

INSTITUTE OF ART - LONDON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2025

INSTITUTE OF ART - LONDON LIMITED

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INSTITUTE OF ART - LONDON LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | Matthew Brehm Larisa Avner Trainor |
| Company secretary | Amanda Marie-Frances Bakale |
| Registered number | 03087911 |
| Registered office | 30 Bedford Square London WC1B 3EE |
| Independent auditors | RBK Audit UK Limited Chartered Accountants and Statutory Audit Firm RBK House Irishtown Athlone Co. Westmeath Ireland |
| Bankers | HSBC 129 New Bond Street London England W1S 1EA |
| Solicitors | Mills & Reeve Botanic House 98-100 Hills Road Cambridge CB2 1PH |

INSTITUTE OF ART - LONDON LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2025

The directors present their annual report together with the financial statements and auditors report for the company for the year ended 31 August 2025.

Principal activity

The principal activity of the company is the provision of education for those seeking careers in the art and fashion world and related fields such as luxury and the creative industries.

Directors

The directors who served during the year were:

Matthew Brehm
Larisa Avner Trainor

Disclosure of information to auditors

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

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, RBK Audit UK Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 20/01/2026 and signed on its behalf.

Secretary Amanda Bakale *Amanda Bakale*

Date: 20/01/2026

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 AUGUST 2025

Introduction

Institute of Art – London Limited (“IOALL”) is a higher education provider which currently trades as Sotheby’s Institute of Art – London (“SIAL”) and, from 1 May 2025, as Vogue College of Fashion (“VCF”). Having initially registered with the OfS in 2018 in the Approved category, in 2020 IOALL made a successful application to change its registration category to Approved (Fee Cap).

IOALL is a private company limited by shared, incorporated in England and Wales, Company Number 03087911. The registered office is 30 Bedford Square, London WC1B 3EE. IOALL is a wholly owned subsidiary of Institute of Art Holdings LLC, registered in the state of Delaware, USA, company number 3708619. This is a member of the BrandEd group of companies, of which Cambridge Information Group II LLC (“CIG”), registered in the state of Maryland, USA, company number 7104259, is the ultimate parent company.

There is one other Sotheby’s Institute of Art in New York. The New York institute is wholly owned by CIG and regulated in the United States. There is one other Vogue College of Fashion in Madrid. The Madrid college is regulated in Spain and owned by CNC London Limited, also part of the BrandEd group of companies. Neither entity is or will imminently become a part of IOALL.

The body with ultimate decision-making powers in the UK is the Governing Body. To date, the Governing Body has reported to the IOALL Board, which is appointed by the shareholder, Institute of Art Holdings LLC. This Board has delegated responsibility for educational oversight of IOALL to the Governing Body.

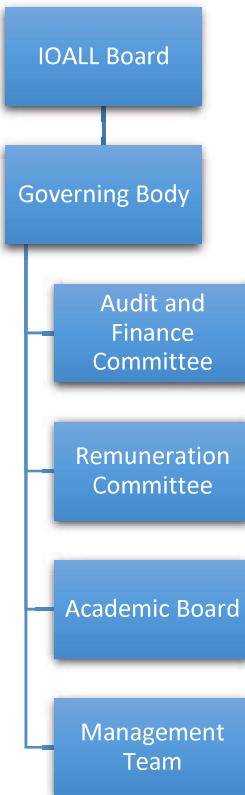
The Governing Body is responsible for oversight of Finance and Resources and for nominating and appointing members of the Governing Body and its committees. The Audit and Finance Committee is responsible for the audit functions, reporting to the Governing Body. The Remunerations Committee is responsible for the remuneration function, also reporting to the Governing Body.

Responsibility for management and academic leadership is delegated to the SIAL Director and IOALL Chief Academic Officer, who chairs the Management Team and Academic Board, and is the OfS Accountable Officer. Students are represented on the Academic Board and other committees and since October 2019 there has been a student member of the Governing Body.

In the light of the various developments in governance since 2018, the present governance structure may be illustrated as follows:

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2025



Governing Body - Terms of Reference

Introduction:

- A. Institute of Art-London Limited (IOALL) is a private limited company and a higher education provider trading as Sotheby's Institute of Art-London (the "Institute" or "SIAL") and (from 1 May 2025) Vogue College of Fashion (VCF).
- B. The Directors of Institute of Art – London Limited are legally responsible for the business of the company. The articles of association of the company entitle the Directors to "*establish local boards [...] managing any of the affairs of the Company*", to "*appoint any persons to be members of the local [...] boards*" and to "*delegate to any local board [...] any of the powers, authorities and discretions vested in or exercisable by*" the Directors "*with power to sub-delegate*".
- C. On 18 May 2018 the Board exercised its right to establish the Governing Body as a local board and delegated certain functions to the Governing Body. The Board resolved that the Governing Body be established and become operative with immediate effect in accordance with these Terms of Reference, which shall remain in force until they are amended in accordance with their terms.

The Board resolved that the Governing Body be established and become operative with immediate effect in accordance with the Terms of Reference, which shall remain in force until they are amended in accordance with their terms.

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

Composition of the Governing Body:

A. There shall be a Governing Body of no more than eight members. The categories of membership shall be as follows:

1. Independent members – a minimum of 3, up to 5 including the Chair and Deputy Chair
2. Senior staff members – 2
3. Parent company member – 1
4. Student members – 2

Those persons listed in membership categories 1-4 above may be referred to as "Members" of the Governing Body.

B. In addition to the above membership categories, other persons may be invited to attend and participate in meetings of the Governing Body on a routine or ad hoc basis but shall not be deemed to be Members of the Governing Body.

C. A person shall not become or be deemed a member of the IOALL Board by virtue of his/her appointment as a Member or Student Member of the Governing Body.

The composition of the Governing Body is set out in **Table 1**.

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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

Table 1: Composition of the Governing Body

| Role | Description | Membership category |
|---|---|---------------------|
| Chair | An independent person appointed as chair by the parent company of Institute of Art – London Limited. | 1 |
| Deputy Chair | An independent person appointed from among the independent members of the Governing Body. | 1 |
| Parent company member | The Chief Executive Officer of the BrandEd group of companies | 3 |
| Senior staff members | Up to two members including the Chief Academic Officer of IOALL, Accountable Officer to the Office for Students and Director of SIAL; and the Global Director of VCF. | 2 |
| Independent members | Up to three additional persons appointed with the approval of the parent company of Institute of Art – London Limited, following recommendation from the Governing Body. | 1 |
| Student members | Two students of IOALL (or a recent alumnus/a), one from each of SIAL and VCF, to be appointed or elected in accordance with the procedures adopted by the Governing Body from time to time. | 4 |
| Clerk to the Governing Body | The Head of Quality attends meetings as Clerk to the Governing Body. | N/A |
| Other persons in attendance at meetings of the Governing Body | <p>Other persons invited to attend and participate in meetings of the Governing Body on a routine or ad hoc basis. Such persons are not deemed to be Members of the Governing Body and do not have voting rights.</p> <p>Such persons shall include <i>inter alia</i>:</p> <ul style="list-style-type: none">• Senior Counsel of the BrandEd group of companies• Senior Finance officers of the BrandEd group of companies | N/A |

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

Quorum:

D. Five (5) members, to include the Chair, one other Independent Member, the Parent Company Member, and the Chief Academic Officer of IOALL.

Operation of the Governing Body:

E. The Governing Body shall conduct its business in accordance with these Terms of Reference which it shall adopt, review and amend as it sees fit from time to time.

Statement of Primary Responsibilities of the Governing Body:

F. As a local board established by the IOALL Board, the Governing Body shall hold such responsibilities and functions as the IOALL Board shall delegate to it from time to time and/or as set out in these Terms of Reference.

G. Reporting to the IOALL Board, the Governing Body's primary responsibilities are as follows:

1. To set and agree the mission, strategic vision and values of the Institute with the senior leadership team, ensuring that they meet the objectives of the parent company.
2. To agree long-term academic and business plans and key performance indicators and ensure that these meet the interests of stakeholders, especially staff, students and alumni.
3. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of Institute against the strategy, plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
4. To appoint a Chief Academic Officer of IOALL as Chair of the Academic Board and as the Office for Students accountable officer in accordance with the meaning and responsibilities of that position as determined from time to time by the OfS, and to put in place suitable arrangements for monitoring their performance.
5. To ensure the effective corporate, financial, estate and human resource management of IOALL, and to establish and keep under regular review the policies, procedures and limits within these management functions.
6. To appoint a Secretary to the Governing Body and to ensure that, if the person appointed has managerial responsibilities at IOALL, there is an appropriate separation in the lines of accountability.

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 AUGUST 2025**

7. To assure itself of the standards and quality of the IOALL's academic provision, and the adequacy and effectiveness of academic governance, through the consideration of data, reports and associated enhancement plans from the Chief Academic Officer of IOALL and the Academic Board.
8. To ensure, through the Audit and Finance Committee, the establishment and monitoring of systems of control and accountability, including *inter alia* financial and operational controls, risk assessment, value for money arrangements and procedures for handling grievances and complaints, and identifying and managing conflicts of interest.
9. To be the principal financial and business authority of IOALL and to approve IOALL's Financial Regulations and related policies and procedures; to ensure that proper books of account are kept; to approve the annual budget and financial statements; and to have overall accountability for the Institute's assets, property and estate. (Note: In this regard, governance oversight of the IOALL's finances shall be delegated to the Audit and Finance Committee, which shall be accountable to the Governing Body.)
10. To be IOALL's legal authority and, as such, to ensure systems are in place for meeting all IOALL's legal obligations, including those arising from contracts and other legal commitments made in the Institute's name. This includes accountability for health, safety and security and for equality, diversity and inclusion.
11. To conduct its business in accordance with the highest standards of corporate governance, best practice in the HE sector, the principles of public life drawn up by the Committee on Standards in Public Life, and the public interest governance principles established by the Office for Students.
12. To establish processes for the appointment, induction and development of members of the Governing Body.
13. To establish processes to monitor and evaluate the governance arrangements, including monitoring the register of members' interests and reviewing their performance and effectiveness of the Governing Body and its committees.
14. To safeguard the reputation and values of IOALL.
15. To be the employing authority for all staff of IOALL and to be accountable for ensuring that an appropriate human resources strategy, supported by appropriate policies and practices, is established and implemented; including a framework for the appointment, assignment, grading, appraisal, suspension, dismissal and determination of the pay and conditions of staff.

