

KAPLAN INTERNATIONAL COLLEGES U.K. LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

KAPLAN INTERNATIONAL COLLEGES U.K. LIMITED

COMPANY INFORMATION

DIRECTORS

L Cowan
R Dupont
D Jones
A Thick

REGISTERED NUMBER

05268303

REGISTERED OFFICE

Palace House
3 Cathedral Street
London
SE1 9DE

INDEPENDENT AUDITORS

Bishop Fleming LLP
Chartered Accountants & Statutory Auditors
10 Temple Back
Bristol
BS1 6FL

KAPLAN INTERNATIONAL COLLEGES U.K. LIMITED

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

INTRODUCTION

The directors present their strategic report for the Group for the year ended 31 December 2023 ("the financial year").

PRINCIPAL ACTIVITIES

The Group is a leading provider of education to international students in the UK and digitally through its on-line offering. The Group helps its students achieve their ambition of studying for and obtaining a UK University degree. The Group works closely with UK Universities, with the intention of supporting each partner University achieve their international education strategy. The Group does so by operating international colleges which are affiliated to its UK partner Universities. These colleges (collectively referred to as Pathway colleges) offer higher education programmes for international students as preparation for study at the University to which each college is affiliated, and to other Universities with whom the Group has separate agreements. The Group also provides an online equivalent of a number of its programmes. The Group has an international network of representative offices engaging in recruitment and marketing services for the region they represent, the largest of which are in India, Hong Kong, U.A.E. and Nigeria.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Group, through co-operation agreements with various UK Universities, operates affiliated international colleges, providing courses of study for international students wishing to progress to study at these Universities.

The Group delivered a profit of £23.0m in 2023 (2022: £14.6m) on revenues of £212.4m (2022: £158.3m).

The Group grew in 2023, as a result of increased student recruitment. Record breaking Autumn 2022, Spring 2023 and Autumn 2023 intakes drove higher tuition and ancillary student revenues in 2023 and had a positive impact on accommodation volumes and occupancy levels and the number of students progressing to partner Universities.

The Group's net assets as at 31 December 2023 were £65.3m (2022: £65.5m).

The Group's revenue streams are mainly student-related; they include tuition fees, accommodation income and fees for other related products and services, and university placement fees. The Group also receives income for acting as an authorised representative of an insurance services company for the sale of travel insurance to students. In addition, the Group generates revenue through the provision of services to other Group companies and is seeing revenue growth from its Kaplan Testing Services business, which administers the on-line Kaplan Test for English.

The Group prioritises student experience and student outcomes and feels that these underpin revenue growth in existing colleges and support business development activity. The directors will continue to focus on the strategic direction of the company's business and that of its subsidiaries to generate further growth for the Kaplan network of Pathways colleges. There continues to be a focus on using the Group's expertise to win further domestic and overseas contracts and develop new business activities that have a good strategic fit with the Group's existing portfolio.

Each Pathway college has a student visa licence which allows it to sponsor international students applying for student visas to study at our colleges. The licence is subject to annual basic compliance assessments by the United Kingdom Visas and Immigration service ('UKVI'). Statistics to date are well within the core measurable requirements to ensure the colleges meet the stringent compliance framework the UKVI requires. The licences also depend on maintaining Education Oversight, as the Group's Pathway colleges, with the exception of Glasgow International College, are under the Group's registration with the Office for Students for Educational Oversight. Glasgow International College falls under the Quality Assurance Agency ('QAA') for this purpose. The Office for Students is a non-departmental public body of the Department for Education, acting as the regulator and competition authority for the higher education sector in England.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

RESULTS AND FINANCIAL POSITION

Turnover for the financial year for the Group amounted to £212.4m (2022: £158.3m). The profit for the financial year was £23.0m (2022: £14.6m) and has been transferred to reserves. Net assets as at 31 December 2023 were £65.3m (2022: £65.5m).

PRINCIPAL RISKS AND UNCERTAINTIES

At the current time, the directors believe the principal risks and uncertainties facing the Group are the impact of the general economic environment, geo-political factors and increased competition.

The directors mitigate competition risk by having management regularly review the market to ensure pricing is attractive and by making student outcomes and service levels a high priority to attract and grow student numbers.

The directors mitigate the risk from the economic environment and from geo-political factors by trying, through the breadth of the Group's regional office and agent support networks, to reduce the Group's dependency on student recruitment from any single market and by providing online programmes which allow students to study from their home country, when travel or other factors such as currency fluctuations present challenges to students wishing to prepare for a UK University degree programme.

The directors believe that changes to the laws and regulations of the UKVI in relation to the issuing of student visas present uncertainty to the Group. The directors manage this risk by placing great emphasis on awareness of and compliance with UKVI regulations. Internal reviews and staff training are considered a vital component of this.

KEY PERFORMANCE INDICATORS

The directors utilise a wide range of operational performance measures to monitor the Group's business activities. However, the operational performance measures are all specific to a particular target. The Group's directors do not believe that using further key performance indicators would be necessary or appropriate for an understanding of the development, performance or position of the business as a whole.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE GROUP

The Strategic Report is required to include a statement describing how the Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 during the year ended 31 December 2023 when performing their duty under section 172 of the Act. Section 172(1) of the Companies Act 2006 states: "A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to - (a) the likely consequences of any decision in the long term, (b) the interests of the company's employees, (c) the need to foster the company's business relationships with suppliers, customers and others, (d) the impact of the company's operations on the community and the environment, (e) the desirability of the company maintaining a reputation for high standards of business conduct, and (f) the need to act fairly as between members of the company."

All activity and decision-making by the Directors is undertaken in the context of a single shareholder, the length of cooperation agreements with affiliated universities, the Group's strategic and annual planning cycle, and the monitoring by the Directors of its performance against its annual plan and budget.

In promoting the success of the Group for the benefit of its members, the directors consider the shareholders of its ultimate parent, Graham Holdings Company, as the beneficial owners. The Directors were (and continue to be) able to perform their duty under section 172(1) with the perspectives and interests of its shareholders in mind, having due regard to a broad range of matters including those referred to in section 172(1)(a) to (f).

The likely consequences of any decision in the long term

The directors consider the key factors to secure the long-term prospects of the Group to be the continued delivery of high-quality educational programmes, the retention of the Group's UKVI Student Visa Licences, maintenance of the Group's registration with the Education Oversight bodies; the Office for Students and QAA, and the maintenance of excellent, collaborative relationships with the University sector and in particular with the Group's University partners and the strength of its marketing and recruitment infrastructure. These factors form the overarching context for strategic decision-making. This context is reflected in the Business review and future developments section of the directors' Strategic Report, which also considers the principal risks and uncertainties facing the Group at this time. The Group's strategy and business plan, and the annual budget require the approval of the directors with the Governing Body, with any significant changes during the year requiring approval supported by information and advice provided by senior management. These governance arrangements, in place with focus on monthly reporting, enable the directors to continually assess the extent to which the consequences of any decision taken remain consistent with what was expected at the time the decision was made, and, whether it is appropriate to consider any alternative action.

The interests of the company and Group's employees

The directors are committed to creating an environment that continually attracts and retains talent within the Group's workforce with a focus on diversity and inclusivity. Staff-related key performance indicators are included in reporting to the directors by senior management. Business updates include feedback from annual staff satisfaction surveys. The directors fully support the Group-wide policy on initiatives focusing on personal development and professional growth. In addition, the 2023 bonus scheme for eligible employees was reviewed and approved by management, with amounts rewarded in line with the Group's performance for the year. The Group complies with the bonus policy as instructed by the management team responsible for the Graham Holdings Company's Education Division, who have final approval.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

The need to foster the company and Group's business relationships with suppliers, customers and others

The key risks identified by the Group include student dissatisfaction with the quality of services provided, disenchantment amongst student recruitment agents and sponsors, failure to comply with requirements from relevant regulators and accrediting agencies, and failure to meet key performance indicators included within cooperation agreements with partner universities. There are numerous KPIs which specifically include reporting on such risks, for example, active student engagement, student satisfaction surveys, compliance reviews and student progression levels to the Universities which had made them the offer conditional on the result of their Pathway course. These surveys and KPI's are part of management reporting to the directors. This enables prompt investigation and remedial action to be taken to address any areas where the business is not meeting its KPIs. With regards to recruitment agents and partner universities, there are dedicated relationship managers focusing on engagement and dialogue, with any potential red flags escalated through the appropriate channels promptly.

