

Registered number:
03087911

INSTITUTE OF ART - LONDON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2024

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 Business Advisers 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 2024

The directors present their annual report together with the financial statements and auditors report for the company for the year ended 31 August 2024.

Principal activity

The principal activity of the company is the provision of education for those seeking careers in the art 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 Business Advisers, 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 3rd February 2025 and signed on its behalf.

Secretary Amanda Bakale

Amanda Bakale

Date: 03/02/2025

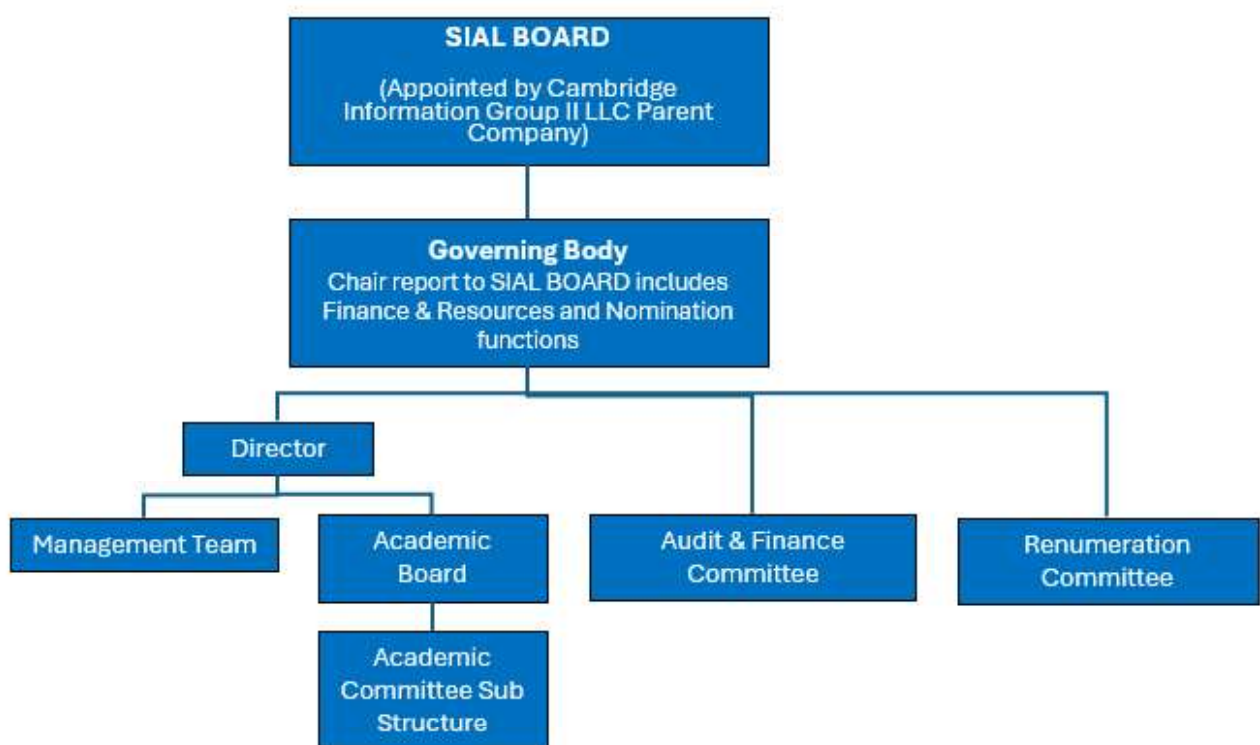
INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 AUGUST 2024

Introduction

Sotheby's Institute of Art – London (SIAL) is incorporated in England and Wales since 1995, company number 03087911 under the name Institute of Art – London Ltd. The registered office is 30 Bedford Square, London WC1B 3EE. SIAL is a wholly owned subsidiary of Institute of Art Holdings LLC, registered in the state of Delaware, USA, and company number 3708619. SIAL is a subsidiary of BrandEd Holdings LLC, registered in the state of Delaware, USA, company number 202361032. BrandEd is a member of the Cambridge Information Group (CIG) group of companies, Cambridge Information Group II LLC, registered in the state of Maryland, USA, company number W11714003.

The SIAL's governance structure may be illustrated as follows:



INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

The body with the ultimate decision-making powers is the SIAL Board whose members are the directors of SIAL appointed by the shareholder, the Institute of Art Holdings LLC.

The Governing Body was set up as a 'local board' of the board of directors (in accordance with the article 13 of the company's articles of association) and it holds delegated powers from the SIAL Board in some areas. It is also responsible for advising the SIAL Board in other areas in order to ensure that the directors exercise their own functions in a well-informed manner.

The terms of reference of the Governing Body explain in detail its various functions. Sections L, O, P and Q of the terms of reference (which are shown on page 8) govern the relationship between the Governing body and the SIAL Board.

The SIAL Governing Body incorporates the Finance and Resources and the Nominations functions. The SIAL Audit Committee takes responsibility for the audit functions, reporting to the SIAL Governing Body. The SIAL Remunerations Committee takes responsibility for the remuneration function, reporting to the SIAL Governing Body. The SIAL Governing Body delegates responsibility for management of the Institute and for academic affairs via the Director to the SIAL Management Team and the SIAL Academic Board. The Chair of the Management Team and of the Academic Board is the Director. Students are represented on the SIAL Academic Board and other committees. There is currently Alumni representation on the SIAL Governing Body.