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**STATEMENT OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 AUGUST 2025**

16. To make recommendations to the IOALL Board regarding the appointment, suspension or dismissal of the Chief Academic Officer of IOALL and such other senior officers as the IOALL Board may designate from time to time.
17. To ensure that adequate provision is made for the general welfare, wellbeing and support of students.
18. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the Institute.
19. To ensure that IOALL's constitution is always followed, and that appropriate advice is available to enable this to happen.
20. To promote a culture which supports inclusivity and diversity across IOALL.
21. To maintain and protect the principles of academic freedom and freedom of speech legislation.
22. To ensure that all students and staff have opportunities to engage with the governance and management of the Institute; for example, through the processes for the election or appointment of student, alumni and staff representatives in the Institute's governance bodies.

Authority:

- M. The Governing Body reports to the IOALL Board. In exercising its powers, the Governing Body shall ensure appropriate compliance with:
 - i. The six primary elements of higher education governance, as set out in the Committee of University Chairs (CUC) 'The Higher Education Code of Governance' [2020 edition]
 - ii. The Office for Students Regulatory Framework, Notices and Advice
 - iii. The Public Interest Governance Principles.
- N. The Governing Body has the power to form permanent or ad-hoc sub-committees and working groups or otherwise delegate some of its functions to individuals. Those sub-committees may invite other persons to attend from time to time as appropriate to contribute to the issues under consideration by them.
- O. The following permanent sub-committees of the Governing Body shall be established and shall operate in accordance with their own terms of reference which must be approved by the Governing Body:
 - Audit and Finance Committee
 - Remuneration Committee
 - Academic Board.

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

Relationship with the IOALL Board:

P. Membership of the Governing Body includes a Parent Company Member (the CEO of the BrandEd group of companies) who shall provide reports to the IOALL Board. In addition to this, the Chair of the Governing Body shall report to the IOALL Board on the performance of the Institute against its strategies and KPIs and advising the IOALL Board on strategic and policy matters, the management of the Institute and its resources, and the safeguarding of assets.

Q. The IOALL Board shall consult the Governing Body on all matters where the Governing Body by these Terms of Reference has a stated responsibility for giving advice.

R. The IOALL Board shall seek the prior approval of the Governing Body where, under these Terms of Reference, the Governing Body is required to give its approval.

S. The IOALL Board shall provide such assistance to the Governing Body as is required for the Governing Body to carry out its responsibilities as set out in these Terms of Reference and the IOALL Board shall take due account of reports from the Governing Body on its findings and consequential recommendations.

Relationship with the Academic Board:

T. Within its overall responsibilities for corporate governance, the Governing Body also has ultimate responsibility for academic governance. Key aspects of this are delegated to the Academic Board. The Governing Body and Academic Board operate a number of mechanisms which ensure that the Governing Body receives assurance from the Academic Board and senior leadership that academic quality and standards are secure and academic governance is effective. The following list of mechanisms is non-exhaustive and periodically it will be revised in order to ensure that the Institute remains compliant with current or future legal or regulatory requirements:

- The Governing Body receives an Academic Assurance Report for consideration and approval. The cycle of academic assurance reporting, and the content of Academic Assurance Reports, is set out in the Governing Body's Cycle of Business.
- While IOALL is independent of its validating universities, it is accountable to them for the quality and standards of academic awards granted in their names. The universities have a number of requirements which the Institute is expected to meet. These are overseen by the Academic Board, reporting to the Governing Body.
- An annual academic assurance statement is provided from the Governing Body to students and staff, confirming that the above mechanisms have been implemented and that the Governing Body is satisfied that academic governance has been effective and that academic quality and standards are secure.

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2025

- One designated independent member of the Governing Body is entitled to attend meetings of the Academic Board and to participate in discussions (but does not have the right to participate in the exercise of any decision-making powers of the Academic Board), in order to report back to the Governing Body on the robustness and effectiveness of the Academic Board.
- All independent members are able to attend meetings of the Academic Board as observers

The Academic Board shall operate in accordance with its terms of reference and act as the academic authority of IOALL. The Governing Body shall consult the Academic Board on all matters where the Academic Board has a stated responsibility for giving advice under its terms of reference. The Governing Body shall seek the prior approval of the Academic Board where the Academic Board is required to give its approval under its terms of reference.

Voting and Recommendations:

U. It is expected that decisions of the Governing Body will normally be reached by consensus and after due debate but if a vote is required then decisions shall be made on the basis of a majority of those attending and voting at a quorate meeting. In the event of an equality of votes being cast, the Chair shall have a casting vote.

Amendment of Terms of Reference:

V. Please refer to separate document "Monitoring and Reviewing Governance Effectiveness".

Audit and Finance Committee - Terms of Reference

Introduction:

A. Institute of Art-London Limited ("IOALL") is a private limited company and a higher education provider trading as Sotheby's Institute of Art-London ("SIAL") and (from 1 May 2025) Vogue College of Fashion ("VCF").

A. The Directors of Institute of Art – London Limited are legally responsible for the business of the company. The articles of association of the company entitle the Directors to "*establish local boards [...] managing any of the affairs of the Company*", to "*appoint any persons to be members of the local [...] boards*" and to "*delegate to any local board [...] any of the powers, authorities and discretions vested in or exercisable by*" the Directors "*with power to sub-delegate*".

D. On 18 May 2018 the Board exercised its right to establish the Governing Body as a local board and delegated certain functions to the Governing Body. The Board resolved that the Governing Body be established and become operative with immediate effect.

E. On 18 May 2018 the Governing Body established a committee, with the following terms of reference (as approved by the Governing Body), as the audit and finance committee ("Audit and Finance Committee") of IOALL. Its purpose is to establish formal and transparent arrangements for considering how the Governing Body should apply the financial reporting, regulatory and internal control principles of IOALL and to challenge financial and accounting practices where necessary and to maintain an appropriate relationship with the company's auditors.

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

Composition of the Audit and Finance Committee:

- A. There shall be an Audit and Finance Committee of a minimum of three members. The categories of membership shall be as follows:
 - 5. Two Independent Members of the Governing Body
 - 6. The Parent Company Member of the Governing Body -
 - 7. In addition to the above membership categories, other persons may be invited to attend and participate in meetings of the Audit and Finance Committee on a routine or ad hoc basis. See J below.

Membership:

- B. The independent members of the Audit and Finance Committee shall be appointed by the Governing Body, from among the Independent Members of the Governing Body, and must consist of members with no executive responsibility for the management of IOALL. Members, apart from the Parent Company Member, should not have significant interests in IOALL. For this reason, the Student Member of the Governing Body is precluded from membership of the Audit and Finance Committee.

At least one Member should have recent, relevant experience in finance, accounting or audit. The Committee may, if it considers it necessary or desirable, co-opt members with particular expertise.

Chair:

- C. The members of the Audit and Finance Committee shall appoint a Chair from among their number for an initial period of three years, to chair meetings of the Audit and Finance Committee. The Chair may serve a maximum of three terms of office. In the unavoidable absence of the Chair from a meeting, the members of the Audit and Finance Committee shall appoint another member of the Committee to chair that meeting.

Quorum:

- D. Two (2) members, to include at least one Independent Member and the Parent Company Member.

Secretary:

- E. The Secretary to the Governing Body may act as the secretary of the Audit and Finance Committee, who shall attend and minute the meetings of the Audit and Finance Committee but will not take part in the voting nor become a formal member of the Audit and Finance Committee.

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

Attendance at Meetings:

F. In attendance by invitation

1. Chief Academic Officer of IOALL
2. Chair of the Governing Body
3. Financial Controller
4. Director of Global Finance – BrandEd
5. External and Internal Auditors - as appropriate

G. However, at least once a year the Audit and Finance Committee should meet with the external auditors without any directors or officers of IOALL present.

Frequency of meetings:

H. Meetings shall normally be held three (3) or four (4) times each financial year. The external auditors or Financial Controller may request a meeting if they consider it necessary.

