Company Registration No. 04511191 (England and Wales)

BLOOMSBURY INSTITUTE LIMITED

(FORMERLY LONDON SCHOOL OF BUSINESS AND MANAGEMENT LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

BLOOMSBURY INSTITUTE LIMITED
(FORMERLY LONDON SCHOOL OF BUSINESS AND MANAGEMENT LIMITED)
COMPANY INFORMATION

Directors	Mr J Fairhurst Ms C A Cook Mr N O Jhaveri Mr T R Mortimer Mr T J Forsblad
Secretary	Ms M Jackson
Company number	04511191
Registered office	7 Bedford Square London WC1B 3RA
Auditor	Berley Chartered Accountants, Statutory Auditors 76 New Cavendish Street London W1G 9TB

BLOOMSBURY INSTITUTE LIMITED
(FORMERLY LONDON SCHOOL OF BUSINESS AND MANAGEMENT LIMITED)
CONTENTS

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2018

The directors present the strategic report for the year ended 31 July 2018.

Fair review of the business

Bloomsbury Institute Limited's principal activities during the year continued to be that of delivering higher education courses. Bloomsbury Institute delivers full-time undergraduate and postgraduate degrees in Business, Accounting and Law that are awarded by the University of Northampton.

Development and performance

Turnover increased by 36% year on year.
This was due to recruitment of close to 1,000 new students in 2017/18. Bloomsbury Institute has also increased its net asset position at year end to £974,233 from £805,761 in the prior year. Profit before tax has decreased by 63%. This is due to the exceptional item in the prior year relating to VAT. If we add back the exceptional item there would be an increase in profit.

Key performance indicators

	Year ended 31 July 2018	Year ended 31 July 2017	Change
	£	£	%
Turnover	8,568,640	6,296,890	36.08%
Operating profit/(loss)	225,455	(652,858)	134.53%
Profit before tax	168,472	454,807	(62.96)%
Average number of employees	94	91	3.30%

Principal risks and uncertainties

Below is a description of the risk factors that the directors and management believe affect Bloomsbury Institute's business operations. Not all factors are within the control of management and other factors not stated could also affect Bloomsbury Institute.

Economy

The management is aware of the continuing uncertainty caused by the UK's decision to leave the European Union (EU), which could impact on the free movement of people, which in turn could reduce the number of EU students that are currently eligible for funding through the Student Loans Company. However, based on Bloomsbury Institute's current student population this is believed to represent a small risk. The vast majority of Bloomsbury Institute's EU students had been in the UK for over 5 years prior to starting their course. This has allowed them to be classified as home students for student funding purposes.

Bloomsbury Institute has developed new relations with agents in other parts of the world as well as with local colleges to mitigate any EU loss of students but we consider this risk to be minimal.

Competition

The provision of degree courses within London is very competitive. Students can choose between public universities, private universities and private providers such as Bloomsbury Institute. The institution has addressed the risk of competition by maintaining high standards and quality teaching, as evidenced by its very successful Higher Education Review (HER) that was conducted by the UK's Quality Assurance Agency (QAA) in October 2015. The QAA commended Bloomsbury Institute for the enhancement of student learning opportunities and also identified a number of good practices. The HER has been followed up by very successful QAA monitoring visits.

Bloomsbury Institute has also addressed the risk of competition by charging tuition fees that are, on average, 30% less that those charged by public universities and by operating a scholarship scheme with its partner colleges.

Compliance and regulatory risk
Higher Education is heavily regulated within England. Legislative and policy changes affect Bloomsbury Institute's day to day business.
Bloomsbury Institute is currently regulated by the Department for Education (DfE). Regulation will be transferred to the newly created Office for Students (OfS) from 1 August 2019. The OfS was established by the Higher Education and Research Act 2017, coming into existence on 1 January 2018. Bloomsbury Institute views this as a huge upside risk, as the intention is to level the playing field between public and private provision of higher education.

Through this regulatory framework, Bloomsbury Institute's courses are approved by the DfE to enable UK and EU students to have access to funding through the Student Loans Company. Bloomsbury Institute ensures compliance with DfE regulations through its corporate and academic governance structures. In May 2017 (and again in January 2019), Bloomsbury Institute amended its Articles of Association. The Articles provide for the adoption of a Corporate and Academic Governance Framework that incorporates the separation of powers principle. This separation of powers principle ensures that the Board of Directors operates independently of the shareholders. The Board has delegated academic governance to an Academic Committee that includes external academic member experts. The Academic Committee provides the Board with an assurance with regards to academic governance, quality and standards.

Reputational risk
Over the past few years, the company developed a strong brand name within the private higher education provider sector and has been recognised by key stakeholders as a quality provider. However, some private providers do not maintain high standards and this can bring the reputation of the entire private higher education provider sector into question.