The impact of the company and Group's operations on the community

The Group has as one of its main objectives the continued promotion of its corporate social responsibility. At an operational level, this translates into workforce training, partnering with charitable organisations and encouraging staff in fund raising activities by, for example, fund matching.

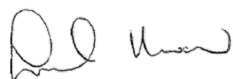
The desirability of the company and Group maintaining a reputation for high standards of business conduct

Senior management include in its reporting to the directors measurements against key performance indicators relating to specific initiatives, and against milestones for related activities. Senior management provide regular updates to the Education division of its ultimate parent company. This includes information on business performance. The Group has a high-integrity culture, with appropriate policies, training and processes relating to anti-bribery and corruption and whistleblowing, together with substantial business control functions such as Internal Audit, IT Security, Legal and Operational Health & Safety. The directors continued to oversee most, if not all, of these aspects of the Group throughout the year through quarterly Governing Body meetings.

The need to act fairly as between members of the company and Group

The Group is a wholly owned subsidiary. The ultimate owner of the Group is Graham Holdings Company. Therefore the Group is deemed to be acting fairly between members on the basis that it has one member and delivers the strategy agreed with its parent entity.

This report was approved by the board and signed on its behalf.



L Cowan
Director

Date: 23 May 2024

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

The directors present their report and the financial statements for the year ended 31 December 2023.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The business review and future developments of the Group are described in the Strategic report on page 1.

RESULTS AND DIVIDENDS

The profit for the year for the Group, after taxation, amounted to £23.0m (2022: profit of £14.6m). Dividends of £21.7m were paid during the year (2022: £12.0m).

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were:

L Cowan
R Dupont
D Jones
A Thick

DIRECTORS' INDEMNITIES

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year, via Graham Holdings Company, its ultimate parent company, directors' and Officers' liability insurance in respect of itself and its directors.

EMPLOYEES' INDEMNITIES

The Group maintains liability insurance for all employees. The liability insurance was in force during the financial year and also at the date of approval of the financial statements.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks including credit risk, liquidity risk, cash flow risk and foreign exchange risk arising from the Group's normal business activities. These risks and the Group's approach to dealing with them are discussed below.

Credit risk

Credit risk is the potential exposure of the Group to loss in the event of non-performance by a counterparty. The Group controls this risk by use of appropriate credit checks, limits and monitoring procedures.

Liquidity risk

Liquidity risk is the risk that insufficient working capital will be generated by the Group's business activities and that in this event suitable sources of funding may not be available. The Group mitigates this risk through Group banking agreements with its subsidiaries and receiving sufficient funding from its ultimate parent company for operations and long-term investment plans. There is no commercial borrowing.

Cash flow risk

Cash flow risk is the risk that there are insufficient funds to meet obligations as they fall due. The Group mitigates this risk by sweeping funds from its subsidiaries into its accounts and by receiving additional funds, if required, from other Group undertakings.

Foreign exchange risk

Foreign exchange risk is the risk that foreign assets or liabilities may be adversely affected by the change in the value of the foreign currencies. Foreign exchange risk on the intercompany balances with the parent company is borne by the parent. Foreign exchange risk on the remaining foreign intercompany balances is borne by the UK Group.

Price risk

The Group has no exposure to equity securities price risk, as it holds no equity investments other than investments in subsidiary companies.

EMPLOYEES

The Group places a high priority on ensuring that its employment policies respect the individual, and offer training, career and personal development opportunities regardless of race or ethnicity, gender, age, religion, nationality, disability, parental status, sex, sexual orientation or marital status.

Full and fair consideration is given to the employment of all individuals and reasonable adjustments are made to accommodate the disabilities of the Group's employees, whether these disabilities arose before or during their employment with the Group.

The Group believes that customer satisfaction is key to its continued success. As a result of this, the Group strives to reward the contribution made by motivated and high-performing staff. The main reward mechanism for doing this is via a performance-related annual bonus scheme.

ENGAGEMENT WITH EMPLOYEES

The Group has a well-established structure for communicating and listening to its employees through a variety of channels, including internal publications and Group-wide emails, webcasts, employee meetings and regular engagement surveys.

The Group systematically provides its employees with information on matters of concern to them, such as trading updates and business strategy, as well as consulting with its employees and inviting their views on matters that are likely to affect their interests. The directors have visibility of and fully support the Group's employee engagement strategy.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

BUSINESS RELATIONSHIPS

The directors give due consideration to its key stakeholders whilst carrying out the activities of the Group. In assessing its activities, the directors aim to act in the best interests of the Group, whilst being fair and transparent to its key stakeholders. Details of how the directors perform their duties whilst giving consideration to key stakeholders can be found in the s.172 statement on page 3.

BRANCHES OUTSIDE THE UK

Details of branches operating outside the UK can be found in Note 14 to the financial statements.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

The following scopes outline the categories of emissions to be disclosed:

Scope 1 (Direct emissions): Activities owned or controlled by your organisation that release emissions straight into the atmosphere. They are direct emissions. Examples of scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces, vehicles, emissions from chemical production in owned or controlled process equipment.

Scope 2 (Energy indirect): Emissions being released into the atmosphere associated with your consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of your organisation's activities, but which occur at sources you do not own or control.

Scope 3 (Other indirect): Emissions that are a consequence of your actions, which occur at sources which you do not own or control and which are not classed as scope 2 emissions. Examples of scope 3 emissions are business travel by means not owned or controlled by your organisation, waste disposal, or purchased materials or fuels.

The Group's overall value chain carbon footprint is made up of Scope 2 and 3 emissions and covers a period from 1 January 2023 to 31 December 2023.

Scope 2 emissions consumed and measured throughout 2023 include:

- Electricity (kWh)
- Gas (kWh)
- Water (m3)

Information was obtained via annual energy consumption reports and invoices received in the year. Where the Group was not able to obtain actual and complete consumption data, the Group used actual data that was available in the year and extrapolated that to provide an appropriate estimate.

Scope 3 emissions consumed and measured throughout 2023 include the following transportation:

- Air travel
- Train travel
- Taxi travel
- Mileage

Information was obtained via invoices received from travel/transport agencies where the Group hold an account and receipts supplied by staff to support corporate card spending and personal expense claims.

KAPLAN INTERNATIONAL COLLEGES U.K. LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Carbon emission consumption		
CO2e	2023	2022
Total annual Scope 1 emissions	-	-
Total annual Scope 2 emissions	1,887,564	1,591,130
Total annual Scope 3 emissions	427,571	279,395
Intensity ratio		
Scope 2 emissions / Revenue (£'000s)	9.24	10.07
Scope 3 emissions / Revenue (£'000s)	2.09	1.77

Greenhouse Gas Emissions were calculated using the activity data multiplied by the emission conversion factor per the 'UK Government GHG Conversion Factors for Company Reporting'.

The Group's scope 2 emissions increased in 2023 due to an increase in occupancy rates: 2023 had a full year of occupancy in our colleges and residences by Pathways students, following a full return to face-to-face teaching for courses starting from July 2022 which directly impacted energy consumption. However, the decrease in intensity ratio was primarily influenced by the significant increase in turnover as student enrolments grew.