The terms of reference of the Governing Body, the Audit Committee and Remuneration Committee are as follows:

Governing Body

Terms of Reference

Introduction:

- A. 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").
- B. 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".
- C. On 18 May 2018, the SIAL Board exercised its right to establish the Governing Body as a local board and delegated certain functions to the Governing Body. The SIAL Board resolved that the Governing Body be established and become operative with immediate effect in accordance with these Terms of Reference and the Governing Body Standing Orders, which shall remain in force until they are amended in accordance with their terms.

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 2024

Composition of Governing Body:

D. There shall be a Governing Body of no more than six members. The Governing Body shall be comprised of:

- | | |
|-----------------------------|---|
| i. Chair: | An independent person appointed as chair by the SIAL Board, who may be remunerated for his/her services as a member of the Governing Body |
| ii. Deputy Chair: | An independent person appointed as deputy chair by the SIAL Board, who may be remunerated for his/her services as a member of the Governing Body |
| iii. Parent Company Member: | a person appointed by the parent company of Institute of Art – London Limited |
| iv. Director: | the Director of the Institute shall be an <i>ex officio</i> Member |
| v. Independent Members(s): | One additional person co-opted by the Governing Body with the consent of the SIAL Board, who may be remunerated for his/her services as Member |
| vi. Student Member: | a student of the Institute (or a recent alumnus) to be appointed or elected in accordance with the procedures adopted by the Governing Body from time to time |

E. Members of the Governing Body listed under section D (i) to (v) above may also be referred to as "Governors".

F. A person shall not become or be deemed a member of the SIAL Board by virtue of his/her appointment as a Member or Student Member.

Quorum:

G. Three (3) members, to include both Independent Members and the Parent Company Member and the Director, the quorum shall be four (4).

Operation of Governing Body:

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

Responsibilities of Governing Body:

- I. As a local board established by the SIAL Board, the Governing Body shall hold such responsibilities and functions as the SIAL Board shall delegate to it from time to time and/or as set out in these Terms of Reference.
- J. The Governing Body shall be responsible for:

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

General

- 1) advising the SIAL Board on all strategic and policy matters, as well as the effective and efficient use of resources, and for safeguarding assets so as to allow the SIAL Board to ensure the solvency of the Institute and the safeguarding of its assets;
- 2) advising the SIAL Board on the Institute's future development;
- 3) the effective management and operation of the Institute;
- 4) advising the SIAL Board on and observing (i) the highest standards of corporate governance, (ii) best practice in the higher education sector, (iii) the principles of public life drawn up by the Committee on Standards in Public Life, and (iv) the public interest governance principles established by the Office for Students;
- 5) safeguard the good name and values of the Institute;
- 6) ensuring and demonstrating integrity and objectivity in the transaction of its business and, wherever possible, following a policy of openness and transparency in the dissemination of its decisions;
- 7) the health and safety of employees, students and other individuals whilst on the Institute's premises and in other places where they may be affected by its operations, including ensuring that the Institute has a written statement of policy on health and safety and arrangements for the implementation of that policy;
- 8) eliminating unlawful discrimination and promoting equality of opportunity and relations between different groups;

Financial

- 9) ensuring that funds approved by the SIAL Board are used in accordance with the terms and conditions of the Institute's financial regulations;
- 10) ensuring, through the Audit Committee, the establishment and monitoring of systems of control and accountability including financial and operational controls and risk assessment;
- 11) the determination of the educational character and mission of the Institute including the approval of the Institute's Strategic Plan and the setting of Key Performance Indicators (KPIs);
- 12) making recommendations to the SIAL Board regarding the approval of the annual estimates of income and expenditure;
- 13) receiving the Institute's annual accounts (financial statements) after they have been audited by the external auditors and making a recommendation to the SIAL Board on whether to approve them;

Office for Students

- 14) all interactions between the Institute and the Office for Students;
- 15) ensuring the Institute's compliance with all the conditions of registration and accounts direction which the Office for Students may issue from time to time and, where necessary, make recommendations to the SIAL Board regarding any decisions or actions which the SIAL Board needs to take in order to enable the Institute to remain compliant on an ongoing basis;

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

- 16) recommending to the SIAL Board a senior officer of the Institute to be nominated to the Office for Students as the Institute's 'accountable officer' who has the responsibilities set out by the Office for Students for an accountable officer from time to time;
- 17) notifying the Office for Students of any change which it becomes aware of and which affects the accuracy of information contained in the Institute's entry in the register maintained by the Office for Students;
- 18) compliance with guidance published by the Office for Students to facilitate, in co-operation with electoral registration officers, the electoral registration of students;

Staff

- 19) recommending to the SIAL Board a framework for the appointment, assignment, grading, appraisal, suspension, dismissal and determination of the pay and conditions of staff;
- 20) making recommendations to the SIAL Board regarding the appointment, suspension or dismissal of the Director, the deputy director, and such other senior officers as the SIAL Board may designate from time to time;
- 21) ensuring that there are suitable arrangements in place for monitoring the CEO's performance;

Students

- 22) ensuring that adequate provision is made for the general welfare of students;
- 23) taking such steps as are reasonably practicable to ensure that the views of students of the Institute are represented, for example: through the nomination or election process of the Student Member or representation at the Academic Board;

Ongoing monitoring and reporting

- 24) regularly monitoring the performance of the Institute against its planned strategies and operational targets including those contained in approved KPIs;
- 25) reviewing annually the performance of the Institute as a whole in meeting strategic objectives and associated measures of performance and the contribution of the Governing Body to that success;
- 26) reviewing its own effectiveness and performance and that of its committees formally every four years, and annually on a 'light touch' basis;
- 27) reviewing its terms of reference and work plan annually;
- 28) reporting on a regular basis to the SIAL Board.