Despite its strong brand name, Bloomsbury Institute undertook a re-brand exercise to link into its proposed application to be authorised to award its own degrees (referred to as Taught Degree Awarding Powers (TDAP)). The re-brand exercise resulted in a name change in September 2018 from London School of Business and Management Limited to Bloomsbury Institute Limited. Bloomsbury Institute has been in the detailed scrutiny part of the TDAP review and once TDAP has been conferred, Bloomsbury Institute will award degrees under its new name, with an expected start date of September 2020.

Credit risk
Credit risk refers to the risk that Bloomsbury Institute's students or other debtors will default and fail to make payments in accordance with the agreed terms. Although there is a risk that Bloomsbury Institute's privately paying students fail to pay their fees in full, the whole amount contributed by privately paying students constitutes 5% of Bloomsbury Institute's total revenue. The remaining 95% of the revenue is received through the Student Loans Company which is a non-profit making organisation approved by the government, and hence the risk of default is insignificant.
In addition, Bloomsbury Institute normally requires a 25-50% deposit before privately funded students start their course, leaving the funds at risk at a maximum of 3% of the total revenue.

Liquidity and solvency risk
Bloomsbury Institute's management does not consider this to be a risk due to the healthy Balance Sheet that is included in the financial statements that follow. Bloomsbury Institute currently has £3,517,778 in current assets and only £1,145,520 in current liabilities. In addition, Bloomsbury Institute has a loan with its parent company valued at £4.6m, that, on the advice from the Board of Directors, can be capitalised into equity. Any liquidity and solvency risk is further reduced as the parent company has now extended this loan to 2025.

On behalf of the board

Mr J Fairhurst
Director
23 April 2019

The directors present their annual report and financial statements for the year ended 31 July 2018.

On 27 September 2018 the company changed its name from London School of Business and Management Limited to Bloomsbury Institute Limited. This change of name was connected to a full re-brand exercise connected with the company's application for its own Taught Degree Awarding Powers (TDAP). "Institute" is a protected name, and Government approval was required (and received) before the company changed its name.

Principal activities
The principal activity of the company continued to be that of the provision of higher education services.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J Fairhurst
Ms C A Cook
Mr N O Jhaveri
Mr T R Mortimer
Mr T J Forsblad

Results and dividends
The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial instruments
The company's principal financial instruments comprise bank balances, trade creditors, trade debtors and property leases. The main purpose of these instruments is to raise funds and to finance the company's operations.

Due to the nature of the financial instruments used by the company, there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments is shown below.

In respect of bank balances, the liquidity risk is managed by always maintaining a positive balance by using the loan from the parent company, if necessary. The company makes use of bank deposit accounts facilities where funds are available.

The company was a lessee in respect of a leased property. The liquidity risk in respect of this is managed in the same way as loans above.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to students and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Future developments

The company's revenue in 2018/19 is expected to be significantly higher than in 2017/18, due to the recruitment of circa 300 additional new students in 2018/19. This was in line with the Department for Education increasing the cap on the number of new students that can be funded through the Student Loans Company.

The company made an application for Taught Degree Awarding Powers (TDAP) in December 2017 with an expectation that if TDAP is conferred, it will be able to deliver its own degrees from September 2020. Following TDAP, the company will be eligible to apply for its own University title 3 years after it has satisfactorily delivered its own degrees.

In 2018, the company made an application to register with the Office for Students (OfS). The company applied under the "Approved (fee cap)" status which will allow the company to charge tuition fees for undergraduate courses of up to £9,250 rather than the current maximum of £6,165. The company is awaiting a decision from the OfS with regards to this application.

Auditor

The auditor, Berley Chartered Accountants, Statutory Auditors, are deemed to be reappointed under section 487 (2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

John Fairhurst

Mr J Fairhurst
Director
23 April 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BLOOMSBURY INSTITUTE LIMITED

Opinion

We have audited the financial statements of Bloomsbury Institute Limited (the 'company') for the year ended 31 July 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

TO THE MEMBERS OF BLOOMSBURY INSTITUTE LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report 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 strategic report and the directors' report.

We have nothing to report in respect of the following matters where 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

TO THE MEMBERS OF BLOOMSBURY INSTITUTE LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Levy

Mark Levy (Senior Statutory Auditor)
76 New Cavendish Street, London, W1G 9TB

For and on behalf of
Berley Chartered Accountants, Statutory Auditors

30 April 2019

BLOOMSBURY INSTITUTE LIMITED
(FORMERLY LONDON SCHOOL OF BUSINESS AND MANAGEMENT LIMITED)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2018

	Notes	2018 £	2017 £
Turnover	3	8,568,640	6,296,890
Cost of sales		(3,855,391)	(3,654,760)
Gross profit		4,713,249	2,642,130
Administrative expenses		(4,493,005)	(3,295,441)
Other operating income		5,211	453
Operating profit/(loss)	4	225,455	(652,858)
Interest receivable and similar income	7	465	7,169
Interest payable and similar expenses	8	(57,448)	(57,180)
Exceptional item	9	-	1,157,676
Profit before taxation		168,472	454,807
Tax on profit	10	-	-
Profit for the financial year		168,472	454,807
Other comprehensive income		-	-
Total comprehensive income for the year		168,472	454,807

The Income Statement has been prepared on the basis that all operations are continuing operations.