Responsibilities of the Audit and Finance Committee:

- I. As a committee established by the Governing Body, the Audit and Finance Committee shall hold such responsibilities and functions as the Governing Body shall delegate to it from time to time and/or as set out in these Terms of Reference.
- J. The Audit and Finance Committee shall be responsible for:
 - 1) Making recommendations to the Governing Body regarding the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors, and any questions of resignation or dismissal of the external auditors;
 - 2) Discussing with the external and internal auditors, before the audit begins, the nature and scope of the audit;
 - 3) Discussing with the external and internal auditors problems and reservations arising from the interim and final audits, including a review of the management letter, incorporating management responses, the appropriateness of the IOALL's management of any public funding it receives and any other matters the external auditors may wish to discuss (in the absence of management where necessary);
 - 4) Considering and advising the Governing Body on the appointment and terms of engagement of the internal audit service, the audit fee, the provision of any non-audit service by the internal auditors, and any questions of resignation or dismissal of the internal auditors;
 - 5) Reviewing management's audit risk assessment, strategy and programme; considering major findings of internal audit investigations; promoting co-ordination between the IOALL's finance team and external auditors; ensuring that the resources made available for the finance team are sufficient to meet the IOALL's needs (or making a recommendation to the Governing Body as appropriate);

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

- 6) Keeping under review the effectiveness of the risk management, control and governance arrangements, including receiving presentations on particular topics/priority risks (e.g. academic risk), and reviewing the external auditors' management letter, the internal auditors' annual report and management responses and making recommendations to that effect to the Governing;
- 7) Monitoring the implementation of agreed audit-based recommendations, from whatever source;
- 8) Ensuring that all significant losses have been properly investigated and that the internal and external auditors – and where appropriate the OfS accounting officer – have been informed;
- 9) Overseeing IOALL's policy on fraud and irregularity, including whistleblowing, including being notified of any action taken under that policy;
- 10) Satisfying itself that IOALL has sufficient and appropriate insurance cover in place to mitigate against potential financial responsibilities.
- 11) Satisfying itself that suitable arrangements are in place to promote economy, efficiency and effectiveness;
- 12) As a designated committee of the Governing Body, fulfilling its responsibilities for confirming that the IOALL's annual accountability return together with any other information which the Office for Students may request have been completed and delivered to the Office for Students in accordance with OfS requirements;
- 13) Receiving any relevant reports from the National Audit Office (NAO) and its equivalents in Scotland, Wales and Northern Ireland, the funding councils and other organisations including the OfS;
- 14) Monitoring annually the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity, and making recommendations to the Governing Body concerning their reappointment, where appropriate;
- 15) Considering elements of the annual financial statements in the presence of the external auditors, including the auditors' formal opinion, the statement of members' responsibilities and the statement of internal control, in accordance with the Office for Students' accounts directions;
- 16) In the event of the merger or dissolution of IOALL, ensuring that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed and making appropriate recommendations to the Governing Body to that effect;

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

- 17) Reviewing and supporting the Chief Academic Officer and Senior Management Team in the development of a long-term Asset Management Strategy and Plan for the maintenance, upkeep, renewal and enhancement of the premises; and advising the Governing Body on the repair needs and costs for the rolling maintenance programme;
- 18) Monitoring and reviewing all policies relevant to the premises, making recommendations to the Governing Body as required;
- 19) Working with the IT department to assess cyber security threats and overseeing the implementation of robust security protocols for threat detection and prevention;
- 20) Monitoring and reviewing data assurance arrangements;
- 21) Monitoring IOALL's performance against KPIs set by the Governing Body;
- 22) Receiving and considering the annual report of the IOALL's Director of Finance.

The following financial responsibilities are delegated to the Committee by the Governing Body:

- 23) Making recommendations to the Governing Body regarding the approval of annual estimates of income and expenditure;
- 24) Reporting to the Governing Body on the periodic review of reports on performance against approved budgets and plans;
- 25) Ensuring that funds approved by the Governing Body are used in accordance with the terms and conditions of IOALL's financial regulations;
- 26) The economic, efficient, effective and proper use of all resources of IOALL;
- 27) Making recommendations to the Governing Body for the approval of the IOALL's Financial Regulations and related policies and procedures.

The following Health and Safety responsibilities are delegated to the Committee by the Governing Body:

- 28) Monitoring and reporting on Health and Safety issues on all on-site activities;
- 29) Ensuring that termly inspections take place and reporting the outcomes to the CAO and Governing Body;
- 30) Monitoring and reviewing all policies relevant to Health and Safety, making recommendations to the Governing Body as required;
- 31) Ensuring that staff follow Health and Safety procedures and prepare Risk Assessments for all premises-related activities;
- 32) Receiving and responding to information or regulations concerning Health & Safety.

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

Authority:

- K. The Audit and Finance Committee is responsible to and reports to the Governing Body.
- L. The Audit and Finance Committee shall operate within the terms and conditions of funding for higher education institutions as issued by the Office for Students from time to time.
- M. The Audit and Finance Committee is authorised by the Governing Body to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee of the IOALL, and all employees are directed to co-operate with any request made by the Audit and Finance Committee.
- N. The Audit and Finance Committee is authorised by the Governing Body, within any budgetary restraints imposed by the Governing Body, to obtain, at the Company's expense, independent legal, accounting or other professional advice on any matters it believes it necessary to do so and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary, normally in consultation with the Chief Academic Officer and/or the Chair of the Governing Body.
- O. The Audit and Finance Committee will review the audit aspects of the draft annual financial statements, including commentary. These aspects will include the external audit opinion, the statement of members' responsibilities, the management of any public funding the IOALL receives and the appropriateness of safeguards and controls in place, the statement of internal control and any relevant issue raised in the external auditors' management letter. The Audit and Finance Committee should, where appropriate, confirm with the internal and external auditors that the effectiveness of the internal control system has been reviewed, and comment on this in its annual report to the Governing Body.

Reporting Procedures:

- A. The minutes of meetings of the Audit and Finance Committee will be circulated to all members of the Governing Body.
- B. The Audit and Finance Committee will prepare an annual report covering the IOALL's financial year and any significant issues up to the date of preparing the report. The report will be addressed to the Governing Body and will summarise the activity for the year. It will give the Audit and Finance Committee's opinion of the adequacy and effectiveness of the IOALL's arrangements for the following:
 - 1) risk management, control and governance (the risk management element includes the accuracy of the statement of internal control included with the annual statement of accounts);

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2025

- 2) economy, efficiency and effectiveness (value for money). This opinion should be based on the information presented to the Audit and Finance Committee. The Audit and Finance Committee's annual report should normally be submitted to the Governing Body well in advance of the members' responsibility statement in the annual financial statements being signed.
- 3) The appropriateness and effectiveness of the IOALL's management of any public funding it receives, in line with the conditions of grant and the principles of regularity, propriety and value for money, and the protection of the interests of taxpayers and other stakeholders.

Voting and Recommendations:

C. It is expected that decisions of the Audit and Finance Committee will normally be reached by consensus and after due debate but if a vote is required then decisions shall be made on the basis of a majority of those attending and voting at a quorate meeting. In the event of an equality of votes being cast, the Chair shall have a casting vote.

Amendment of Terms of Reference:

D. Please refer to separate document "Monitoring and Reviewing Governance Effectiveness".

Remuneration Committee – Terms of Reference

Introduction:

E. Institute of Art-London Limited is a private limited company and a higher education provider trading as Sotheby's Institute of Art-London (the "Institute" or "SIAL").

F. The board of directors of Institute of Art – London Limited (the "SIAL Board") is legally responsible for the business of the company. The articles of association of the company¹ entitle the SIAL Board to "establish local boards [...] for managing any of the affairs of the company", to "appoint any persons to be members of the local [...] boards" and to "delegate to any local board any of the powers, authorities and discretions vested in or exercisable by" the SIAL Board "with power to sub-delegate".

G. On 18 May 2018 the SIAL Board exercised its right to establish the Governing Body as a local board, delegated certain functions to the Governing Body and put into place the Terms of Reference of the Governing Body.

H. On 21 May 2018 the Governing Body established a committee, with the following terms of reference (as approved by the SIAL Board), as the remuneration committee ("Remuneration Committee") of Institute of Art – London Limited, in order to assist the SIAL Board and Governing Body to ensure that remuneration policy and practices of the Institute reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements.

¹ Article 13 of the Articles of Association of Institute of Art – London Limited

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

Composition of the Remuneration Committee:

I. There shall be a Remuneration Committee of a minimum of three members. The Remuneration Committee shall be comprised of:

- i. Independent members: Two Independent Governors, including the Chair of the Governing Body
- ii. Parent Company member: The Parent Company member from time to time shall be an *ex officio* member of the Remuneration Committee

Membership:

J. The independent members of the Remuneration Committee shall be appointed by the Governing Body, from among the Independent Governors (other than a student representative or recent alumnus), and must consist of members with no executive responsibility for the management of the Institute.

Chair:

K. The members of the Remuneration Committee shall appoint a Chair from among themselves for an initial period of three years to chair meetings of the Remuneration Committee. In the absence of the Chair, the members of the Remuneration Committee shall appoint another member of the Remuneration Committee to chair Remuneration Committee meetings.

Quorum:

L. Three (3) members, to include both Independent Members and the Parent Company member.

Secretary:

M. The Director of Human Resources (or equivalent) shall act as the secretary of the Remuneration Committee who may attend and minute the meetings of the Remuneration Committee but will not take part in the voting nor become a formal member of the Remuneration Committee.

Attendance at Meetings:

- N. In attendance by invitation: Director.
- O. The Director is not a member of the Remuneration Committee, but s/he will be in attendance for all matters except those that concern his/her own position. The Director shall withdraw from the Remuneration Committee when his/her own salary, terms and conditions, severance payments etc. are under consideration.
- P. In attendance by invitation: Senior General Counsel / Global Head of Human Resources.

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

Frequency of meetings:

Q. Meetings shall normally be held at least once each financial year.

Responsibilities of the Remuneration Committee:

R. The Remuneration Committee shall be responsible for:

- 1) reviewing and recommending to the Governing Body and/or the SIAL Board (as the case may be) the pay and conditions of employment for:
 - a) the Director.
 - b) all staff with a basic salary of over £100,000 per annum, including bonuses, pension contributions and other taxable benefits. This shall be limited to those staff whose salary elements including, bonuses, pension contributions and other taxable benefits which are funded by IOAL are in excess of £100,000.
- 2) in relation to those posts within the scope of the Remuneration Committee:
 - a) recommending to the Governing Body and/or the SIAL Board (as the case may be) levels of base pay.
 - b) reviewing pay on an annual basis taking into account relevant market and other contextual information, as appropriate, such as:
 - i. the financial position within the Institute;
 - ii. the national financial position, such as RPI / cost of living / inflation for the period in question; and
 - iii. relevant market pay data.
 - c) making recommendations to the Governing Body and/or the SIAL Board (as the case may be) regarding the awarding any element (whether consolidated or not) of performance related rewards.
 - d) making recommendations to the Governing Body and/or the SIAL Board (as the case may be) regarding severance, redundancy or any pension related payments (other than those due in normal retirement situations).
 - e) making recommendations to the Governing Body and/or the SIAL Board (as the case may be) to determine all other terms and conditions of employment (whether or not 'pay related') were these to differ from existing terms and conditions of employment applicable for all staff.