The Group's scope 3 emissions increased in 2023 with an increase in international travel. In January 2023, China re-opened its borders following COVID-19 which led to increased travel to mainland China and Hong Kong. In September 2023, the Group hosted the Kaplan Partner Summit in Dubai at which agents, sponsors, and representatives from partner universities were in attendance. In addition to this, there was increased activity in the year from the Marketing and Recruitment team visits to support the Group's agents abroad and to continue to build those relationships.

The Group endeavours to control its carbon emissions and is conscious of the environmental impact of international travel. Wherever possible, marketing and recruitment activity is conducted either virtually, with in-country staff, or events are coordinated to reduce the amount of travel required.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS

Kaplan International Colleges U.K. Limited ("the Company") and its subsidiaries ("the Group") is a private limited group operating international colleges in the United Kingdom as affiliated colleges of UK Universities, offering higher education programmes for international students as preparation for study at the University to which each college is affiliated (collectively referred to as Pathway colleges), and to other Universities through which the Group has separate recruitment agreements with. The Company and the Group are fully owned by Graham Holdings, a company listed on the NYSE. The Company is on the Office for Students register under the approved (fee cap) category.

The Group is focused on helping its students develop the knowledge, intellectual capacity and professional experience they need for their long-term careers. Courses are designed to be academically demanding, industry relevant, and to inspire students with a real interest in how their chosen discipline plays a role in their future in the current professional world.

The Group had the following governance bodies in place throughout the year:

- Governing Board ("the GB")
- Audit and Risk Committee ("the ARC")
- Senior Management Team (Group level) ("the SMT")
- Academic, Planning & Quality Committee (Group level) ("the APQC")
- New Product Development and Approvals Group (Group level) ("NPDAG")
- Business Approval Group for Programme Developments (Group level) ("BAGPD")
- UK College Executive Management Board (Group level) ("CEMB")
- Joint Strategic Management Board with University Partners (Company level) ("the JSMB")
- College Senior Management Teams (Company level) ("College SMT")
- Pathways Health and Safety Committee (Group level) ("the PH&SC")
- Safeguarding Senior Management Team (Group level) ("the UKP Safeguarding SMT")

These governing bodies were in place throughout 2023. Throughout the year the GB was ultimately accountable for all the Group's activities.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

The GB oversaw the work of the Group and ensured that the academic governance procedures were effectively managed. The GB ensured that the Group's mission reflected the needs and interests of stakeholders and that it was aligned to its financial plan. The GB was also the principal financial and business authority of the Group, with responsibility to approve the annual budget. The GB met on 5 occasions during the financial year ending 31 December 2023.

The GB develops and implements the strategic plan for the Group. Its responsibilities include leadership, operational planning and management, risk management, financial planning, resource planning and management, managing stakeholder relationships (including industry partners) and legal obligations.

Since the creation of the GB, the SMT reports to the GB and is the senior executive decision-making body for the Group.

The APQC has oversight of academic management, maintenance and enhancement of academic quality and standards, provision of appropriate learning opportunities for students and the encouragement of a thriving community of scholarship, professionalism and research.

The NPDAG ensures the new product portfolio within the Group evolves in line with sector developments, market demand and the strategic objectives of the Group. The BAGPD fulfils a similar role except with a focus on the existing product portfolio of the Group.

The CEMB is responsible for all matters regarding the effective planning, development and management of the Group's colleges.

Each of the Group's companies operates a JSMB (or equivalent) with its university partner. Each JSMB scrutinises, oversees and monitors the strategic performance of the respective university partnership.

Each of the Group's companies holding a Pathway college operates a College SMT. The College SMT is responsible for advising and supporting the College Director in the strategic leadership and medium to long term management of the operations of the college, helping to ensure the effective and efficient delivery of all teaching, student support and associated services.

An Audit and Risk Committee is responsible for examining risk management control and governance under delegation from the Governing Body and its membership is entirely independent of the Group's executive management. It helps the Governing Body discharge its responsibility for adequate and effective risk management, control and governance (including ensuring the probity of the financial statements) and for the economy, efficiency and effectiveness of the Group's activities.

The Pathways Health and Safety Steering Group is responsible for providing assurance that health and safety performance is compliant with statutory requirements and with the goals set by Kaplan International. They are responsible for proposals for implementing Kaplan International Health and Safety Policy and for maintaining a plan for delivering Kaplan International strategic objectives and monitoring of performance against that plan. They also ensure effective consultation and communication with staff and student representatives.

The UK Pathways Safeguarding SMT has the responsibility to ensure the UK Pathways business, including activities undertaken by contracted 3rd parties, are working within the requirements of applicable safeguarding legislation and guidance and the KI Pathways Safeguarding & Prevent Policy and oversees continued improvement to enhance safeguarding practices within UK Pathways.

The Group is committed to operating in a transparent manner. Its consolidated accounts are publicly available from Companies House and are due to be published on its website from May 2024.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Appointment of Governing Board

The GB members include senior management of the Group and the wider Kaplan organisation, with two independent external members appointed as non-executive directors.

Principal and Accountable Officer

Linda Cowan holds the office of Managing Director for the Company. She is responsible for the overall management, direction and organisation of the Company. The Managing Director is the designated Accountable Officer, as defined by the Office for Students. The Managing Director is a member of the GB, the SMT, the NP DAG, the CEMB, the Company level JSMBs, the UKP Safeguarding SMT and the EDI Steering Group.

Statement of Governing Body's responsibilities

The GB had the following responsibilities during the year:

- Review and monitor the performance of the Group against its strategic goals and strategy, including its overall university partnership strategy;
- Review and monitor financial performance and achievement against financial goals and ensure financial and operational controls and risk assessments are in place to effectively manage risk;
- Review the Group's risk assessment;
- Define the authorities delegated to sub-groups and committees and receive updates on their activity;
- Receive and consider annual College reports and other reports to inform the business of the GB;
- Approve key policies that operate across the Group and delegate authority for policy approval to sub-groups and committees as appropriate; and
- Ensure regulatory compliance including ensuring the Office for Students public interest governance principles are upheld and delivered.

Diversity

The Group are committed to promoting diversity and inclusion across all aspects of our operations, including within our Governing Body, the governance committees, senior management, and workforce. This is represented in the 2023-2025 Equality, Diversity and Inclusion ("EDI") Staff Strategy.

The Strategy focuses on five key objectives: Education and Awareness; Data; Research and Impact; Recruitment and Retention; Development and Career Advancement; and Communication and Branding with detailed action plans to support across the Groups objectives. In 2023 the focus was to build strong foundations through investing in the EDI team, and in doing so set up the governance for successful investment of resources. Reviews of HR processes and policies have been initiated to support alignment with EDI best practices. As well as embedding the importance and values of EDI through Allyship training for Senior Management, an EDI CARE framework has been designed to further support the embedding of the principles across the Group.

The strength of the results of the strategy is reflected in some of the key statistics: 58% of Kaplan Pathways are female, and 50% of the Governing Body members are female. Of the promotions during the year 23% of staff are known to belong to minority ethnic groups, the Group supported staff social mobility through the awarding of 38 scholarships across 17 courses through the Pathways Development Scholarship Scheme, awareness raising through the second Kaplan iNSPIRE Global Inclusion Week with 30 events, and 15 internships from the participation in the 10K Black Interns programme.. The Group now has three Employee Resource Groups, focused on race equality, support for the LGBTQIA+ community, and parents and carers advocacy group, and in 2024 the groups for disability and neurodiverse employees, and women will launch.

There has been a significant amount of work in 2023 on the inclusion of protected characteristics throughout the Group at all levels, and detailed action plans have been developed to continue to support this important focus, we recognise that there is still more ground to cover as reflected in our multi-year strategy.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Statement of Internal Control

The GB is responsible for the Group's internal controls and for reviewing the effectiveness of these controls.