BLOOMSBURY INSTITUTE LIMITED
(FORMERLY LONDON SCHOOL OF BUSINESS AND MANAGEMENT LIMITED)
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	11		715,374		667,926
Investments	12		2,560,817		3,022,573
			3,276,191		3,690,499
Current assets					
Debtors	14	3,435,566		1,417,218	
Cash at bank and in hand		82,212		1,081,189	
		3,517,778		2,498,407	
Creditors: amounts falling due within one year	15	(1,145,520)		(1,199,197)	
Net current assets			2,372,258		1,299,210
Total assets less current liabilities			5,648,449		4,989,709
Creditors: amounts falling due after more than one year	16		(4,674,216)		(4,183,948)
Net assets			974,233		805,761
Capital and reserves					
Called up share capital	20		3,275,029		3,275,029
Profit and loss reserves			(2,300,796)		(2,469,268)
Total equity			974,233		805,761

The financial statements were approved by the board of directors and authorised for issue on 23 April 2019 and are signed on its behalf by:

John Fairhurst

Mr J Fairhurst
Director

Company Registration No. 04511191

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2018

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 August 2016	3,275,029	(2,924,075)	350,954
Year ended 31 July 2017:			
Profit and total comprehensive income for the year	-	454,807	454,807
Balance at 31 July 2017	3,275,029	(2,469,268)	805,761
Year ended 31 July 2018:			
Profit and total comprehensive income for the year	-	168,472	168,472
Balance at 31 July 2018	3,275,029	(2,300,796)	974,233

BLOOMSBURY INSTITUTE LIMITED
(FORMERLY LONDON SCHOOL OF BUSINESS AND MANAGEMENT LIMITED)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash absorbed by operations	25		(1,703,976)		(156,708)
Interest paid			(57,448)		(57,180)
Net cash outflow from operating activities			(1,761,424)		(213,888)
Investing activities					
Purchase of tangible fixed assets		(196,555)		(640,960)	
Proceeds on disposal of tangible fixed assets		-		1,200	
Proceeds on disposal of fixed asset investments		461,756		(391,441)	
Interest received		465		7,169	
Net cash generated from/(used in) investing activities			265,666		(1,024,032)
Financing activities					
Repayment of borrowings		514,365		408,550	
Payment of finance leases obligations		(17,584)		42,116	
Net cash generated from financing activities			496,781		450,666
Net decrease in cash and cash equivalents			(998,977)		(787,254)
Cash and cash equivalents at beginning of year			1,081,189		1,868,443
Cash and cash equivalents at end of year			82,212		1,081,189

1 Accounting policies

Company information

Bloomsbury Institute Limited is a private company limited by shares incorporated in England and Wales. The registered office is 7 Bedford Square, London, WC1B 3RA.

The principal activity of the company continued to be the provision of higher education services.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future, due to the financial support provided by the parent company in the form of a long term loan.

1.3 Turnover

Turnover from the provision of education services is recognised when the services has been provided at the end of each term, and when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and building	Over the remaining lease term
Plant and machinery	Between 2 and 6 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position 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 debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of 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 deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

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

Current tax

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

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2018	2017
	£	£
Turnover analysed by class of business		
Provision of tuition fees	8,568,640	6,296,890

	2018	2017
	£	£
Other significant revenue		
Interest income	465	7,169

	2018	2017
	£	£
Turnover analysed by geographical market		
United Kingdom	8,568,640	6,296,890

4 Operating profit/(loss)

	2018	2017
Operating profit/(loss) for the year is stated after charging:	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	15,000	12,000
Depreciation of owned tangible fixed assets	149,107	112,432
(Profit)/loss on disposal of tangible fixed assets	-	3,463
Operating lease charges	419,055	229,873

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Teaching and support	43	46
Office and administration (incl. directors)	51	45
	94	91

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	3,671,145	2,919,783
Social security costs	297,387	256,163
Pension costs	22,599	16,489
	3,991,131	3,192,435

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	261,308	210,000

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	195,000	195,000

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	465	7,169

(Continued)

7 Interest receivable and similar income

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	465	7,169

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	5,739	5,975
Interest payable to group undertakings	51,609	51,205
	57,348	57,180
Other finance costs:		
Other interest	100	-
	57,448	57,180

9 Exceptional item

The company's Board of Directors is of the opinion that the supply of higher education is exempt from VAT under EU Law since 1 October 2015. Net VAT previously collected but unpaid to HMRC amounting to £1,157,676 was released in the prior year.