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

- f) making recommendations to the Governing Body and/or the SIAL Board (as the case may be) regarding the principles or specific policy arrangements relating to senior pay and conditions of employment.
- g) To contribute to the annual Performance Review of the Director of SIAL.

S. The Remuneration Committee shall exercise its responsibilities in accordance with the following principles:

- 1) Ensuring that decisions reached are fair, proportionate and consistent and give due regard to the Institute's equality commitments and responsibilities together with its status.
- 2) Considering affordability when reaching all decisions.
- 3) Ensuring that there is a clear and justifiable rationale for all decisions.
- 4) Where the Institute is in receipt of any public funding, ensuring that when considering severance payments for senior staff that the Committee must represent the public interest and avoid any inappropriate use of public funds.

Information Requirements:

T. In the conduct of its business, it is expected that the Remuneration Committee will draw upon a range of information sources as necessary to support robust, consistent and equitable decision-making. This may include, for example:

- 1) Relevant financial information (internal and external).
- 2) Institute performance including delivery of the strategic plan adopted by the SIAL Board.
- 3) The national pay situation.
- 4) Market pay data e.g. the senior salary survey carried out from time to time by the Universities & Colleges Employers Association and/or any database of salaries and benefits for heads of institution maintained by the Committee of University Chairs; and
- 5) Information on the performance of individual senior staff where relevant.
- 6) REMCO to be provided with an overview of annual salary uplifts for all staff, including those below the level of Senior Staff.

Reporting Relationships:

U. The Remuneration Committee shall report to the Governing Body, which will share all relevant reports and recommendations with the IOAL Board in accordance with the Governing Body's Standing Orders and Terms of Reference from time to time. Reports should provide sufficient detail of the broad criteria and policies against which decisions have been reached.

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2025

Voting and Recommendations:

V. It is expected that decisions of the Remuneration Committee will normally be reached by consensus and after due debate but if a vote is required then decisions shall be made on the basis of a majority of those attending and voting at a quorate meeting. In the event of an equality of votes being cast, the Chair shall have a casting vote.

Amendment of Terms of Reference:

W. These terms of reference may be amended, revoked or superseded by a resolution of the SIAL Board.

Academic Board - Terms of Reference

Introduction:

C. Institute of Art-London Limited ("IOALL") is a private limited company and a higher education provider trading as Sotheby's Institute of Art-London ("SIAL") and (from 1 May 2025) Vogue College of Fashion ("VCF").

D. The Directors of Institute of Art – London Limited are legally responsible for the business of the company. The articles of association of the company entitle the Directors to "*establish local boards [...] managing any of the affairs of the Company*", to "*appoint any persons to be members of the local [...] boards*" and to "*delegate to any local board [...] any of the powers, authorities and discretions vested in or exercisable by*" the Directors "*with power to sub-delegate*".

F. On 18 May 2018 the Board exercised its right to establish the Governing Body as a local board and delegated certain functions to the Governing Body. The Board resolved that the Governing Body be established and become operative with immediate effect.

G. On 18 May 2018 the Governing Body reconstituted an existing committee, with the following terms of reference (as approved by the Governing Body), as the academic board ("Academic Board") of IOALL. The purpose of the Academic Board is to be the academic authority of IOALL, providing effective academic governance and assurance that IOALL's academic standards and quality are secure.

Composition of the Academic Board:

X. There shall be an Academic Board chaired by the Chief Academic Officer of IOALL of no more than 16 members. The categories of membership shall be as follows:

| | |
|--------------------------|---|
| Chair | 1 |
| Academic staff | 7 |
| Other ex officio members | 6 |
| Student representatives | 2 |

The term of office of academic staff members will be 2 years, renewable after the first term, with a maximum term of 4 years.

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

Membership:

Y. The membership of the Academic Board shall be as follows:

1. Chief Academic Officer of IOALL (Chair, ex officio)
2. Three senior academic leaders (to be nominated by Academic Board) from VCF and four senior academic leaders (to be nominated by Academic Board) from SIAL.
3. BrandEd Vice-President, Pre-College and Collegiate Programmes (ex officio)
4. SIAL Head of Quality (ex officio)
5. SIAL Registrar (ex officio)
6. VCF Registrar (ex officio)
7. Librarian (ex officio)
8. SIAL Quality Manager (Secretary)
9. Two Student Representatives from degree programmes (one from each of SIAL & VCF), once student representatives have been selected. NB: It is recognised that there may be items of reserved business from which student representatives will be asked to withdraw. Such items will not be included in minutes circulated to students.

In attendance at meetings:

Z. Other persons may be invited to attend and participate in meetings of the Board on a routine or ad hoc basis but shall not be deemed to be Members of the Board and shall not have voting rights.

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

AA. One designated independent member of the Governing Body is entitled to attend meetings of the Academic Board and to participate in discussions (but does not have the right to participate in the exercise of any decision-making powers of the Academic Board), in order to report back to the Governing Body on the robustness and effectiveness of the Academic Board. All independent members are able to attend meetings of the Academic Board as observers.

Chair:

BB. The Chair of the Academic Board shall be the Chief Academic Officer of IOALL who is also the Accountable Officer to the Office for Students.

Quorum:

CC. The quorum shall be the Chair plus one half (50%) of the other members of the Academic Board.

Secretary:

DD. The Quality Manager will act as Secretary to the Academic Board, who shall attend and minute the meetings of the Board but will not take part in the voting nor become a formal member of the Board.

Frequency of meetings:

EE. Four (4) times per annum during teaching semesters.

Responsibilities of the Academic Board:

FF. As a committee established by the Governing Body, the Academic Board shall hold such responsibilities and functions as the Governing Body shall delegate to it from time to time and/or as set out in these Terms of Reference.

GG. The Academic Board's responsibilities shall be as follows:

- 1) To advise on matters referred to it by the Governing Body, Chief Academic Officer of IOALL, Quality Team and sub-committees of the Academic Board concerning the planning, development, oversight and enhancement of the academic work of the Institute, including teaching, learning opportunities, curriculum design and development, support services, learning resources and research;
- 2) To advise on the quality and academic standards of the educational provision, including matters relating to validation and assessment;
- 3) To provide academic assurance to the Governing Body concerning the standards and quality of the Institute's academic work, and the adequacy and effectiveness of academic governance, through the provision of data, reports and associated enhancement plans.

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

- 4) To ensure compliance with the UK Quality Code for Higher Education, the academic requirements of registration with the Office for Students' and the academic requirements of the Institute's validating bodies;
- 5) To review academic and compliance risks identified on the Institute's Strategic Risk Register;
- 6) To approve and have oversight of proposed new programme developments and amendments to existing programmes;
- 7) To receive and respond to feedback on the quality of the student experience via student representatives and student survey reports;
- 8) To monitor and advise on the student experience, including student support services, careers services, library, IT and alumni development;
- 9) To contribute to the development and delivery of the Institute's strategic plans, with particular responsibility for academic strategy and KPIs and the identification and monitoring of academic risk;
- 10) To discuss, approve and monitor the effectiveness of policies and procedures on all matters relating to students on validated courses or programmes, ~~such as~~ including *inter alia*: admissions; teaching, learning and assessment; student misconduct; student complaints and appeals; module and programme review and monitoring;
- 11) To receive reports from Programme Committees (including matters relating to student feedback);
- 12) To review Programme Continuous Monitoring Reports and to monitor progress against identified actions;
- 13) To approve the nomination of External Examiners and to review External Examiner reports, monitoring progress against identified actions;

Authority:

HH. While the Academic Board is the academic authority of the Institute, it is responsible to and reports to the Governing Body. The Academic Board may establish sub-committees to which certain of its responsibilities may be delegated with the approval of the Governing Body.

- II. The following sub-committees of the Academic Board shall be established and shall operate in accordance with their own terms of reference which must be approved by the Governing Body:
 - Academic Standards Committee – VCF
 - Academic Standards Committee - SIAL

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

JJ. The committees of the Academic Board assist it in ensuring that the academic governance of the Institute is effective. The Academic Board remains accountable to the Governing Body for effective academic governance and assurance.

Reporting Procedures:

KK. The Academic Board shall report to the Governing Body, which has ultimate responsibility for the oversight of academic standards. The Governing Body and Academic Board operate a number of mechanisms which ensure that the Governing Body receives assurance from the Academic Board and senior leadership that academic quality and standards are secure and academic governance is effective. The following list of mechanisms is non-exhaustive and periodically it will be revised in order to ensure that the Institute remains compliant with current or future legal or regulatory requirements:

- The Governing Body receives an Academic Assurance Report for consideration and approval. The cycle of academic assurance reporting, and the content of Academic Assurance Reports, is set out in the Governing Body's Cycle of Business and includes the requirements of validating universities.
- An annual academic assurance statement is provided from the Governing Body to students and staff, confirming that the above mechanisms have been implemented and that the Governing Body is satisfied that academic governance has been effective and that academic quality and standards are secure.

LL. The Academic Board shall operate in accordance with its terms of reference and act as the academic authority of the Institute. The Governing Body shall consult the Academic Board on all matters where the Academic Board has a stated responsibility for giving advice under its terms of reference. The Governing Body shall seek the prior approval of the Academic Board where the Academic Board is required to give its approval under its terms of reference.

Voting and Recommendations:

BBB. It is expected that decisions of the Academic Board will normally be reached by consensus and after due debate but if a vote is required then decisions shall be made on the basis of a majority of those attending and voting at a quorate meeting. In the event of an equality of votes being cast, the Chair shall have a casting vote.