The Group's system of internal control is an ongoing process designed to manage rather than eliminate the risk of failure to achieve its strategic aims and objectives. It seeks to identify the main risks to the achievement of the Group's strategic aims and objectives, and to evaluate and manage those risks effectively. This system was in place for the financial year ending 31 December 2023 and up to the date of approval of the financial statements. There are no significant internal control weaknesses or failures to report.

The following provides a summary of arrangements in place:

- The GB meets up to 4 times per annum to consider the mission and strategic plan of the Company and to monitor performance against those plans;
- The GB has responsibility for strategic planning and management, risk management, financial planning, resource planning and management, managing stakeholder relationships (including industry partners) and legal obligations;
- The Group maintains a risk register which is reviewed regularly, through which the GB is able to evaluate the likelihood and impact of risks becoming a reality. The risk register covers business, operational and compliance risk as well as financial risk;
- The GB has responsibility for approving the Group's budget and ensures regularity and propriety through regular scrutiny;
- The GB receives regular reports on performance and areas of risk, including progress reports on key projects and action plans; and
- GB receives and reviews an annual report from ARC to gain assurance over the responsibilities delegated to the ARC.

KAPLAN INTERNATIONAL COLLEGES U.K. LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

OFFICE FOR STUDENTS REPORTING

The directors confirm that whilst the primary purpose of reporting is to meet the requirements of Companies Act, the financial statements have been prepared in accordance with the requirements of Regulatory Advice 9 (Ref: OFS 2019.41).

GOING CONCERN

The financial statements disclose all matters of which we are aware that are relevant to the ability of the Group and company to continue as a going concern, including all significant conditions and events, mitigating factors and plans. The Group and company also have the intent and ability to take actions necessary to continue as a going concern and have obtained a letter of support from Graham Holdings Company (the ultimate parent company) which provides support for meeting our liabilities as and when they fall due, but only to the extent that money is not otherwise available to meet such liabilities. This support will take the form of cash injection or parent company guarantees where appropriate and the support has been provided for a minimum period of 12 months from the date of signing of the financial statements.

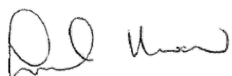
POST BALANCE SHEET EVENTS

There are no significant events subsequent to the Statement of Financial Position date.

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf.



L Cowan
Director

Date: 23 May 2024

Palace House
3 Cathedral Street
London
SE1 9DE

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

The directors are responsible for preparing the Group Strategic Report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAPLAN INTERNATIONAL COLLEGES U.K. LIMITED

OPINION

We have audited the financial statements of Kaplan International Colleges U.K. Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity, the Consolidated Analysis of Net Debt and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Office for Students' Accounts Direction (OfS 2019.41).

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAPLAN INTERNATIONAL COLLEGES U.K. LIMITED (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION 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 Group Strategic Report and Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and Director's report have been prepared in accordance with applicable legal requirements.

OPINION ON OTHER MATTERS PRESCRIBED BY THE OFFICE FOR STUDENTS' ACCOUNTS DIRECTION (OfS 2019.41)

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation.

Under the Office for Students' Accounts Direction, we are required to report to you if we have anything to report in respect of the following matters:

- The grant and fee income, as disclosed in note 5 to the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAPLAN INTERNATIONAL COLLEGES U.K. LIMITED (CONTINUED)

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.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- results of our enquires of management and the board about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud, which included incorrect recognition of revenue and management override of controls using manual journal entries, and these were identified as the greatest potential area for fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act; the requirements of the Office for Students (OfS) and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group and parent Company's ability to operate or to avoid a material penalty. These included compliance with Health and Safety regulations; UK Visa Immigration, Safeguarding and GDPR; and tax and employment legislation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAPLAN INTERNATIONAL COLLEGES U.K. LIMITED (CONTINUED)

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of management and those charged with governance concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- undertaking these procedures in relation to significant components as considered appropriate;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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 Auditors' 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.

Bishop Fleming LLP

John Talbot FCA (Senior statutory auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

10 Temple Back

Bristol

BS1 6FL

Date: *24 May 2024*

KAPLAN INTERNATIONAL COLLEGES U.K. LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

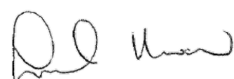
	Note	Year ended 31 December 2023 £000	Year ended 31 December 2022 £000
Turnover	4	212,449	158,311
Cost of sales		(97,089)	(73,827)
GROSS PROFIT		115,360	84,484
Administrative expenses		(91,012)	(66,242)
OPERATING PROFIT	6	24,348	18,242
Income from participating interests		672	773
Interest receivable and similar income	9	5,393	390
Interest payable and similar expenses	10	(1,455)	(25)
PROFIT BEFORE TAXATION		28,958	19,380
Tax on profit	11	(5,919)	(4,804)
PROFIT FOR THE FINANCIAL YEAR		23,039	14,576
Other comprehensive income		(1,463)	447
OTHER COMPREHENSIVE INCOME FOR THE YEAR		(1,463)	447
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		21,576	15,023

The notes on pages 27 to 52 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	As at 31 December 2023 £000	As at 31 December 2022 £000
FIXED ASSETS			
Tangible assets	13	49,212	52,645
Investments	14	876	1,152
		<u>50,088</u>	<u>53,797</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	15	229,303	236,782
Cash at bank and in hand	16	12,765	10,998
		<u>242,068</u>	<u>247,780</u>
Creditors: amounts falling due within one year	17	(223,670)	(233,051)
NET CURRENT ASSETS		<u>18,398</u>	<u>14,729</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>68,486</u>	<u>68,526</u>
PROVISIONS FOR LIABILITIES			
Other provisions	19	(3,180)	(3,052)
		<u>(3,180)</u>	<u>(3,052)</u>
NET ASSETS		<u>65,306</u>	<u>65,474</u>
Called up share capital	20	-	-
Share premium account		17,000	17,000
Capital contribution		900	900
Foreign exchange reserve		(1,413)	50
Profit and loss account		48,819	47,524
		<u>65,306</u>	<u>65,474</u>

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



L Cowan
Director

Date: 23 May 2024

The notes on pages 27 to 52 form part of these financial statements.

KAPLAN INTERNATIONAL COLLEGES U.K. LIMITED
REGISTERED NUMBER:05268303

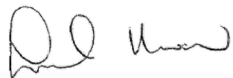
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	As at 31 December 2023 £000	As at 31 December 2022 £000
FIXED ASSETS			
Tangible assets	13	5,397	7,236
Investments	14	2,041	2,000
		<u>7,438</u>	<u>9,236</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	15	200,738	231,607
Cash at bank and in hand	16	12,066	3,566
		<u>212,804</u>	<u>235,173</u>
Creditors: amounts falling due within one year	17	(171,654)	(188,977)
NET CURRENT ASSETS		41,150	46,196
TOTAL ASSETS LESS CURRENT LIABILITIES		48,588	55,432
PROVISIONS FOR LIABILITIES			
Deferred taxation	18	(140)	(272)
Other provisions	19	(16)	-
		<u>(156)</u>	<u>(272)</u>
NET ASSETS		48,432	55,160
CAPITAL AND RESERVES			
Called up share capital	20	-	-
Share premium account		17,000	17,000
Capital contribution		900	900
Profit and loss account brought forward		37,260	26,297
Profit for the year		15,016	22,963
Dividends paid		(21,744)	(12,000)
		<u>30,532</u>	<u>37,260</u>
Profit and loss account carried forward		<u>48,432</u>	<u>55,160</u>

KAPLAN INTERNATIONAL COLLEGES U.K. LIMITED
REGISTERED NUMBER:05268303

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2023

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



L Cowan
Director

Date: 23 May 2024

The notes on pages 27 to 52 form part of these financial statements.