Finance & Resources

- K. The Governing Body in addition to its general and specific duties listed above will also specifically cover the following finance and resource matters at each scheduled meeting:
 - 29) oversight of the terms of reference and standing orders governing any audit or finance & resources committee and receiving reports or recommendations from any such committee (if any);

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

- 30) the financial affairs of the Institute in accordance with all statutory requirements, the constitutional documents, all policies and regulations adopted by the SIAL Board or the Governing Body or any of its committees from time to time and the requirements of the Office for Students. This includes ensuring that there are adequate and effective arrangements in place to ensure public funds are managed appropriately, in line with the conditions of grant and the principles of regularity, propriety and value for money, and to protect the interests of taxpayers and other stakeholders;
- 31) the strategic management of the Institute's land and buildings to include consideration, approval and review of the estates and accommodation strategies which identify the property and space requirements needed to fulfil the objectives of the Institute's strategic plan, and advising the SIAL Board in such matters;
- 32) any major building developments, acquisitions, and disposals of land and premises;
- 33) the economic, efficient and effective use of all physical resources;
- 34) the care and maintenance of land and buildings including oversight of a planned programme of work, scheme of long term maintenance and conditions appraisals;
- 35) the consideration and recommendation of the information and communications technology (ICT) strategy;
- 36) monitoring, measuring and evaluating the outcomes of major ICT implementations;
- 37) oversight of the actions taken by the Director relating to Human Resources within his/her delegated responsibility for managing the Institute;
- 38) oversight of the Institute's people strategy and to receive assurance that the Institute is tracking and delivering the actions outlined therein;
- 39) the consideration of the Institute's consolidated financial statements;
- 40) the financial planning of the Institute, including the consideration of annual estimates of income and expenditure and the periodic review of reports on performance against approved budgets and plans and reporting to SIAL Board;
- 41) the economic, efficient, effective and proper use of all resources of the Institute, consistent with Health and Safety legislation and guidance;
- 42) making recommendations to the SIAL Board for the approval of financial regulations, policies and procedures (as the case may be);
- 43) monitoring delivery, considering detailed business cases and proposing funding options in relation to master planning;
- 44) governance oversight of the environmental sustainability agenda;

Nominations

- L. The Governing Body in addition to its general and specific duties listed above will also specifically cover the following nominations matters at least once per academic year:
 - 45) oversight of the terms of reference and standing orders governing any nominations committee (if any) and receiving reports or recommendations from any such committee;

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

- 46) oversight of Governance policy and practice and recommend changes to the SIAL Board on policy and practice in line with regulatory and best practice requirements;
- 47) monitoring, considering and updating register of interests and meeting declarations;
- 48) considering nominations to the Governing Body and recommending appointment of Members to the SIAL Board;
- 49) oversight of the arrangements for annual Members informal discussions and four yearly review of governance;
- 50) strategic oversight of master planning and making recommendations to the SIAL Board.

Authority:

- M. The Governing Body is responsible to and reports to the SIAL Board.
- 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 operate in accordance with their own terms of reference, as may be adopted by them from time to time with the consent of the SIAL Board: The Academic Board, the Audit Committee, the Remuneration Committee.

Relationship with the SIAL Board:

- P. The SIAL 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.
- Q. The SIAL 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.
- R. The SIAL 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 SIAL Board shall take due account of reports from the Governing Body on its findings and consequential recommendations.

Relationship with the Academic Board:

- S. 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:

- T. 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.

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

Amendment of Terms of Reference:

- U. These Terms of Reference may be amended, revoked or superseded by a resolution of the SIAL Board.

Sotheby's Institute of Art

Audit and Finance Committee

Terms of Reference

Introduction:

- A. 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").
- B. 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 company² 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*".
- C. 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.
- D. On 21 May 2018 the Governing Body established a committee, with the following terms of reference (as approved by the SIAL Board), as the audit and finance committee ("Audit and Finance Committee") of Institute of Art – London Limited. Its purpose is to establish formal and transparent arrangements for considering how the SIAL Board and the Governing Body should apply the financial reporting, regulatory and internal control principles of the Institute of Art – London Limited and to challenge financial and accounting practices where necessary and to maintain an appropriate relationship with the company's auditors.

Composition of the Audit and Finance Committee:

- E. There shall be an Audit and Finance Committee of a minimum of three members. The Audit and Finance Committee shall be comprised of:

vii.	Independent members:	Two Independent Governors
viii.	Parent Company member	The Parent Company Governor from time to time shall be an <i>ex officio</i> member of the Audit and Finance Committee
ix.	Co-opted members	the Audit and Finance Committee may, if it considers it necessary or desirable, co-opt members who have recent, relevant experience in finance, accounting or auditing or otherwise particular expertise as the Audit and Finance Committee considers necessary or desirable.