10 Taxation

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Profit before taxation	168,472	454,807
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.67%)	32,010	89,438
Tax effect of expenses that are not deductible in determining taxable profit	9,736	9,439
Depreciation added back	28,330	22,111
Capital allowances	(41,116)	(51,265)
Tax losses utilised	(28,960)	(69,723)
Taxation charge for the year	-	-

11 Tangible fixed assets

	Land and building	Plant and machinery	Total
	£	£	£
Cost			
At 1 August 2017	150,969	888,040	1,039,009
Additions	29,916	166,639	196,555
At 31 July 2018	180,885	1,054,679	1,235,564
Depreciation and impairment			
At 1 August 2017	50,504	320,579	371,083
Depreciation charged in the year	39,380	109,727	149,107
At 31 July 2018	89,884	430,306	520,190
Carrying amount			
At 31 July 2018	91,001	624,373	715,374
At 31 July 2017	100,465	567,461	667,926

12 Fixed asset investments

	2018	2017
	£	£
Listed investments	2,560,817	3,022,573
Listed investments included above:		
Listed investments carrying amount	2,560,817	3,022,573

12 Fixed asset investments **(Continued)**

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 August 2017	3,022,573
Additions	6,802
Disposals	(1,000,000)
Revaluation	531,442
At 31 July 2018	2,560,817
Carrying amount	
At 31 July 2018	2,560,817
At 31 July 2017	3,022,573

13 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,037,120	1,310,467
Equity instruments measured at cost less impairment	2,560,817	3,022,573
Carrying amount of financial liabilities		
Measured at amortised cost	5,731,636	5,308,208

14 Debtors

Amounts falling due within one year:	2018 £	2017 £
Trade debtors	1,908,998	1,184,901
Other debtors	1,128,122	115,483
Prepayments and accrued income	398,446	116,834
	3,435,566	1,417,218

15 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Obligations under finance leases	18	24,532	18,019
Trade creditors		312,156	795,602
Taxation and social security		88,100	74,937
Other creditors		6,780	28,131
Accruals and deferred income		713,952	282,508
		1,145,520	1,199,197

16 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Obligations under finance leases	18	-	24,097
Other borrowings	17	4,674,216	4,159,851
		4,674,216	4,183,948

17 Loans and overdrafts

	2018 £	2017 £
Other loans	4,674,216	4,159,851
Payable after one year	4,674,216	4,159,851

18 Finance lease obligations

Future minimum lease payments due under finance leases:	2018 £	2017 £
Within one year	24,532	18,019
In two to five years	-	24,097
	24,532	42,116

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Retirement benefit schemes

Defined contribution schemes	2018 £	2017 £
Charge to profit or loss in respect of defined contribution schemes	22,599	16,489

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
0 Ordinary shares of £1 each	3,275,029	3,275,029

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	467,308	508,465
Between two and five years	1,488,340	1,625,533
In over five years	843,333	1,191,782
	2,798,981	3,325,780

22 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

During the year, the company paid expenses of £220 (2017: £200) on behalf of its immediate parent company, Goldwait Limited. The company has a long term loan with Goldwait Limited and was charged interest of £51,609 (2017: £51,205) on the balance outstanding. Due to the terms of the loan, the movement of £531,442 (2017: £428,585) on the fixed asset investment is reflected in the loan. The balance due to Goldwait Limited as at 31 July 2018 was £4,674,216 (2017: £4,159,851).

23 Ultimate controlling party

The ultimate parent company is Goldwait Limited, a company registered in England and Wales. Goldwait Limited prepares group financial statements and copies can be obtained from 76 New Cavendish Street, London, W1G 9TB.

The ultimate controlling party is M Barnard.

24 VAT Status

The company has obtained expert opinion that supply of its services since 1 October 2015 was exempted from VAT under UK Law.

An application to be treated as a VAT exempt institution was made and the company is expecting formal ratification from HMRC shortly.

Based on the above, the release in the prior year of the VAT totalling £1,157,676 as per Note 9 is considered to be appropriate.

25 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	168,472	454,807
Adjustments for:		
Finance costs	57,448	57,180
Investment income	(465)	(7,169)
(Gain)/loss on disposal of tangible fixed assets	-	3,463
Depreciation and impairment of tangible fixed assets	149,107	112,432
Movements in working capital:		
(Increase)/decrease in debtors	(2,018,348)	144,666
(Decrease) in creditors	(60,190)	(922,087)
Cash absorbed by operations	(1,703,976)	(156,708)