KAPLAN INTERNATIONAL COLLEGES U.K. LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share capital £000	Share premium account £000	Capital contribution £000	Foreign exchange reserve £000	Retained earnings £000	Total equity £000
At 1 January 2023	-	17,000	900	50	47,524	65,474
Profit for the financial year	-	-	-	-	23,039	23,039
Other comprehensive income for the year	-	-	-	(1,463)	-	(1,463)
Dividends Paid	-	-	-	-	(21,744)	(21,744)
AT 31 DECEMBER 2023	-	17,000	900	(1,413)	48,819	65,306

The notes on pages 27 to 52 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital £000	Share premium account £000	Capital contribution £000	Foreign exchange reserve £000	Retained earnings £000	Total equity £000
At 31 December 2021	-	17,000	900	(397)	44,948	62,451
Profit for the financial year	-	-	-	-	14,576	14,576
Other comprehensive income for the year	-	-	-	447	-	447
Dividends Paid	-	-	-	-	(12,000)	(12,000)
AT 31 DECEMBER 2022	-	17,000	900	50	47,524	65,474

The notes on pages 27 to 52 form part of these financial statements.

KAPLAN INTERNATIONAL COLLEGES U.K. LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Share premium account	Capital contribution	Retained earnings	Total equity
	£000	£000	£000	£000	£000
At 1 January 2023	-	17,000	900	37,260	55,160
Profit for the financial year	-	-	-	15,016	15,016
Dividends Paid	-	-	-	(21,744)	(21,744)
AT 31 DECEMBER 2023	-	17,000	900	30,532	48,432

The notes on pages 27 to 52 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium account	Capital contribution	Retained earnings	Total equity
	£000	£000	£000	£000	£000
At 31 December 2021	-	17,000	900	26,297	44,197
Profit for the financial year	-	-	-	22,963	22,963
Dividends Paid	-	-	-	(12,000)	(12,000)
At 31 December 2022	-	17,000	900	37,260	55,160

The notes on pages 27 to 52 form part of these financial statements.

KAPLAN INTERNATIONAL COLLEGES U.K. LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Year ended 31 December 2023 £000	Year ended 31 December 2022 £000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	23,039	14,576
ADJUSTMENTS FOR:		
Depreciation of tangible assets	6,382	5,108
Loss on disposal of tangible assets	-	18
Other tangible asset adjustments	114	673
Interest payable	1,455	25
Interest receivable	(5,393)	(390)
Taxation charge	5,919	4,804
Decrease/(increase) in debtors	13,180	(86,135)
(Decrease)/increase in creditors	(11,659)	85,421
Increase in provisions	121	731
Share of operating profit in associates	(672)	(773)
Corporation tax (paid)	(5,397)	(1,350)
Differences arising on translation of foreign operations	(1,463)	447
NET CASH GENERATED FROM OPERATING ACTIVITIES	25,626	23,155
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(3,063)	(5,329)
Interest received	-	390
Interest paid	-	(25)
Dividends received from associated undertakings	948	-
NET CASH FROM INVESTING ACTIVITIES	(2,115)	(4,964)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(21,744)	(12,000)
NET CASH USED IN FINANCING ACTIVITIES	(21,744)	(12,000)
INCREASE IN CASH AND CASH EQUIVALENTS	1,767	6,191
Cash and cash equivalents at beginning of year	10,998	4,807
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	12,765	10,998
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	12,765	10,998
	12,765	10,998

KAPLAN INTERNATIONAL COLLEGES U.K. LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2023

	At 1 January 2023 £000	Cash flows £000	At 31 December 2023 £000
Cash at bank and in hand	10,998	1,767	12,765
Cash at bank and in hand	10,998	1,767	12,765

The notes on pages 27 to 52 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. GENERAL INFORMATION

Kaplan International Colleges U.K. Limited ("the Company") and its subsidiaries (collectively "the Group") operates international colleges as affiliated colleges as well as having separate recruitment agreements into various UK universities. The Group offers higher education programmes for international students as preparation for study at UK Universities at the international colleges it operates. Where the Group's University placement service successfully enrol students into Universities with which it has recruitment agreements, it receives a placement fee.

The Company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Palace House, 3 Cathedral Street, London, England, SE1 9DE.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The financial statements conform to guidance published by the Office for Students (OfS) in the Regulatory advice 9: Accounts Direction (OfS 2019.41).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The consolidated financial statements have been prepared in conjunction with FRS 102 Associates and joint ventures. The associate has been included within the consolidated financial statements using the equity method, with the share of profits owned being included immediately after group reporting results.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN

The financial statements disclose all matters of which we are aware that are relevant to the ability of the Group and Company to continue as a going concern, including all significant conditions and events, mitigating factors and plans of the Group and Company. The Group and Company also has the intent and ability to take actions necessary to continue as a going concern, and has obtained a letter of support from Graham Holdings Company (the ultimate parent company) which provides support for meeting our liabilities as and when they fall due, but only to the extent that money is not otherwise available to meet such liabilities. This support will take the form of cash injection or parent company guarantees where appropriate and the support has been provided for a minimum period of 12 months from the date of signing of the financial statements.

2.4 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. ACCOUNTING POLICIES (continued)

2.5 TURNOVER

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, net of discounts, rebates, and before value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Turnover, in the form of tuition fees and enrolment fees, is recognised over the number of teaching weeks of the relevant course, which may span a financial year. Any receipts in advance of a course starting date are held on the Statement of Financial Position as deferred income.

Rental income on the provision of accommodation to students is recognised in the Statement of Comprehensive Income on a straight-line basis over the lease or tenancy agreement term.

Turnover relating to commission from the sale of travel insurance on an agency basis, is recognised in full at the point of sale.

Turnover relating to placement fees earned from the University are due on and are recognised in full on enrolment of students from the International College on the University programmes.

Turnover in the Company that arises from charging group companies management fees for the provision of support function services and strategic leadership is recognised annually, using a cost plus model.

Turnover relating to the sale of goods is recognised when goods are delivered.

2.6 OPERATING LEASES: THE GROUP AS LESSEE

Rents due under operating leases are charged to the Statement of Comprehensive Income based on the amount contractually due for the year. Operating leases where increases are not deemed inflationary are charged on a straight-line basis over the period of the lease. Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

2.7 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.8 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. ACCOUNTING POLICIES (continued)

2.9 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.10 SHARE BASED PAYMENTS

Restricted shares are awarded to certain employees by the Group's ultimate holding company. The fair value of the shares at the date of grant are charged to the Group on a straight-line basis over the vesting period, and the Group expenses them in Statement of Comprehensive Income on the same basis.

Non-market vesting conditions are taken into account by adjusting the number of restricted shares expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

2.11 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. ACCOUNTING POLICIES (continued)

2.12 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- 50 years
Leasehold improvements	- life of lease
Fixtures and fittings	- 3 to 5 years
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets under construction are measured at cost less any recognised impairment loss. These assets are capitalised when they are considered ready for use and depreciated from such date.

At each reporting date, the group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount. A review is carried out annually by the directors to assess if any indicators of impairment exist.

2.13 VALUATION OF INVESTMENTS

Investments are stated at cost less amounts written off in respect of permanent diminutions in value.

2.14 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. ACCOUNTING POLICIES (continued)

2.15 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 PROVISIONS FOR LIABILITIES

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. ACCOUNTING POLICIES (continued)

2.18 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.19 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

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. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of short-term debtor balances is accounted for based on the status of the students, whether the amounts owed in relation to students have been guaranteed by sponsors and whether there are any market or financial conditions which could result in non-payment. These reviews are conducted during the year and at the Statement of Financial Position date and provision for impairments are informed by market information and historic trends.