² 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 2024

Membership:

- F. The independent members of the Audit and Finance Committee shall be appointed by the Governing Body, from among the Independent Governors, and must consist of members with no executive responsibility for the management of the Institute. Members, apart from the 'Parent Company member' should not have significant interests in the Institute. For these reasons the Student Member of the Governing Body and the Director are precluded from being members of the Audit and Finance Committee.

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

Chair:

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

Quorum:

- H. Three (3) members, to include both Independent Governors and the Parent Company Governor; provided, however, should there be at least one co-opted member, the quorum shall be four (4).

Secretary:

- I. 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.

Attendance at Meetings:

- J. In attendance by invitation:
1. Director
 2. Chair of the Governing Body
 3. Senior Finance Representative
 4. External and Internal Auditors - as appropriate
- K. However, at least once a year the Audit and Finance Committee should meet with the external auditors without any directors or officers of SIAL present.

Frequency of meetings:

- L. Meetings shall normally be held three (3) times each financial year. The external auditors or Director of Finance may request a meeting if they consider it necessary.

Responsibilities of the Audit and Finance Committee:

- M. 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.

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2024**

N. The Audit and Finance Committee shall be responsible for:

- 1) making recommendations to the Governing Body and SIAL Board 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 auditors, before the audit begins, the nature and scope of the audit;
- 3) discussing with the external auditor's problems and reservations arising from the interim and final audits, including a review of the management letter, incorporating management responses, the appropriateness of the Institute'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 Institute's finance team and external auditors; ensuring that the resources made available for the finance team are sufficient to meet the Institute's needs (or making a recommendation to the Governing Body or the SIAL Board as appropriate);
- 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 Body and the SIAL Board;
- 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 the Institute's policy on fraud and irregularity, including whistleblowing, including being notified of any action taken under that policy;
- 10) satisfying itself that suitable arrangements are in place to promote economy, efficiency and effectiveness;
- 11) as a designated committee of the Governing Body, fulfilling its responsibilities for confirming that the Institute'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;
- 12) 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;
- 13) 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;

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

- 14) 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 funding council's accounts directions;
- 15) in the event of the merger or dissolution of the Institute, 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 and SIAL Board to that effect;
- 16) monitoring and reviewing data assurance arrangements;
- 17) monitoring the Institute's performance against KPIs set by the SIAL Board and/or the Governing Body;
- 18) receiving and considering the finance director's annual report;
- 19) for reviewing its own effectiveness and performance on a 'light touch' basis and formally every four years (annually through Governor Informal Discussions);
- 20) reviewing terms of reference and work plans annually.

Authority:

- O. The Audit and Finance Committee is responsible to and reports to the Governing Body.
- P. 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.
- Q. The Audit and Finance Committee is authorised by the SIAL Board and 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 Institute, and all employees are directed to co-operate with any request made by the Audit Committee.
- R. The Audit and Finance Committee is authorised by SIAL Board and the Governing Body, within any budgetary restraints imposed by the SIAL Board, 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 Director and/or the Chair of the Governing Body.
- S. 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 Institute 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:

- T. The minutes of meetings of the Audit and Finance Committee will be circulated to all members of the Governing Body.
- U. The Audit and Finance Committee will prepare an annual report covering the Institute'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 Institute's arrangements for the following:

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

- 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);
- 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 Institute'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:

- V. 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:

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

Sotheby's Institute of Art

Remuneration Committee

Terms of Reference

Introduction:

- A. 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").
- B. 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 company³ 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*".
- C. 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.
- D. 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.

³ 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 2024

Composition of the Remuneration Committee:

E. 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 Governor from time to time shall be an <i>ex officio</i> member of the Remuneration Committee |

Membership:

F. 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:

G. 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:

H. Three (3) members, to include both Independent Governors and the Parent Company Governor.

Secretary:

I. 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:

J. In attendance by invitation: Director.
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.

Frequency of meetings:

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

Responsibilities of the Remuneration Committee:

L. 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:

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2024**

- a) the Director,
 - b) members of the Institute's senior management team on the recommendation of the Director, and
 - c) other senior staff as the Governing Body deems appropriate
- 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 pay award 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');
 - 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.
- M. 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) Considering at all times the impact of decisions on individual future pension entitlements and costs;
 - 4) Ensuring that there is a clear and justifiable rationale for all decisions.
 - 5) 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.

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

Information Requirements:

- N. 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.

Reporting Relationships:

- O. The Remuneration Committee shall report to the Governing Body, which will share all relevant reports and recommendations with the SIAL 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.

Voting and Recommendations:

- P. 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:

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

Academic Board – Terms of Reference

Composition:

Membership

Director (Chair)
All MA Programme Directors
Senior Officer – Quality Assurance
Registrar (Secretary) Librarian

One Semester Course Leader (to be nominated by the Semester Programme Team) – Term of office to be reviewed after 2 years, with a maximum term of 4 years.

One other permanent member of academic staff (to be nominated by Academic Board) – Term of office to be reviewed after 2 years, with a maximum term of 4 years.

One consultant lecturer (to be nominated by Academic Board) – Term of office to be reviewed after 2 years, with a maximum term of 4 years.

Once student representatives have been selected, two Student Representatives (drawn from MA programmes).

Such persons as may be co-opted by the Academic Board.

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

Quorum:

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

Reporting Relationships:

The Academic Board is responsible for overseeing all academic activities at the Institute.