Amendment of Terms of Reference:

CCC. Please refer to separate document "Monitoring and Reviewing Governance Effectiveness".

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2025

Academic Governance may be illustrated as follows:



Academic governance is achieved through Academic Board, Academic Standards Committee, Programme Committees and Examination Boards. The functions of these entities are underpinned by a range of other panels and committees

Academic Board, Academic Standards Committee and Programme Committees have clearly stated terms of reference, meet on a regular basis according to their terms of reference, and are minuted with action plans for quality enhancement.

Academic Board reports to the Governing Body on academic matters, providing it with assurance that academic quality and standards are robust and secure. Academic Board is concerned with academic oversight of SIAL and receives and considers both external reports (primarily external examiner reports) and internal reports (for example, IT and Library reports, academic results reports, reports of Complaints and Appeals or of academic malpractice). The Academic Standards Committee and Programme Committees all report to Academic Board. The Academic Standards Committee is more concerned with the day-to-day operation of teaching and learning at the Institute and the operation of the quality assurance and enhancement mechanisms.

Examination Boards additionally report to the SIAL or VCF validating partner, the University of Manchester or the University of Buckingham respectively, whose academic regulations they follow. They include representatives from the Universities and external examiners, and approve student grades, credits and awards for assessed work.

Student representatives attend Academic Board, Academic Standards Committee and Programme Committees, as well as Complaints and Appeals Panels and Misconduct Committees. This representation ensures that students have a key role in academic governance and that their feedback is received so that issues are identified and acted upon. Academic Board and Academic Standards Committee review their effectiveness annually.

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF INTERNAL CONTROL FOR THE YEAR ENDED 31 AUGUST 2025

Introduction

The Governing Body is responsible for ensuring that a sound system of internal control is maintained. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to achieving strategic and operational aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised. Such a system is designed to manage, rather than eliminate, risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance of effectiveness.

The process for reviewing the effectiveness of the system of internal control is primarily through both management reports and reports from the internal auditor to the Audit Committee.

The Institute appointed a professional firm of internal auditors (RSM Risk Assurance Services LLP) in December 2019. The work of the internal audit service is informed by an analysis of the risks to which the Institute is exposed. Annual internal audit plans will be based on this analysis. The analysis of risks and the internal audit plans will be endorsed by the Governing Body on the recommendation of the Audit Committee.

Management will be responsible for the implementation of agreed audit recommendations and the internal auditors will undertake periodic follow-up reviews to ensure that such recommendations have been implemented. The audit committee will consider detailed reports together with recommendations for the improvement of the Institute's systems of internal control and management's responses and implementation plans.

The Internal Auditor will provide the governing body with an annual report on internal audit activity. During the year, the following key audits were undertaken:

1. Governance and Risk Management

The focus of the review this year was on the integration of the Vogue College of Fashion activity into the existing governance structures, including consideration of how the integration itself was monitored and managed.

2. Student support arrangements

A review was undertaken of the arrangements in place at the Institute around student support, including consideration of how students are made aware of the support available, the strategies for support and how the delivery of support is recorded.

3. Information Technology (IT) controls

A review was undertaken to consider the IT security controls in place regarding asset management at the organisation.

4. Data Quality – HESA Return

As part of a rolling programme of assurance reviews over the design, operation and substantive accuracy of data returns, a review of the Institute's HESA compliance arrangements was undertaken relating to the Student Record. This review considered the procedures for the collation, submission, validation and governance of the 2023/24 Student Record, as well as preparations for the 2024/25 return.

Alongside the work of the internal audit service, the Board of Directors continuously reviews and manages risk in order to achieve its objectives. A Risk Register is maintained and regularly reviewed by the Institute management team. The Director in turn reports on any recommendations made by the management team to the Governing Body. The key risks are listed below together with the mitigating actions put in place by the Governing Body.

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF INTERNAL CONTROL (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2025**

Ensure financial sustainability and viability and provide value for money.

The Institute continues to review its programme mix and content with a view to developing greater resilience when faced with unexpected changes in market conditions and respond accordingly to changes in demand. This combined with a strong focus on cost control will ensure the longer-term financial sustainability and viability of the business. The Institute also has the continued support from its parent undertakings in the USA through a ten-year interest free loan of £1.65 million.

The Institute has a defined contribution scheme which limits the pension liability and the contribution rate. It allows the Institute to accurately forecast its pension costs over the longer term without the risks commonly attached to defined benefit schemes, where contribution rates may increase substantially following periodic actuarial reviews.

Ensure the Institute's buildings are viable, fit for purpose and facilitate student learning

The lease at 30-31 Bedford Square extends to 2035 allowing the Institute to continue to provide students with the same or better educational experience.

Provide excellent teaching, training and learning as part of a high-quality learner experience

There is rigorous monitoring of all student outcomes by the Academic Board. Developmental activities are promoted including cross programme moderation and faculty planning days with the Director and Programme Directors.

The Information Technology provided to students is constantly reviewed with annual feedback on the service provision from all students.

Ensure high-quality programmes, courses and curriculum

The Institute has strong existing links to the art and fashion worlds' employers and receives regular feedback from not only employers but from its alumni as they progress in their careers.

The Institute also has a strong relationship with the University of Manchester which validates the Institute's MA and Study Abroad programmes. Following the last five-year review of the validation agreement, the University of Manchester agreed to extend the agreement for a further 5 years, underpinned in no small way to the Institute's commitment to the quality of its programmes.

In its review report on the Institute, the University of Manchester, commented, 'The level of both pastoral and academic support given to students is excellent', and commended the Institute on the following:

- The overall student performance, students clearly excel at Sotheby's and staff provide them with the tools and strategies to achieve this.
- The high retention rates of students and Sotheby's commitment to its rigorous admissions processes.
- The continued high level of student satisfaction across the institution

Following the acquisition of the Vogue College of Fashion, the institute has built a relationship with the University of Buckingham which validates the MA and BA courses relating to this trading activity.

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

Secretary Amanda Bakale *Amanda Bakale*

Date 20/01/2026

INSTITUTE OF ART - LONDON LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2025**

The directors are responsible for preparing the Directors' Report, the Statement of Corporate Governance, the Statements of Internal Control and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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' and with Regulatory advice 9: Accounts Direction issued by the Office for Students and Higher Education SORP. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- observe the methods and principles of the Higher Education SORP 2014 and the Office for Students – Regulatory advice 9: Accounts Direction;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

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

Secretary Amanda Bakale *Amanda Bakale*

Date: 20/01/2026

INSTITUTE OF ART - LONDON LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INSTITUTE OF ART - LONDON LIMITED

Opinion

We have audited the financial statements of Institute of Art - London Limited (the 'Company') for the year ended 31 August 2025, which comprise the Statement of Financial Activities, Statement of Financial Position, the Statement of Cash Flows 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Higher Education SORP 2014 and with Regulatory advice 9: Accounts Direction issued by the Office for Students.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Higher Education SORP 2014 and Regulatory advice 9: Accounts Direction issued by the Office for Students.
- Where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Where applicable, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.

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 Company 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

We draw attention to note 2.2 in the financial statements which indicates a degree of uncertainty within the Institute as a result of the accumulated losses. These conditions give rise to material uncertainty and have the potential to cast significant doubt on the company's ability to continue as a going concern. However management have reviewed all aspects of the business operations and have prepared a business plan taking into account the company's forecast performance. Management have prepared budgets and forecasts reflecting the business plan. These indicate that the company has adequate resources available to allow it to trade for the foreseeable future. In addition to the existing 10 year loan facilities advanced in 2018 by the company's parent, Cambridge Information Group II LLC, the company has also received a further commitment of support from Cambridge Information Group II LLC. Cambridge Information Group II LLC, have confirmed that they will continue to support the company for at least 18 months from the date of approval of the financial statements. Our opinion is not modified in respect of this matter.

INSTITUTE OF ART - LONDON LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INSTITUTE OF ART - LONDON LIMITED (CONTINUED)

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Strategic Report.

INSTITUTE OF ART - LONDON LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INSTITUTE OF ART - LONDON LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The audit team obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined the most significant are those that relate to the reporting framework (FRS102, the Companies Act 2006, the relevant tax compliance regulations in the jurisdictions in which the Company operates, and Regulatory advice 9: Accounts Direction issued by the Office for Students).
- We understood how the Company is complying with those frameworks by enquiry with management, observing the oversight of those charged with governance, the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud. We also took into consideration the results of our audit procedures carried out.
- We assessed the susceptibility of the Company' financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud. We considered the programmes and controls that the Company has established to address the risks identified, or otherwise prevent, deter and detect fraud and how senior management monitors those programmes and controls.
- As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and we designed our audit procedures to identify non-compliance with laws and regulations. In common with all audits under ISAs (UK), we were also required to perform specific procedures to respond to the risk of management override. These procedures included testing manual journals, assessing whether the judgements made in making accounting estimates are indicative of potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- We reviewed the financial statements disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

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INSTITUTE OF ART - LONDON LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INSTITUTE OF ART - LONDON LIMITED (CONTINUED)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Cathal Melia (Senior Statutory Auditor)
for and on behalf of
RBK Audit UK Limited
Chartered Accountants and Statutory Audit firm
RBK House
Irishtown
Athlone
Co. Westmeath

Date: 20/01/2026

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2025**

| | | 2025 | (Restated) 2024 |
|--|------|---------------------------|---------------------------|
| | Note | £ | £ |
| INCOME FROM: | | | |
| Trading activities | 3 | 10,411,772 | 8,174,754 |
| Other income sources | 4 | <u>554,074</u> | <u>808,594</u> |
| TOTAL INCOME | | <u>10,965,846</u> | <u>8,983,348</u> |
| EXPENDITURE ON: | | | |
| Direct costs | 6 | 3,644,243 | 3,871,462 |
| Support costs | 7 | <u>6,177,886</u> | <u>4,859,825</u> |
| TOTAL EXPENDITURE | | <u>9,822,129</u> | <u>8,731,287</u> |
| NET INCOME/(EXPENDITURE) BEFORE INTEREST & TRANSFERS | | 1,143,717 | 252,061 |
| Interest receivable and similar income | 5 | 93,701 | 96,960 |
| Interest payable and expenses | 8 | <u>(111,260)</u> | <u>(93,850)</u> |
| NET INCOME/(EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | <u>1,126,158</u> | <u>255,171</u> |
| Other gains/ (losses) | | - | - |
| NET MOVEMENT IN FUNDS | | 1,126,158 | 255,171 |
| Present value adjustment for liability | | (64,860) | 2,354 |
| Total funds brought forward | | <u>(4,011,156)</u> | <u>(4,268,681)</u> |
| TOTAL FUNDS CARRIED FORWARD | | <u>(2,949,858)</u> | <u>(4,011,156)</u> |

The notes on pages 37 to 58 form part of these financial statements.