The Group is engaged in lease arrangements for the provision of student accommodation. As part of the lease arrangements, the Group is responsible for the cost of replacing, reinstalling or rectifying the assets where there is a present contractual or statutory requirement. Where settlement of these obligations is considered probable, amounts are recorded in accruals or provisions.

There is an additional estimate surrounding the lease life. When break clauses are included in the contract it must be estimated as to whether they will be used. This affects the release of rent-free accruals, dilapidations provisions as well as other costs relating to the leased building.

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors, such as technological innovation, product life cycles and maintenance programmes.

Where impairment triggers are identified, the recoverable amount of an investment is generally determined by its value in use, which is derived from discounted cash flow calculations. Judgment is required to determine whether impairment indicators exist. The key inputs into the cash flow calculations include the estimate of growth rates, discount rates and length of contract. Judgment is required in relation to the achievability of the long-term business plan and macroeconomic assumptions underlying the valuation process. Pre-tax cash flows for the year are based on Group's Senior Management Team approved business plans and are thereafter based on long term growth rates.

The Group assesses the impairment of investments in subsidiaries whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

4. TURNOVER

An analysis of turnover by class of business is as follows:

	Year ended 31 December 2023 £000	Year ended 31 December 2022 £000
Tuition fees and other	137,644	109,270
Accommodation income	32,648	24,975
University placement fees	14,421	10,959
Other income	19,568	12,404
Management fees from group companies	8,168	703
	<u>212,449</u>	<u>158,311</u>

Analysis of turnover by country of destination:

	Year ended 31 December 2023 £000	Year ended 31 December 2022 £000
United Kingdom	204,421	156,153
Rest of the world	8,028	2,158
	<u>212,449</u>	<u>158,311</u>

5. OFS GRANT AND FEE INCOME

	Year ended 31 December 2023 £000	Year ended 31 December 2022 £000
Grant income from the OFS	-	-
Grant income from other bodies	-	-
Fee income for taught awards (ex. VAT)	15,181	11,821
Fee income for research awards (ex. VAT)	-	-
Fee income from non-qualifying courses (ex. VAT)	122,463	97,449
	<u>137,644</u>	<u>109,270</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

6. OPERATING PROFIT

The operating profit is stated after charging:

	Year ended 31 December 2023 £000	Year ended 31 December 2022 £000
Fees payable to the group's auditors for the audit of the company's financial statements	15	23
Fees payable to the group's auditors for the audit of the company's subsidiaries	198	179
Fees payable to the group's auditors in respect of other services and taxation	48	44
Operating lease charges - land and buildings	28,086	17,649
Operating lease charges - plant and machinery	24	26
Impairment and write-off of trade receivable	2,733	1,491
Depreciation of tangible fixed assets (note 13)	6,382	5,108
Loss on disposal of tangible fixed assets	114	22
Foreign exchange (gains)/losses	(456)	(1,315)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
7. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	Group Year ended 31 December 2023 £000	Group Year ended 31 December 2022 £000	Company Year ended 31 December 2023 £000	Company Year ended 31 December 2022 £000
Wages and salaries	50,859	42,333	24,819	19,007
Social security costs	5,341	4,432	2,875	2,130
Cost of defined pension contribution scheme	1,504	1,259	716	551
	57,704	48,024	28,410	21,688

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

	Group Year ended 31 December 2023 No.	Group Year ended 31 December 2022 No.	Company Year ended 31 December 2023 No.	Company Year ended 31 December 2022 No.
Tuition	559	534	19	4
Administration	770	659	372	313
	1,329	1,193	391	317

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

7. EMPLOYEES (CONTINUED)

The company is registered with the Office for Students (OfS) regarding its UK Pathways Colleges in England. As part of the ongoing requirements of registration, the following disclosures are required in respect of the Head of Provider.

The Head of Provider's remuneration package includes a basic salary of £231k (2022: £225k) and pension contributions of £12k (2022: £11k). In 2024, a bonus of £194k was awarded relating to the previous year. Of this, £116k was paid to the Head of Provider and £79k was forfeited. (2022: Bonus awarded in 2023 but relating to 2022 was £147k. £113k paid and £37k forfeited).

The Head of Provider's basic pay is 7.01 times (2022: 7.14) higher than the median basic pay of staff. The Head of Provider's total remuneration is 10.35 times (2022: 10.62) the median total remuneration of staff.

There were no long-term investment plans that vested in 2024 that related to the 2023 performance of the business. A long-term investment plan vested in January 2023, relating to the 2022 performance of the business. The award was £78k and was fully forfeited and therefore no payment was received by the Head of Provider.

The Head of Provider continues to be part of long-term incentive plans established by the Group's parent company which may make awards in future periods, and which will be disclosed as and when those awards vest.

The Head of Provider holds restricted stock of the Graham Holdings Company in connection to both their role as Head of Provider but also their broader leadership responsibilities within the Kaplan Inc Group. There were 205 new shares granted in the year (2022: nil) and 100 shares vested in the year with a value of £50k (2022: nil). The number of restricted shares brought forward from 2022 was 334. The Graham Holdings share price is driven by its diversified business holdings in the automotive, manufacturing, media, healthcare, hospitality, data and education sectors, amongst others. As at the 2023 year-end, the Head of Provider holds 439 unvested restricted stock options in Graham Holdings Company.

The Head of Provider receives private medical insurance with a benefit value of £746 (2021: £619).

The Head of Provider's remuneration package is based on several factors. As well as being responsible for a portfolio of 10 International Pathway Colleges in the UK and a digital Pathway offering, the Head of Provider plays a key part in building and maintaining relationships with partner universities. The Head of Provider also takes a leading role in shaping the strategic direction of the Group and actively contributes, through her membership of the Kaplan Leadership Group, to the strategic direction of the broader group of businesses that form the Education Division of the Group's ultimate parent, Graham Holdings Company. The Head of Provider's total remuneration package is proposed by the Senior Vice President of the Higher Education division of Kaplan International and is reviewed and approved by the Kaplan Inc. remuneration committee. Kaplan Inc. is the Education Division of the group's ultimate parent, Graham Holdings Company.

The number of staff with a basic salary of over £100,000 per annum employed by Kaplan International Colleges U.K. Limited is disclosed below. 18 (2022: 22) of these staff are employed in roles with responsibility across a significant number of Kaplan businesses and therefore these broader responsibilities are reflected in the salary they receive. Their full basic salary has been used for the purpose of this disclosure as it is not possible to make an appropriate apportionment of their time across the range of Kaplan businesses they serve.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. EMPLOYEES (CONTINUED)

£100k+ salary bands	2023	2022
£100,000 - £104,999	7	6
£105,000 - £109,999	1	-
£110,000 - £114,999	-	2
£115,000 - £119,999	-	3
£120,000 - £124,999	2	1
£125,000 - £129,999	5	1
£130,000 - £134,999	2	1
£135,000 - £139,999	1	-
£140,000 - £144,999	-	4
£145,000 - £149,999	1	1
£150,000 - £154,999	3	1
£155,000 - £159,999	1	-
£160,000 - £164,999	1	1
£165,000 - £169,999	-	-
£170,000 - £174,999	-	-
£175,000 - £179,999	-	1
£180,000 - £184,999	1	-
£185,000 - £189,999	-	-
£190,000 - £199,999	-	-
£200,000 - £204,999	-	1
£205,000 - £209,999	1	-
£210,000 - £214,999	-	-
£215,000 - £219,000	-	1
£220,000 - £224,999	1	-
£225,000 - £229,999	1	1
£230,000 - £234,999	1	-
£235,000 - £299,999	-	-
£300,000 - £304,999	-	-
£305,000 - £319,999	-	-
£320,000 - £324,999	-	1
£325,000 - £329,999	1	-
	30	26

The total amount of compensation paid for loss of office was as follows:

	2023 £000s	2022 £000s
Total amount paid across the company for loss of office	160	186
No. of employees to which this relates	26	21

None of the amounts paid in respect to compensation of loss of office relate to the Head of Provider.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
8. DIRECTORS' REMUNERATION

Remuneration and pension contributions for one director (2022: one) is borne by Aspect Education Limited, a fellow group undertaking. Details of their remuneration can be found in Aspect Education Limited's financial statements. It is not possible to make an appropriate apportionment for the element of remuneration which relates to the group. Remuneration and pension contributions for another director was borne by Kaplan Learning Institute Pte Ltd (2022: one). Remuneration payable to the two directors (2022: three) was as follows:

	Year ended 31 December 2023 £000	Year ended 31 December 2022 £000
Directors' emoluments	1,085	1,451
Long term incentive schemes	102	218
Company contributions to defined contribution pension schemes	27	19
	<u>1,214</u>	<u>1,688</u>

The highest paid director received remuneration of £845k (2022:£850k).