Programme Committees, Academic Standards Committee, Research and Development Support Committee, Fitness to Study Committee, Appeals Panels, and Complaints Panels, Summary Findings Committees, and Misconduct Committees report to Academic Board.

Examination Boards report to Academic Board and to the University of Manchester.

Academic Board reports to the Governing Body, who have ultimate responsibility for the oversight of academic standards.

In attendance by invitation:

Other members of SIAL staff as appropriate.

Frequency of Meetings

Four (4) times per annum during teaching semesters, on Wednesday afternoons.

General

Responsibilities are as follows:

- 1) To advise on matters referred to it by the Governing Body, Director, Quality Team and Academic Standards Committee 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 ensure compliance with the UK Quality Code for Higher Education, the academic requirements of registration with the Office for Students' and the requirements of the validating body;
- 4) To review academic and compliance risks identified on the Institutes Risk Register;
- 5) To have oversight of proposed new programme developments or amendments to existing programmes;
- 6) To receive and respond to feedback on the quality of the student experience via student reps and student survey reports;
- 7) To monitor and advise on the student experience, including student support services, careers services, library, IT and alumni development;
- 8) To contribute to and consider the Institute's strategic plan;
- 9) To discuss, approve and monitor the effectiveness of policies and procedures on all matters relating to students on validated courses or programmes, such as assessment, admissions, student misconduct, student complaints and appeals, course review and monitoring;
- 10) To receive reports from Programme Committees (including matters relating to student feedback);
- 11) To review Programme Continuous Monitoring Reports and to monitor progress against identified actions;
- 12) To approve the nomination of External Examiners and to review External Examiner reports and monitor progress against identified actions;

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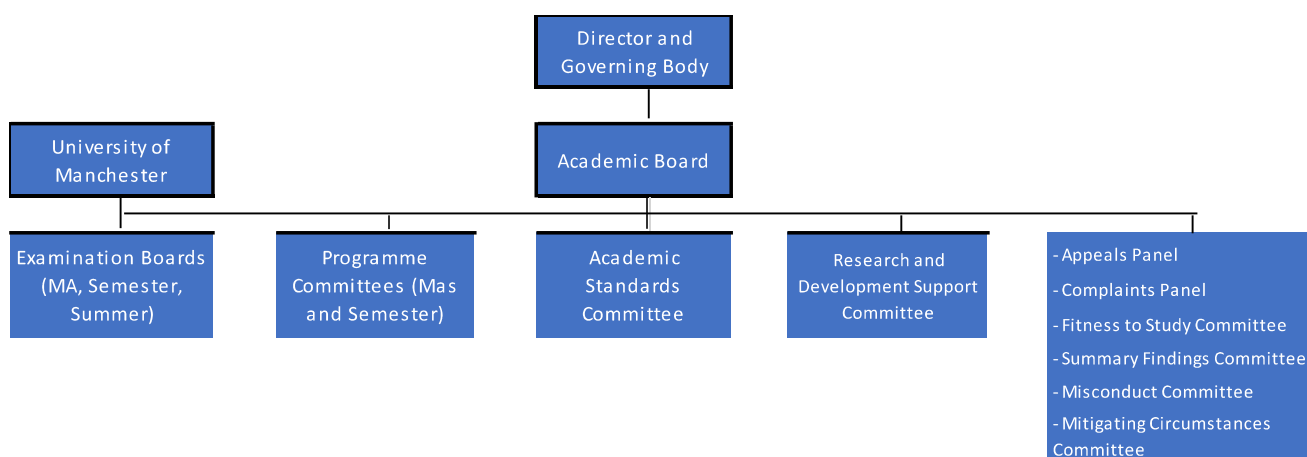
STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2024

13) To ensure that terms of reference are reviewed on an annual basis alongside a review of Academic Board's effectiveness.

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.

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.

Academic governance may be illustrated as follows:



After initial validation of its higher education programmes by the Council for National Academic Awards in 1979, the University of Manchester became the Institute's validation partner in 1995. The Institute has a close working relationship with the University's School of Arts, Languages and Cultures, with whom it liaises and collaborates, to secure and maintain a five-year, renewable contract. The present contract runs for five years from 1 January 2020.

Academic governance is achieved through Academic Board, Academic Standards Committee, Programme Committees and Exam Boards. The functions of these entities are underpinned by Complaints and Appeals Panels, Summary Findings, Misconduct, Mitigating Circumstances and Fitness to Study Committees.

Academic Board, Academic Standards Committee, Programme Committees and the Research and Development Support Committee 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.

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2024**

Academic Board represents the highest level of academic governance of SIAL. Academic Board reports to the Director and to the SIAL Governing Body on academic matters. Academic Board is concerned with academic oversight of the Institute and receives and considers both external reports (for example 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.

Examination Boards additionally report to the validating partner, the University of Manchester, whose academic regulations they follow. They include representatives from the University of Manchester 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.