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2025**

| | Note | 2025 £ | 2024 £ |
|---|------|-------------|-------------|
| Fixed assets | | | |
| Intangible fixed assets | 13 | 49,446 | 59,576 |
| Tangible fixed assets | 14 | 754,746 | 391,962 |
| Investments | 15 | 85,087 | 85,087 |
| | | <hr/> | <hr/> |
| | | 889,279 | 536,625 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 16 | 1,075,549 | 769,111 |
| Cash at bank and in hand | 25 | 3,716,312 | 2,875,705 |
| | | <hr/> | <hr/> |
| | | 4,791,861 | 3,644,816 |
| Creditors: amounts falling due within one year | 17 | (6,836,440) | (5,616,235) |
| Net current liabilities | | <hr/> | <hr/> |
| | | (2,044,579) | (1,971,419) |
| Total assets less current liabilities | | <hr/> | <hr/> |
| | | (1,155,300) | (1,434,794) |
| Creditors: amounts falling due after more than one year | 18 | (1,484,558) | (2,266,362) |
| Net liabilities | | <hr/> | <hr/> |
| | | (2,639,858) | (3,701,156) |
| Capital and reserves | | | |
| Called up share capital | 21 | 310,000 | 310,000 |
| Other reserves | 23 | 167,903 | 344,023 |
| Unrestricted funds | 23 | (3,117,761) | (4,355,179) |
| | | <hr/> | <hr/> |
| Total Funds | | (2,639,858) | (3,701,156) |

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small company's regime.

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

Larisa Avner Trainor 
Director
Larisa Trainor (Jan 20, 2026 11:09:54 EST)

Date: 20/01/2026

Matthew Brehm 
Director

Date: 20/01/2026

The notes on pages 37 to 58 form part of these financial statements.

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2025

| | 2025 £ | 2024 £ |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Net cash (used)/generated from operating activities | 1,230,258 | (58,697) |
| | <hr/> | <hr/> |
| Cash flows from investing activities | | |
| Purchase of intangible fixed assets | (5,358) | - |
| Purchase of tangible fixed assets | (475,597) | (119,926) |
| Interest received | 93,701 | 96,960 |
| | <hr/> | <hr/> |
| Net cash from investing activities | (387,254) | (22,966) |
| | <hr/> | <hr/> |
| Net (decrease)/increase in cash and cash equivalents | 843,004 | (81,663) |
| Cash and cash equivalents at beginning of year | 2,857,186 | 2,938,849 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at the end of year | <u>3,700,190</u> | <u>2,857,186</u> |

The notes on pages 37 to 58 form part of these financial statements.

INSTITUTE OF ART - LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2025

1. General information

Institute of Art - London Limited is a private company limited by shares incorporated in England and Wales. The registered office is 30 Bedford Square, London, WC1B 3EE and the company's registered number is 03087911.

2. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), is set out below:

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, the Higher Education SORP 2014, Regulation advice 9: Accounts Direction as issued by the Office for Students and the Companies Act 2006.

2.2 Going concern

The income and expenditure account for the 12 month period to 31 August 2025 shows that the Institute generated a gain of £1,126,158 (2024: gain of £255,171). At the 31 August 2025, the Institute had net liabilities of £2,639,858 (2024: £3,701,156), net current liabilities of £2,044,579 (2024: £1,971,419) and accumulated losses of £3,117,761 (2024: loss of £ 4,355,179). These conditions give rise to material uncertainty and have the potential to cast significant doubt on the company's ability to continue as a going concern.

The accounts have been drawn up on the going concern basis, the validity of which depends upon the implementation of the business plan and the continued support of the company's ultimate parent company, Cambridge Information Group II LLC. In addition to the existing 10 year loan facilities advanced in 2018 by the company's parent, Cambridge Information Group II LLC, the company has also received a further commitment of support from Cambridge Information Group II LLC. Cambridge Information Group II LLC, have confirmed that they will continue to support the company for at least 18 months from the date of approval of the financial statements. The financial statements do not include any adjustments that would result from the withdrawal of this support.

The directors have prepared financial forecasts reflecting the business model and continue to monitor the performance of the Institute against forecasts. The business is being critically reviewed on an on-going basis and management are adjusting business plans in response to changes in the market place & general economy.

Having considered all of the above the directors are confident that the company can deliver on its forecasts and continue to trade as a going concern for the foreseeable future.

The financial statements do not include any adjustments or disclosures which would be required, if the going concern basis was not appropriate.

INSTITUTE OF ART - LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2025

2. Accounting policies (continued)

2.3 Income

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

Sale of goods

Income from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of income can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Income from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of income can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Intangible assets

Intangible assets primarily include computer software, accreditations, and trademarks.

In accordance with Section 18 of FRS 102 the company recognises intangible assets when:

- The technical feasibility of completing the intangible asset is possible so that it will be available for use/sale and it is the company's intention to complete the intangible asset and use/sell it
- The company has the ability to use it
- It is probable that the intangible asset will generate future economic benefits
- The company has adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The expenditure attributable to the intangible asset during its development can be measured

Intangible assets are recorded at cost and are amortized on a straight-line basis over their respective estimated useful lives; accreditations is amortized over the life of the accreditation; development costs are amortised over their estimated life of 3 years. Computer software is amortised over their estimated life of 3 years.

INSTITUTE OF ART - LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2025

2. Accounting policies (continued)

2.5 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.

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:

| | | |
|------------------------|-----|--|
| Leasehold Improvements | - | Over the shorter of the estimated useful life and the unexpired portion of the lease |
| Machinery & Equipment | 25% | Straight line |
| Computer Hardware | 25% | Straight line |
| Fixtures and fittings | 25% | Straight line |

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 the Statement of Comprehensive Income.

2.6 Valuation on investments

Fixed asset investments, comprising purchased art works, are stated at cost less provision for diminution in value.

2.7 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.

2.8 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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

INSTITUTE OF ART - LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2025

2. Accounting policies (continued)

2.9 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances, are initially measured at their transaction price (adjusted for transaction costs except in the initial measurement of financial assets that are subsequently measured at fair value through profit and loss) and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other debtors due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

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

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

Basic financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other creditors, bank loans and other loans are initially measured at their transaction price (adjusting for transaction costs except in the initial measurement of financial liabilities that are subsequently measured at fair value through profit and loss). When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest, discounting is omitted where the effect of discounting is immaterial.

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

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade creditors are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

INSTITUTE OF ART - LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2025

2. Accounting policies (continued)

2.10 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.

2.11 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 the Statement of Comprehensive Income 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 Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 September 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

INSTITUTE OF ART - LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2025

2. Accounting policies (continued)

2.13 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income 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 Company in independently administered funds.

2.14 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.15 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 Taxation

Tax is recognised in the Statement of Comprehensive Income, 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 operates and generates income.

INSTITUTE OF ART - LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2025

2. Accounting policies (continued)

2.18 Equity settled transactions

The cost of equity-settled transactions with employees of the group is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by using an option pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied. At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the profit and loss account for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the profit and loss account in the accounts of the subsidiary where the employees are remunerated from. In the event that the subsidiary remunerates the parent company for the shares being issued any amount due from the subsidiary are recognised in line with the vesting period.

2.19 Judgments in applying accounting policies and key sources of estimation uncertainty

The directors consider the accounting estimates and assumptions below to be its critical accounting estimates and judgments.

Useful lives of Tangible Fixed Assets

Assets comprising primarily of leasehold improvements and fixtures, fittings and equipment represent a significant portion of total assets. The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation and amortisation charge for the financial year.

Going concern

The directors have prepared budgets and cash flows for a period of at least twelve months from the date of the approval of the financial statements. The business is being critically reviewed on an ongoing basis. In addition, the company's ultimate parent company, Cambridge Information Group II LLC, have confirmed that they will continue to support the company for at least 18 months from the date of approval of the financial statements. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the company was unable to continue as a going concern.

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

3. Income from trading activities

| | 2025 | 2024 |
|--|--------------------------|-------------------------|
| | £ | £ |
| Fee income for taught awards (net of discounts) | 7,516,932 | 5,792,284 |
| Fee income for non-qualifying courses (net of discounts) | 1,953,422 | 1,636,790 |
| Student travel fee | 659,778 | 745,680 |
| Accommodation fee | 281,640 | - |
| | <u>10,411,772</u> | <u>8,174,754</u> |

All turnover arose within the United Kingdom.