At 31 December 2023, two (2022: two) directors held 878 B Class Common Stock in the Company's ultimate parent (2022: 898) Graham Holding Company which was granted under a share incentive scheme issuing restricted stock. The shares are exercised for £Nil consideration at the end of the vesting period. Of the 898 stocks that were carried forward to 2023, 430 vested in 2023 (2022: Nil) and 468 will vest in 2025. 410 new stocks were granted in 2023 (2022: Nil), which will vest in 2027.

Compensation expense is charged to the Group and recognised on a straight-line basis over the four-year vesting period. The charge for the year was £117k (2022: £121k) Directors must be employees at the end of the vesting period to receive the restricted shares.

9. INTEREST RECEIVABLE

	Year ended 31 December 2023 £000	Year ended 31 December 2022 £000
Interest received and similar income	5,393	390
	<u>5,393</u>	<u>390</u>

Intercompany interest is receivable on an unsecured loans received from companies within the Kaplan group being Kaplan UK Limited.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
10. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 December 2023 £000	Year ended 31 December 2022 £000
Interest paid and similar expenses	1,455	25
	<u>1,455</u>	<u>25</u>

Intercompany interest is payable on unsecured loans received from companies within the Kaplan group being Kaplan UK Limited.

11. TAXATION

	Year ended 31 December 2023 £000	Year ended 31 December 2022 £000
CORPORATION TAX		
Current tax on profits for the year	3,255	1,350
Adjustments in respect of previous periods	(120)	(167)
	<u>3,135</u>	<u>1,183</u>
Group taxation relief	3,794	2,430
	<u>6,929</u>	<u>3,613</u>
FOREIGN TAX		
Foreign tax on income for the year	(701)	500
Foreign tax in respect of prior periods	-	290
	<u>(701)</u>	<u>790</u>
TOTAL CURRENT TAX	<u>6,228</u>	<u>4,403</u>
DEFERRED TAX		
Origination and reversal of timing differences	(475)	256
Adjustments in respect of prior periods	166	145
TOTAL DEFERRED TAX	<u>(309)</u>	<u>401</u>
TAX ON PROFIT	<u>5,919</u>	<u>4,804</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
11. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR/PERIOD**

The tax assessed for the year/period is lower than (2022:higher than) the standard rate of corporation tax in the UK of 23.47% (2023: 19%). The differences are explained below:

	Year ended 31 December 2023 £000	Year ended 31 December 2022 £000
Profit on ordinary activities before tax	28,958	19,380
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.47% (2022:19%)	6,796	3,717
EFFECTS OF:		
Expenses not deductible for tax purposes	290	81
Fixed asset differences	297	183
Income disallowed for tax purposes	(394)	-
Adjustments to tax charge in respect of prior periods - corporation tax	(938)	(163)
Adjustments to tax charge in respect of prior periods - deferred tax	165	145
Remeasurement of deferred tax for change in tax rates	(17)	(74)
Difference between UK and foreign tax rates	(280)	915
TOTAL TAX CHARGE FOR THE YEAR/PERIOD	5,919	4,804

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

12. DIVIDENDS

	31 December 2023 £000	31 December 2022 £000
Dividends paid	21,744	12,000
	21,744	12,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
13. TANGIBLE FIXED ASSETS**Group**

	Long-term leasehold property £000	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Assets under construction £000	Total £000
COST						
At 1 January 2023	28,377	19,518	10,391	9,186	1,454	68,926
Additions	-	729	1,022	356	956	3,063
Disposal	-	-	-	-	(114)	(114)
Capitalised	-	-	-	1,516	(1,516)	-
At 31 December 2023	<u>28,377</u>	<u>20,247</u>	<u>11,413</u>	<u>11,058</u>	<u>780</u>	<u>71,875</u>
DEPRECIATION						
At 1 January 2023	1,718	6,480	4,092	3,991	-	16,281
Charge for the year	579	1,700	1,264	2,839	-	6,382
At 31 December 2023	<u>2,297</u>	<u>8,180</u>	<u>5,356</u>	<u>6,830</u>	<u>-</u>	<u>22,663</u>
NET BOOK VALUE						
At 31 December 2023	<u>26,080</u>	<u>12,067</u>	<u>6,057</u>	<u>4,228</u>	<u>780</u>	<u>49,212</u>
At 31 December 2022	<u>26,659</u>	<u>13,038</u>	<u>6,299</u>	<u>5,195</u>	<u>1,454</u>	<u>52,645</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
13. TANGIBLE FIXED ASSETS (CONTINUED)
Company

	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Assets under construction £000	Total £000
COST					
At 1 January 2023	714	242	8,450	1,463	10,869
Additions	-	-	74	956	1,030
Disposal	-	-	-	(114)	(114)
Capitalised	-	-	1,516	(1,516)	-
At 31 December 2023	<u>714</u>	<u>242</u>	<u>10,040</u>	<u>789</u>	<u>11,785</u>
DEPRECIATION					
At 1 January 2023	31	20	3,582	-	3,633
Charge for the year	74	49	2,632	-	2,755
At 31 December 2023	<u>105</u>	<u>69</u>	<u>6,214</u>	<u>-</u>	<u>6,388</u>
NET BOOK VALUE					
At 31 December 2023	<u>609</u>	<u>173</u>	<u>3,826</u>	<u>789</u>	<u>5,397</u>
At 31 December 2022	<u>683</u>	<u>222</u>	<u>4,868</u>	<u>1,463</u>	<u>7,236</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

14. FIXED ASSET INVESTMENTS

Group

	Investments in joint ventures £000
COST AND NET BOOK VALUE	
At 1 January 2023	1,152
Share of profit for the year	672
Dividends received	(948)
	<hr/>
At 31 December 2023	876
	<hr/> <hr/>

The share of profit disclosed in the consolidation above relates to the investment in University of York International Pathway College LLP.

The balances as at 26 December 2021 was £379k, with a £773k share of profit for the year, resulting in a closing position at 31 December 2022 of £1,152k.

Company

	Investments in subsidiaries £000
COST AND NET BOOK VALUE	
At 1 January 2023 (and at 26 December 2021 and 31 December 2022)	2,000
Transfer	41
	<hr/>
At 31 December 2023	2,041
	<hr/> <hr/>

The investments held at cost in the Company are in relation to the investment in Kaplan Bournemouth Limited (£2m) and the investment in Kaplan International Colleges Nigeria (£41k). The transfer of £41k relates to the recognition of the investment in Kaplan International Colleges Nigeria which had not previously been recognised.