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

Secretary Amanda Bakale

Amanda Bakale

Date: 03/02/2025

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF INTERNAL CONTROL FOR THE YEAR ENDED 31 AUGUST 2024

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**
A review was undertaken to test the quality of the Board ("Governing Body") reporting. The main purpose of this review was to highlight how the Institute can further develop its agendas, reports and minutes that are presented to the Governing Body to align them with best practice.
A review was also undertaken to test the Institute's Risk Management arrangements and the controls upon which the Institute relies to manage risk are suitably designed, consistent and effective.
2. **Internal Control**
A high-level review of the Institute's key financial controls was undertaken during the year which focused on the General Ledger and Procurement.
3. **Legal and Regulatory Compliance**
The focus of this review centred on the Institute's Health and Safety policies and procedures, their compliance with Legal and Regulatory requirements as well as Fire Safety and Fire Risk Assessments.
4. **Data Quality – HESA Student Alternative 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 Alternative Return. This review considered the process undertaken for the 2020/21 submission including; data collection process, data cleansing and verification processes, compliance with HESA data quality rules, construction of the data return, viewing evidence of the iterative process of finalising the data return via the HESA Issue Management System assuring data quality and finally consideration of governance processes including sign-off by the Institutes Accountable Officer.

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 2024

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 £2.5 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 world's employers and receives regular feedback from not only employers but from its alumni as they progress in their careers in the business of art.

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

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

Secretary Amanda Bakale *Amanda Bakale*

Date: 03/02/2025

INSTITUTE OF ART - LONDON LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2024

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: 03/02/2025

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 2024, 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 2024 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.

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 23, 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, Regulatory advice 9: Accounts Direction issued by the Office for Students and the EU General Data Protection Regulation (GDPR)).
- 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's 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.

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 Business Advisers

Chartered Accountants and Statutory Audit firm

RBK House

Irishtown

Athlone

Co. Westmeath

Date: 03/02/2025

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2024

		2024	2023
	Note	£	£
INCOME FROM:			
Trading activities	3	8,174,754	8,988,343
Other income sources	4	808,594	791,623
TOTAL INCOME		8,983,348	9,779,966
EXPENDITURE ON:			
Direct costs	6	3,336,569	3,454,810
Support costs	7	5,394,718	5,895,214
TOTAL EXPENDITURE		8,731,287	9,350,024
NET INCOME/(EXPENDITURE) BEFORE INTEREST & TRANSFERS		252,061	429,942
Interest receivable and similar income	5	96,960	70,961
Interest payable and expenses	8	(93,850)	(101,663)
NET INCOME/(EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		255,171	399,240
Other gains/ (losses)		-	-
NET MOVEMENT IN FUNDS		255,171	399,240
Present value adjustment for liability		2,354	3,639
Total funds brought forward		(4,268,681)	(4,671,560)
TOTAL FUNDS CARRIED FORWARD		(4,011,156)	(4,268,681)

The notes on pages 31 to 50 form part of these financial statements.

INSTITUTE OF ART - LONDON LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2024**

	Note	2024 £	2023 £
Fixed assets			
Intangible fixed assets	13	59,576	74,550
Tangible fixed assets	14	391,962	349,157
Investments	15	85,087	85,087
		<u>536,625</u>	<u>508,794</u>
Current assets			
Debtors: amounts falling due within one year	16	769,111	1,075,958
Cash at bank and in hand	23	2,875,705	2,959,528
		<u>3,644,816</u>	<u>4,035,486</u>
Creditors: amounts falling due within one year	17	(5,616,235)	(6,174,293)
Net current assets		<u>(1,971,419)</u>	<u>(2,138,807)</u>
Total assets less current liabilities		<u>(1,434,794)</u>	<u>(1,630,013)</u>
Creditors: amounts falling due after more than one year	18	(2,266,362)	(2,328,668)
Net liabilities		<u><u>(3,701,156)</u></u>	<u><u>(3,958,681)</u></u>
Capital and reserves			
Called up share capital	20	310,000	310,000
Other reserves	21	344,023	435,519
Unrestricted funds	21	(4,355,179)	(4,704,200)
Total Funds		<u><u>(3,701,156)</u></u>	<u><u>(3,958,681)</u></u>

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 (Feb 3, 2025 10:32 EST)

Date: 03/02/2025

The notes on pages 31 to 50 form part of these financial statements.

Matthew Brehm

Director 

Date: 03/02/2025

INSTITUTE OF ART - LONDON LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2024

	2024 £	2023 £
Cash flows from operating activities		
Net cash (used)/generated from operating activities	(58,697)	(382,282)
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(401)
Purchase of tangible fixed assets	(119,926)	(81,213)
Interest received	96,960	70,961
Net cash from investing activities	(22,966)	(10,653)
Net (decrease)/increase in cash and cash equivalents	(81,663)	(392,935)
Cash and cash equivalents at beginning of year	2,938,849	3,331,784
Cash and cash equivalents at the end of year	2,857,186	2,938,849

The notes on pages 31 to 50 form part of these financial statements.

INSTITUTE OF ART - LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

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 2024 shows that the Institute generated a gain of £255,171 (2023: gain of £399,240). At the 31 August 2024, the Institute had net liabilities of £3,701,156 (2023: £3,958,681) and accumulated losses of £4,355,179 (2023: loss of £4,704,200). 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 and cash flow forecasts reflecting the business model and covering a period of at least two years from the date of the approval of the financial statements 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024**

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; trademarks are amortised over their estimated life of 15 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 2024

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024**

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

2. Accounting policies (continued)

2.9 Financial instruments (continued)

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024**

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024**

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 2024

2. Accounting policies (continued)

2.18 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 2024**

3. Income from trading activities

	2024	2023
	£	£
Fee income for taught awards (net of discounts)	5,792,284	6,251,355
Fee income for non-qualifying courses (net of discounts)	1,636,790	2,035,838
Student travel fee	745,680	701,150
	<u>8,174,754</u>	<u>8,988,343</u>

All turnover arose within the United Kingdom.

