £6,600,000 waiver of intercompany payables. The £4,000,000 intercompany receivable was settled in cash in August 2019. In October 2019 the 12,600,000 £1 redeemable preference shares were re-designated as £1 convertible preference shares.

18. RESERVES

	Accumulated losses £	Capital reserve £	Totals £
At 1 November 2018	(19,513,490)	10,227,830	(9,285,660)
Profit for the year	<u>1,173,952</u>	-	<u>1,173,952</u>
At 31 October 2019	<u>(18,339,538)</u>	<u>10,227,830</u>	<u>(8,111,708)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2019**

19. ULTIMATE PARENT COMPANY

The immediate parent company is AU Bidco Limited, a company registered in England and Wales. Its registered office is Belmont House, Station Way, Crawley, West Sussex, England, RH10 1JA. This company is the head of the smallest group of which Arden University Limited is a member.

The ultimate parent company is Global University Systems BV, Tower H, 5th Floor, WTC Amsterdam, Zuidplein 36, 1077 XV Amsterdam, The Netherlands. This is the smallest and largest group into which the results of the company are consolidated.

20. RELATED PARTY DISCLOSURES

Global University Systems BV, the ultimate parent company, previously extended a revolving credit facility to the company. As at 31 October 2019, AU has repaid a balance of £4,095,589 (2018 drawn: £4,637,330) on this credit facility. The balance on this facility due to GUS at 31 October 2019 is nil (2018:£4,637,330) and the balance due from GUS at 31 October 2019 is £3,900,000 (2018: nil).

No management fees are charged between GUS and Arden University and no remuneration is paid by GUS to the directors or employees of Arden University for their services to the University.