In the year, no impairment charges have been recognised in relation to either of these investments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

14. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Kaplan NT Limited	England & Wales	Higher Education	Direct	100%
Kaplan Glasgow Limited	England & Wales	Higher Education	Direct	100%
Kaplan Liverpool Limited	England & Wales	Higher Education	Direct	100%
Kaplan International College London Limited	England & Wales	Higher Education	Direct	100%
Kaplan Brighton Limited	England & Wales	Higher Education	Direct	100%
Kaplan UWE Limited	England & Wales	Higher Education	Direct	100%
Kaplan Bournemouth Limited	England & Wales	Higher Education	Direct	100%
Kaplan York Limited	England & Wales	Higher Education	Direct	100%
Kaplan Colleges Private Limited	India	Representative Office	Direct	99%
Kaplan International Colleges (Private) Limited	Pakistan	Dormant	Direct	100%
Kaplan International Colleges Limited	Nigeria	Representative Office	Direct	100%
Kaplan Qatar Limited	England & Wales	Dormant	Direct	100%
Kaplan Nottingham Limited	England & Wales	Higher Education	Direct	100%
Kaplan Estates Limited	England & Wales	Property Management	Direct	100%
Kaplan Partner Services HK Limited	Hong Kong	Higher Education	Direct	100%
Kaplan Essex Limited	England & Wales	Higher Education	Direct	100%

In the opinion of the directors the investments in and amounts due from the company's subsidiary undertakings are worth at least the amounts at which they are stated in the Statement of Financial Position.

Associate	Country of incorporation	Principal activity	Percentage of ordinary shares held
University of York International Pathway College LLP	England & Wales	Higher Education	45%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
15. DEBTORS

	Group 31 December 2023 £000	Group 31 December 2022 £000	Company 31 December 2023 £000	Company 31 December 2022 £000
Trade debtors	34,149	21,504	7,609	-
Amounts owed by group undertakings	150,326	168,713	187,479	216,348
Other debtors	15,161	22,631	2,916	13,433
Prepayments and accrued income	29,318	23,893	2,734	1,826
Deferred taxation (note 18)	349	41	-	-
	229,303	236,782	200,738	231,607

Trade debtors are stated after provisions for impairment. Provisions for impairment as at 31 December 2023 were £3,345,000 (2022: £3,600,000).

The amounts due from group undertakings are unsecured repayable on demand and bear interest at SONIA.

There are no other debtor balances due after more than one year (2022: £NIL).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
16. CASH AND CASH EQUIVALENTS

	Group 31 December 2023 £000	Group 31 December 2022 £000	Company 31 December 2023 £000	Company 31 December 2022 £000
Cash at bank and in hand	12,765	10,998	12,066	3,566
	12,765	10,998	12,066	3,566

At the year end date the cash at bank is secured by way of a intercompany guarantee between group undertakings.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 31 December 2023 £000	Group 31 December 2022 £000	Company 31 December 2023 £000	Company 31 December 2022 £000
Trade creditors	8,566	12,235	439	-
Amounts owed to group undertakings	58,776	86,137	157,668	177,261
Corporation tax	3,329	2,499	270	101
Other taxation and social security	5,872	7,997	1,493	1,066
Accruals and deferred income	147,127	124,183	11,784	10,549
	223,670	233,051	171,654	188,977

The amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
18. DEFERRED TAXATION**Group**

	31 December 2023 £000	31 December 2022 £000
At beginning of year	41	440
Charged/(credited) to profit or loss	308	(399)
AT END OF YEAR	349	41

Company

	31 December 2023 £000	31 December 2022 £000
At beginning of year	(272)	45
Charged to profit or loss	132	(317)
AT END OF YEAR	(140)	(272)

	Group 31 December 2023 £000	Group 31 December 2022 £000	Company 31 December 2023 £000	Company 31 December 2022 £000
Accelerated capital allowances	(785)	(479)	(450)	(45)
Short term timing differences	1,315	520	310	(227)
Other	(181)	-	-	-
	349	41	(140)	(272)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
19. PROVISIONS**Group**

	Dilapidations provision £000	Total £000
At 1 January 2023	3,052	3,052
Charged to profit or loss	128	128
AT 31 DECEMBER 2023	3,180	3,180

During 2023 there has been a change to the methodology for calculating the estimate for the dilapidation provision for leasehold properties. The Group has moved from building a provision to reflect its expected liability for all works as tenant when it exits the lease to ensuring it considers the following three key elements in the context of each lease it holds: assets that are mandated to be replaced; wear and tear considerations; and any building reinstatement requirement.

This has resulted in a change in dilapidation provision for two leases, Landsdown Point, Bournemouth and Circus Street, Brighton, resulting in a one-off credit of £123k to Administrative Expenses in the Statement of Comprehensive Income with an equivalent reduction in the Provision held within the Statement of Financial Position. As at 31 December 2023, the Statement of Financial Position includes the net present value of any required provision for asset replacement and of any building reinstatement obligation. Future expense estimates in relation to the Group's leases that contain a requirement to replace based on wear and tear considerations cannot be accurately estimated for future periods

Company

	Dilapidations provision £000	Total £000
At 1 January 2023	-	-
Charged to profit or loss	16	16
AT 31 DECEMBER 2023	16	16

20. SHARE CAPITAL

	31 December 2023 £	31 December 2022 £
ALLOTTED, CALLED UP AND FULLY PAID		
2 (2022:2) Ordinary shares of £1 each	2	2

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital. There were no shares issued during the year (2022: none).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
21. PENSION COMMITMENTS

The Company contributes to a Group Personal Pension Plan administered by Aviva Insurance. The pension charge for the year amounted to £1,504,000 (2022: £1,259,000). At 31 December 2023, there were contributions outstanding of £1,000 (2022: £1,000).

22. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 31 December 2023 £000	Group 31 December 2022 £000	Company 31 December 2023 £000	Company 31 December 2022 £000
Not later than 1 year	25,522	22,113	673	460
Later than 1 year and not later than 5 years	44,835	49,327	1,540	1,622
Later than 5 years	50,356	58,675	1,405	1,783
	120,713	130,115	3,618	3,865

23. RELATED PARTY TRANSACTIONS

There are no related party transactions requiring disclosure as the Company has taken advantage of the exemption within FRS 102 that allows the non-disclosure of transactions or balances with entities that are part of the Group or investments of the group qualifying as related parties where 100% of the company's voting rights are controlled within the Group. The Company is included in the consolidated financial statements of Graham Holdings Company, which are publicly available.

At the balance sheet date the Group was owed £150.3m (2022: £168.7m) from and owed £58.8m (2022: £86.1m) to fellow group undertakings. Interest income of £5,393k (2022: £390k) from short term loans were provided to other group companies. Interest expense of £1,455k (2022: £Nil) from short term loans were provided by other group companies.

The Group has a minority interest in the University of York International Pathway a College LLC ('UYIPC'). During the year, the Group provided marketing and recruitment services to UYIPC and charged the UYIPC for other items including contributions into a defined contribution pension scheme on behalf of UYIPC staff. The total costs charged to UYIPC in the year was £1.4m (2022: £1.0m). The Group accounts for income from its interest in UYIPC. In this year, this amounted to £0.7m (2022: 0.8m). At the year end the Group was owed £1.0m by UYIPC (2022: £1.2m). The balances are not secured and are not interesting bearing.

24. POST BALANCE SHEET EVENTS

There are no significant events subsequent to the Statement of Financial Position date.

25. CONTROLLING PARTY

Throughout the year the Company was a wholly owned subsidiary of the immediate parent undertaking company Kaplan International Holdings Limited, its registered address is Palace House, 3 Cathedral Street, London, England, SE1 9DE. The ultimate controlling party, Graham Holdings Company, is incorporated in the USA. Copies of its consolidated financial statements can be found online on the Graham Holdings company website (www.ghco.com). Its registered address is 1300 North 17th Street, Suite 1700, Arlington VA 22209, United States.