4. Other income sources

	2024	2023
	£	£
Café income	3,136	2,707
Other income sources	802,127	785,055
OFS teaching grants	3,331	3,861
	<u>808,594</u>	<u>791,623</u>

5. Investment income

	2024	2023
	£	£
Interest income	<u>96,960</u>	<u>70,961</u>

6. Direct costs

	2024	2023
	£	£
Educational costs	1,698,758	1,896,438
Wages and salaries	1,354,782	1,317,513
National insurance	154,731	148,684
CoS other benefits – including pension costs relating to a defined contribution scheme	104,365	74,763
Health Insurance	21,238	15,397
Café expenses	2,695	2,015
	<u>3,336,569</u>	<u>3,454,810</u>

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024**

7. Support Costs

	2024	2023
	£	£
Wages and salaries	1,543,976	1,460,880
Social security costs	173,465	164,286
Other benefits – including pension costs relating to a defined contribution scheme	92,396	87,081
Royalties	534,893	586,125
Entertainment	69,478	106,479
Postage and telephone	7,818	2,063
Computer costs	426,429	526,678
Printing and stationery	36,247	14,670
Advertising and promotion	478,614	704,074
Trade subscriptions	83,207	64,151
Legal and professional	232,844	235,794
Audit & accountancy fees	16,980	17,787
Charity donation	5,000	10,000
Equipment hire	30,060	25,723
Bank charges	45,934	31,651
Difference on foreign exchange	(76,912)	(190,289)
Sundry expenses	11,751	5,162
Rent - operating leases	586,988	591,316
Rates	267,588	267,343
Light and heat	48,096	50,992
Cleaning	85,023	66,271
Health insurance	4,871	3,240
Insurances	25,039	34,015
Repairs and maintenance	141,801	207,517
Charge VAT for the year	156,915	258,704
Provision/ (Reversal) Doubtful Debt Provision	6,794	(25,734)
Depreciation	77,121	62,976
Amortisation - intangible fixed assets	14,974	14,908
Temporary service - admin	-	10,388
Temporary staff	15,694	36,173
Staff recruitment costs	39,336	35,253
Student recruitment, admissions and alumni costs	71,886	147,224
Books, periodicals, reference materials	87,550	87,554
Student Bursary	42,000	-
Other administrative costs	10,862	194,759
	<u>5,394,718</u>	<u>5,895,214</u>

8. Interest expense

	2024	2023
	£	£
Interest payable on present value of liability	93,850	101,663
	<u>93,850</u>	<u>101,663</u>

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024**

9. Operating profit/(loss)

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

	2024	2023
	£	£
Exchange differences	(76,912)	(190,289)
Depreciation charged on tangible fixed asset	77,121	62,976
Amortisation charged on intangible fixed asset	14,974	14,908
Other operating lease rentals	<u>586,988</u>	<u>591,316</u>

10. Auditors' remuneration

	2024	2023
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>13,000</u>	<u>12,500</u>

11. Employees

Staff costs were as follows:

	2024	2023
	£	£
Wages and salaries	2,898,758	2,778,393
Social security costs	328,196	312,970
Cost of defined contribution pension scheme	196,761	161,844
	<u>3,423,715</u>	<u>3,253,207</u>

Included within staff costs are the below costs:

	2024	2023
	£	£
Redundancy payments	-	-
Severance payments	-	-
Compensation for loss of office	-	-
	<u>-</u>	<u>-</u>

The current year amounts were paid to Nil individuals (2023: Nil Individual).

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024**

11. Employees (continued)

	2024 No.	2023 No.
Direct employees	34	43
Support employees	43	38
	<u>77</u>	<u>81</u>

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

	2024 No.	<i>Revised</i> 2023 No.
Earnings between £100,000- £129,999	-	-
Earnings between £130,000- £134,999	-	1
Earnings between £135,000- £139,999	1	-
Earnings between £140,000- £159,999	-	-

The 2023 has been revised to reflect only the salary charged to the company as certain salary costs were reimbursed by a group company

	Head of Provider 2024 £	<i>Head of Provider 2023 £</i>
Basic Salary	136,500	130,000
Payment of dividends	-	-
Performance related pay/bonuses	-	-
Pension Contributions	8,163	7,800
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	4,871	3,240
Non-taxable benefits	-	-
Other remuneration	-	-
	<u>149,534</u>	<u>141,040</u>

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, any pay awards relating to the Higher Education sector and relevant market pay data. The Director's yearly objectives are agreed with his line manager during the performance review process which are also signed off by the Remuneration Committee.