4. Other income sources

| | 2025 | 2024 |
|---------------------|-----------------------|-----------------------|
| | £ | £ |
| Café income | 5,457 | 3,136 |
| Cost recharge | 547,295 | 802,127 |
| OFS teaching grants | 1,322 | 3,331 |
| | <u>554,074</u> | <u>808,594</u> |

5. Investment income

| | 2025 | 2024 |
|-----------------|----------------------|----------------------|
| | £ | £ |
| Interest income | <u>93,701</u> | <u>96,960</u> |

6. Direct cost

| | 2025 | (Restated) 2024 |
|--|-------------------------|-------------------------|
| | £ | £ |
| Educational costs | 1,607,481 | 1,698,758 |
| Wages and salaries | 1,099,200 | 1,354,782 |
| National insurance | 133,148 | 154,731 |
| CoS other benefits – including pension costs relating to a defined contribution scheme | 72,121 | 104,365 |
| Health Insurance | 20,477 | 21,238 |
| Royalty payable | 679,639 | 534,893 |
| Café expenses | - | 2,695 |
| Other direct costs | 32,177 | - |
| | <u>3,644,243</u> | <u>3,871,462</u> |

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

7. Support Costs

| | (Restated) | |
|--|------------------------|------------------------|
| | 2025 | 2024 |
| | £ | £ |
| Wages and salaries | 2,217,840 | 1,543,976 |
| Social security costs | 270,154 | 173,465 |
| Other benefits – including pension costs relating to a defined contribution scheme | 137,538 | 92,396 |
| Entertainment | 124,272 | 69,478 |
| Postage and telephone | 1,103 | 7,818 |
| IT costs | 701,384 | 426,429 |
| Printing and stationery | 16,834 | 36,247 |
| Advertising and promotion | 477,527 | 478,614 |
| Trade subscriptions | 91,250 | 83,207 |
| Legal and professional | 211,233 | 232,844 |
| Audit & accountancy fees | 18,790 | 16,980 |
| Charity donation | 3,992 | 5,000 |
| Equipment hire | 27,642 | 30,060 |
| Bank charges | 65,810 | 45,934 |
| Difference on foreign exchange | (115,564) | (76,912) |
| Sundry expenses | 10,387 | 11,751 |
| Rent - operating leases | 585,413 | 586,988 |
| Rates | 274,108 | 267,588 |
| Light and heat | 46,167 | 48,096 |
| Cleaning | 92,057 | 85,023 |
| Health insurance | 10,583 | 4,871 |
| Insurances | 21,407 | 25,039 |
| Repairs and maintenance | 134,171 | 141,801 |
| Charge VAT for the year | 161,946 | 156,915 |
| Provision/ (Reversal) Doubtful Debt Provision | (3,350) | 6,794 |
| Depreciation | 109,241 | 77,121 |
| Amortisation - intangible fixed assets | 15,488 | 14,974 |
| Temporary staff | - | 15,694 |
| Staff recruitment costs | 74,921 | 39,336 |
| Student recruitment, admissions and alumni costs | 5,923 | 71,886 |
| Books, periodicals, reference materials | 101,180 | 87,550 |
| Student Bursary | 5,830 | 42,000 |
| Enrolment cost | 181,098 | - |
| Other administrative costs | - | 10,862 |
| Loss on disposal of tangible fixed asset | 3,571 | - |
| Collegiate & Professional Programme Management/Support Costs | 97,940 | |
| | <hr/> <u>6,177,886</u> | <hr/> <u>4,859,825</u> |

8. Interest expense

| | 2025 | 2024 |
|--|----------------------|---------------------|
| | £ | £ |
| Interest payable on present value of liability | 111,260 | 93,850 |
| | <hr/> <u>111,260</u> | <hr/> <u>93,850</u> |

INSTITUTE OF ART - LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025

9. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

| | 2025 | 2024 |
|--|----------------|----------------|
| | £ | £ |
| Exchange differences | (115,564) | (76,912) |
| Depreciation charged on tangible fixed asset | 109,241 | 77,121 |
| Amortisation charged on intangible fixed asset | 15,488 | 14,974 |
| Other operating lease rentals | <u>585,413</u> | <u>586,988</u> |

10. Auditors' remuneration

Fees payable to the Company's auditor and its associates for the audit of
the Company's annual financial statements

| 2025 | 2024 |
|---------------|---------------|
| £ | £ |
| <u>13,000</u> | <u>13,000</u> |

11. Employees

Staff costs were as follows:

| | 2025 | 2024 |
|---|------------------|------------------|
| | £ | £ |
| Wages and salaries | 3,317,040 | 2,898,758 |
| Social security costs | 403,302 | 328,196 |
| Cost of defined contribution pension scheme | 209,659 | 196,761 |
| | <u>3,930,001</u> | <u>3,423,715</u> |

Included within staff costs are the below costs:

| | 2025 | 2024 |
|---------------------------------|---------------|----------|
| | £ | £ |
| Redundancy payments | 47,972 | - |
| Severance payments | 6,068 | - |
| Compensation for loss of office | - | - |
| | <u>54,040</u> | <u>-</u> |

The current year amounts were paid to 5 individuals (2024: NIL Individual).

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

11. Employees (continued)

| | 2025 No. | 2024 No. |
|-------------------|-------------|-------------|
| Direct employees | 22 | 34 |
| Support employees | 53 | 43 |
| | 75 | 77 |

The following number of employees earned in excess of £100,000 per annum:

| | 2025 No. | 2024 No. | Head of Provider 2025 £ | Head of Provider 2024 £ |
|--|-------------|-------------|----------------------------------|----------------------------------|
| Earnings between £100,000- £134,999 | - | - | - | - |
| Earnings between £135,000- £139,999 | - | 1 | - | 1 |
| Earnings between £140,000- £144,999 | 1 | - | 1 | - |
| Earnings between £145,000- £149,999 | - | - | - | - |
| Basic Salary | 142,298 | 136,500 | - | - |
| Payment of dividends | - | - | - | - |
| Performance related pay/bonuses | 35,892 | - | 35,892 | - |
| Pension Contributions | 8,538 | 8,163 | 8,538 | 8,163 |
| Salary sacrifice arrangements | - | - | - | - |
| Compensation for loss of office | - | - | - | - |
| Any sums paid under any pension scheme in relation to employment with the provider | - | - | - | - |
| Other taxable benefits | 7,172 | 4,871 | 7,172 | 4,871 |
| Non-taxable benefits | - | - | - | - |
| Other remuneration | - | - | - | - |
| | 193,900 | 149,534 | 193,900 | 149,534 |

During the year the head of provider was granted a right to receive 250 shares in an intermediate parent of the company in exchange for a consideration of £7,267. Further details of the share options are disclosed in note 27. The company provided a loan of £7,267 to the head of provider in the form of an interest free loan which can be repaid at any time. This amount remains outstanding as at the year end.

Justification for pay level:

For over 50 years Sotheby's Institute has been devoted to the study of art and its markets with programmes in London, New York City, and Online delivering a wide range of undergraduate, post graduate and professional courses. The Director has primary responsibility for the success and long-term sustainability of the activities for the London campus, he also leads the Institute's relationships with the University of Manchester and Office for Students. Taken as a whole, these responsibilities represent a role for which the remuneration package is more than justified. The remuneration package of the Director is reviewed annually by the Remuneration Committee, with consideration to performance, relevant market and other contextual information, such as the financial position of the Institute, and relevant market pay data.

The Director's yearly objectives are set by the Chief Executive, Edconic. The objectives are considered during the performance review process. The Remuneration Committee is responsible for oversight of the objectives and any increase in pay.

The head of provider's basic salary is 2.81 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The head of provider's total remuneration is 4.21 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the provider to its staff.

INSTITUTE OF ART - LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025

12. Deferred Taxation

At 31 August 2025 there was estimated unused tax losses of £1,330,574 (2024: £2,548,043). No deferred tax asset has been recognised on these losses as management are uncertain if these losses can be utilized in the future.

13. Intangible assets

| | Accreditations £ | Computer software £ | Development expenditure £ | Total £ |
|---|---------------------|---------------------------|---------------------------------|----------------|
| Cost | | | | |
| At 1 September 2024 | 148,293 | 100,256 | - | 248,549 |
| Additions through business combinations | - | - | 484 | 484 |
| Additions | - | - | 4,874 | 4,874 |
| At 31 August 2025 | <u>148,293</u> | <u>100,256</u> | <u>5,358</u> | <u>253,907</u> |
| Amortisation | | | | |
| At 1 September 2024 | 88,918 | 100,055 | - | 188,973 |
| Charge for the year | 14,841 | 134 | 513 | 15,488 |
| At 31 August 2025 | <u>103,759</u> | <u>100,189</u> | <u>513</u> | <u>204,461</u> |
| Net book value | | | | |
| At 31 August 2025 | <u>44,534</u> | <u>67</u> | <u>4,845</u> | <u>49,446</u> |
| At 31 August 2024 | <u>59,375</u> | <u>201</u> | <u>-</u> | <u>59,576</u> |

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

14. Tangible fixed assets

| | Leasehold Improvements £ | Machinery & Equipment £ | Furniture & Fixtures £ | Computer Hardware £ | Total £ |
|--|---|--|---|------------------------------------|--------------------|
| Cost or valuation | | | | | |
| At 1 September 2024 | 1,025,468 | 503,838 | 139,720 | 493,763 | 2,162,789 |
| Additions | 285,044 | - | 22,480 | 130,557 | 438,081 |
| Acquisition through business combination | - | - | 19,372 | 18,144 | 37,516 |
| Disposals | - | - | (2,449) | (14,664) | (17,113) |
| At 31 August 2025 | 1,310,512 | 503,838 | 179,123 | 627,800 | 2,621,273 |
| Depreciation | | | | | |
| At 1 September 2024 | 793,037 | 499,462 | 119,822 | 358,506 | 1,770,827 |
| Charge for the year | 30,443 | 468 | 10,078 | 68,252 | 109,241 |
| Disposals | - | - | (2,123) | (11,418) | (13,541) |
| At 31 August 2025 | 823,480 | 499,930 | 127,777 | 415,340 | 1,866,527 |
| Net book value | | | | | |
| At 31 August 2025 | 487,032 | 3,908 | 51,346 | 212,460 | 754,746 |
| At 31 August 2024 | 232,431 | 4,376 | 19,898 | 135,257 | 391,962 |