The head of provider's basic salary is 3 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 2.7 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 2024

12. Deferred Taxation

At 31 August 2024 there was estimated unused tax losses of £2,422,229 (2023: £2,783,195). 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 £	Total £
Cost			
At 1 September 2023	148,293	100,256	248,549
At 31 August 2024	<u>148,293</u>	<u>100,256</u>	<u>248,549</u>
Amortisation			
At 1 September 2023	74,077	99,922	173,999
Charge for the year	14,841	133	14,974
At 31 August 2024	<u>88,918</u>	<u>100,055</u>	<u>188,973</u>
Net book value			
At 31 August 2024	<u>59,375</u>	<u>201</u>	<u>59,576</u>
At 31 August 2023	<u>74,216</u>	<u>334</u>	<u>74,550</u>

INSTITUTE OF ART - LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

14. Tangible fixed assets

	Leasehold Improve- ments £	Machinery & Equipment £	Furniture & Fixtures £	Computer Hardware £	Total £
Cost or valuation					
At 1 September 2023	1,043,176	507,532	123,118	392,532	2,066,358
Additions	-	366	18,329	101,231	119,926
Disposals	(17,708)	(4,060)	(1,727)	-	(23,495)
At 31 August 2024	1,025,468	503,838	139,720	493,763	2,162,789
Depreciation					
At 1 September 2023	787,920	503,138	119,211	306,932	1,717,201
Charge for the year	22,825	384	2,338	51,574	77,121
Disposals	(17,708)	(4,060)	(1,727)	-	(23,495)
At 31 August 2024	793,037	499,462	119,822	358,506	1,770,827
Net book value					
At 31 August 2024	<u>232,431</u>	<u>4,376</u>	<u>19,898</u>	<u>135,257</u>	<u>391,962</u>
At 31 August 2023	<u>255,256</u>	<u>4,394</u>	<u>3,907</u>	<u>85,600</u>	<u>349,157</u>

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024**

15. Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 September 2023	85,087
	<hr/>
At 31 August 2024	85,087
	<hr/>
Net book value	
At 31 August 2023	<u>85,087</u>
At 31 August 2024	<u>85,087</u>

16. Debtors

	2024 £	2023 £
Trade debtors	132,152	160,007
Other debtors	636,959	915,951
	<hr/>	<hr/>
	<u>769,111</u>	<u>1,075,958</u>

17. Creditors: Amounts falling due within one year

	2024 £	2023 £
Bank Overdraft	18,519	20,679
Trade creditors	435,507	700,343
Amounts owed to group undertakings	585,272	726,090
Other taxation and social security	220,631	267,413
Other Creditors	764,106	1,015,414
Deferred revenue	3,592,200	3,444,354
	<hr/>	<hr/>
	<u>5,616,235</u>	<u>6,174,293</u>

INSTITUTE OF ART - LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

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

	2024 £	2023 £
Amounts owed to group undertakings	2,266,362	2,328,668
	<u>2,266,362</u>	<u>2,328,668</u>

19. Financial instruments

	2024 £	2023 £
Financial assets		
Financial assets measured at amortised cost	<u>3,644,816</u>	<u>4,035,487</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>7,661,966</u>	<u>8,235,548</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, accruals, deferred revenue and amounts owed to group undertakings.

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024**

20. Share capital

	2024 £	2023 £
Allotted, called up and fully paid		
310,000 (2023 - 310,000) Ordinary shares of £1.00 each	<u>310,000</u>	<u>310,000</u>

21. Statement of funds

	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>-</u>	<u>(4,011,156)</u>

Statement of funds- prior year

	Brought forward £	Income £	Expenditure £	Transfer in/out £	Gains/ (losses) £	Balance at 31 August 2023 £
Unrestricted funds						
General Funds	(5,205,103)	9,850,927	(9,451,687)	101,663	-	(4,704,200)
Other Reserves	533,543	-	-	(98,024)	-	435,519
	<u>(4,671,560)</u>	<u>9,850,927</u>	<u>(9,451,687)</u>	<u>3,639</u>	<u>-</u>	<u>(4,268,681)</u>

Other reserves:

Other reserves of £344,023 (2023: £435,519) 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 2024**

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

	2024 £	2023 £
Net income/(expenditure) for the financial year (as per the Statement of Financial Activities)	255,171	399,240
Adjustments for:		
Amortisation of intangible assets	14,974	14,908
Depreciation of tangible assets	77,121	62,976
Interest received	(96,960)	(70,961)
Decrease/(increase) in debtors	306,847	292,028
Increase/(decrease) in creditors & provisions	(415,080)	(770,136)
(Decrease) in amounts owed to groups	(200,770)	(310,337)
Net cash (used)/generated from operating activities	<u>(58,697)</u>	<u>(382,282)</u>

23. Cash and cash equivalents

	2024 £	2023 £
Cash at bank and in hand	2,875,705	2,959,528
Less: bank overdraft	(18,519)	(20,679)
	<u><u>2,857,186</u></u>	<u><u>2,938,849</u></u>

24. 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 2024

25. Commitments under operating leases

At 31 August 2024 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2024 £	2023 £
Within one year	600,000	600,000
Between two and five years	2,400,000	2,400,000
Greater than five years	3,425,000	4,025,000
	<u>6,425,000</u>	<u>7,025,000</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.

26. 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:

	2024 £	2023 £
Cambridge Education Group	-	17,620
Institute of Art – New York	(221,187)	56,099
IOA Holdings LLC	2,500,000	2,500,000
Brand Ed Holdings LLC	1,309,952	1,736,619
CFLI London Ltd	(142,872)	(106,200)
CNC London Ltd	(141,775)	(625,209)
IMC	(110,923)	(91,529)
	<u>3,193,195</u>	<u>3,487,400</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).

INSTITUTE OF ART - LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024**

27. 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.

28. Post balance sheet events

There were no significant events at year end.











Sotheby's Institute of Art - Final Accounts - 31Aug2024

Final Audit Report

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