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

15. Fixed asset investments

| | Unlisted investments £ |
|--------------------------|------------------------------|
| Cost or valuation | |
| At 1 September 2024 | 85,087 |
| At 31 August 2025 | <u>85,087</u> |
| Net book value | |
| At 31 August 2024 | <u>85,087</u> |
| At 31 August 2025 | <u>85,087</u> |

16. Debtors

| | 2025 £ | 2024 £ |
|---------------|------------------|----------------|
| Trade debtors | 343,138 | 132,152 |
| Other debtors | 732,411 | 636,959 |
| | <u>1,075,549</u> | <u>769,111</u> |

17. Creditors: Amounts falling due within one year

| | 2025 £ | 2024 £ |
|------------------------------------|------------------|------------------|
| Bank Overdraft | 16,122 | 18,519 |
| Trade creditors | 576,884 | 435,507 |
| Amounts owed to group undertakings | 617,312 | 585,272 |
| Other taxation and social security | 205,016 | 220,631 |
| Other Creditors | 1,145,858 | 764,106 |
| Deferred revenue | 4,275,248 | 3,592,200 |
| | <u>6,836,440</u> | <u>5,616,235</u> |

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

18. Creditors: Amounts falling due after more than one year

| | 2025 | 2024 |
|------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Amounts owed to group undertakings | 1,484,558 | 2,266,362 |
| | <u>1,484,558</u> | <u>2,266,362</u> |

19. Financial instruments

| | 2025 | 2024 |
|--|-------------------------|-------------------------|
| | £ | £ |
| Financial assets | | |
| Financial assets measured at amortised cost | <u>4,791,861</u> | <u>3,644,816</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>8,115,982</u> | <u>7,661,966</u> |

Financial assets measured at amortised costs comprise of bank and cash, trade debtors, prepayments and other debtors.

Financial liabilities measured at amortised cost comprise of bank overdraft, trade creditors, other creditors, accruals, deferred revenue and amounts owed to group undertakings.

20. Prior year adjustment

Certain prior year comparatives have been restated to reflect current year classifications.

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

21. Share capital

| | 2025 | 2024 |
|--|----------------|----------------|
| | £ | £ |
| Allotted, called up and fully paid | | |
| 310,000 (2024 - 310,000) Ordinary shares of £1.00 each | <u>310,000</u> | <u>310,000</u> |

22. Business combinations

Acquisition of Vogue College of Fashion London

On 9 May 2025 the company agreed to acquire the business assets of Condé Nast College London for £38,000.

Recognised amounts of identifiable assets acquired and liabilities assumed

| | Fair value |
|--|---------------|
| | £ |
| Fixed Assets | |
| Tangible | 38,000 |
| Total Assets | <u>38,000</u> |
| Total Identifiable net assets | <u>38,000</u> |
| Consideration | |
| Cash | <u>38,000</u> |
| Cash outflow on acquisition | |
| Purchase consideration settled in cash, as above | <u>38,000</u> |

The results of Vogue College of Fashion London since its acquisition are as follows:

| | Current period since acquisition |
|------------|--|
| | £ |
| Income | <u>1,532,762</u> |
| Net income | <u>93,153</u> |

INSTITUTE OF ART - LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025

23. Statement of funds

| | Brought forward | Income | Expenditure | Transfer in/out | Gains/ (losses) | Balance at 31 August 2025 |
|---------------------------|--------------------|-------------------|--------------------|-----------------|-----------------|---------------------------|
| | £ | £ | £ | £ | £ | £ |
| Unrestricted Funds | | | | | | |
| General Funds | (4,355,179) | 11,059,547 | (9,933,389) | 111,260 | - | (3,117,761) |
| Other reserves | 344,023 | | | (176,120) | - | 167,903 |
| | <u>(4,011,156)</u> | <u>11,059,547</u> | <u>(9,933,389)</u> | <u>(64,860)</u> | - | <u>(2,949,858)</u> |

Statement of funds- prior year

| | Brought forward | Income | Expenditure | Transfer in/out | Gains/ (losses) | Balance at 31 August 2024 |
|---------------------------|--------------------|------------------|--------------------|-----------------|-----------------|---------------------------|
| | £ | £ | £ | £ | £ | £ |
| Unrestricted funds | | | | | | |
| General Funds | (4,704,200) | 9,080,308 | (8,825,137) | 93,850 | - | (4,355,179) |
| Other Reserves | 435,519 | - | - | (91,496) | - | 344,023 |
| | <u>(4,268,681)</u> | <u>9,080,308</u> | <u>(8,825,137)</u> | <u>2,354</u> | - | <u>(4,011,156)</u> |

Other reserves:

Other reserves of £167,903 (2024: £344,023) arose when calculating the present value of future payments discounted at the estimated equivalent market rate of 4%.

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

24. Reconciliation of net movement in funds to net cash flow from operating activities

| | 2025 £ | 2024 £ |
|--|------------------|------------------|
| Net income/(expenditure) for the financial year (as per the Statement of Financial Activities) | 1,126,158 | 255,171 |
| Adjustments for: | | |
| Amortisation of intangible assets | 15,488 | 14,974 |
| Depreciation of tangible assets | 109,241 | 77,121 |
| Loss on disposal of tangible fixed assets | 3,571 | - |
| Interest received | (93,701) | (96,960) |
| (Increase)/decrease in debtors | (306,437) | 306,847 |
| Increase/(decrease) in creditors & provisions | 1,190,562 | (415,080) |
| (Decrease) in amounts owed to groups | (814,624) | (200,770) |
| Net cash (used)/generated from operating activities | 1,230,258 | (58,697) |
| | | |

25. Cash and cash equivalents

| | 2025 £ | 2024 £ |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 3,716,312 | 2,875,705 |
| Less: bank overdraft | (16,122) | (18,519) |
| 3,700,190 | 2,857,186 | |

26. Pension commitments

The company operates a defined contribution pension scheme and the assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

27. Share-based payments

BrandEd Holdings LLC (an intermediate parent company of the company) issued share options during the period to employees of the company. The share options are equity-settled share based payments as defined in Section 26 of FRS 102. The fair value of equity-settled share options granted is estimated as at the date of grant using a Black-Scholes pricing model.

The model assess the following inputs:

| | |
|-------------------------|---------|
| Risk Free Interest Rate | 3.95 % |
| Dividend Yield | 0% |
| Expected Volatility | 35.30% |
| Expected Life | 5 years |

In accordance with Section 26 of FRS 102 an expense should be recognised in the company for share based payments in respect of employee services received during the period ended 31 August 2025. As the employee will compensate the group for the share options and such compensation is in line with the fair value of the options, no expense has been recognised in the company for the share based payments.

The share option schemes in operation are described in further detail below.

| | |
|---|------------|
| Option exercise price (average) | £29.08 |
| Weighted average value at date of issue | £29.08 |
| Vesting period | 1- 5 years |
| Exercise period | 1- 5 years |
| Vesting conditions | Yes |
| P&L charge for period | £NIL |
| Options in issue at 31 August 2025 | 250 |

Movement in share option

| | 2025 | 2024 |
|--------------------------------|-------------|-------------|
| Opening Share Option | - | - |
| Granted | 750 | - |
| Transferred to connected party | (500) | - |

Closing Share Options

| | 250 | - |
|--|------------|----------|
| | | |

Exercisable schedule of outstanding options

| | 2025 | 2024 |
|------|-------------|-------------|
| 2026 | 50 | - |
| 2027 | 50 | - |
| 2028 | 50 | - |
| 2029 | 50 | - |
| 2030 | 50 | - |

Number of options granted by fair value

| | Fair Value | Options granted |
|------|-------------------|------------------------|
| 2025 | 29.08 | 250 |

INSTITUTE OF ART - LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2025

28. Commitments under operating leases

At 31 August 2025 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2025 £ | 2024 £ |
|----------------------------|------------------------|------------------------|
| Within one year | 600,000 | 600,000 |
| Between two and five years | 2,400,000 | 2,400,000 |
| Greater than five years | 2,825,000 | 3,425,000 |
| | <hr/> <u>5,825,000</u> | <hr/> <u>6,425,000</u> |

The rent paid in the accounts takes account of the rent-free period at the start of the lease. The current lease will expire in May 2035.

29. Related party transactions

During the year the company received funding from fellow group companies, the balance due to each company at the end of the financial year was as follows:

| | 2025 £ | 2024 £ |
|-----------------------------|------------------------|------------------------|
| Cambridge Education Group | - | - |
| Institute of Art – New York | (88,597) | (221,187) |
| IOA Holdings LLC | 1,650,000 | 2,500,000 |
| Brand Ed Holdings LLC | 780,409 | 1,309,952 |
| CFLI London Ltd | (195,293) | (142,872) |
| CNC London Ltd | (64,056) | (141,775) |
| IMC | (348) | (110,923) |
| BUK London | 185,199 | - |
| | <hr/> <u>2,267,313</u> | <hr/> <u>3,193,195</u> |

All amounts were provided on an interest free basis. The above amounts are stated before adjustment for present value for future payments discounted at the estimated equivalent market rate of 4% (if applicable).

30. Controlling party

The immediate parent undertaking is Institute of Art Holdings LLC, a company registered in the State of Delaware, USA. Institute of Art Holdings LLC is the parent undertaking of the largest and smallest group that consolidate these financial statements. The registered address of Institute of Art Holdings LLC is 251 Little Falls Drive Wilmington, Delaware, 19808, USA.

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

31. Post balance sheet events

There were no significant events at year end.