

Company Registration No. 04511191 (England and Wales)

BLOOMSBURY INSTITUTE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2021

tc accounts · tax · legal · financial planning

76 New Cavendish Street
London
W1G 9TB

BLOOMSBURY INSTITUTE LIMITED

COMPANY INFORMATION

Directors	Mr J Fairhurst Ms C A Cook Mr T R Mortimer Mr T J Forsblad Ms S Karim Mr T J Bolton Mr A Pisavadi Mr K M Bartlett	(Appointed 1 July 2021) (Appointed 1 July 2021) (Appointed 1 November 2021)
Secretary	Mr L Bunbury	
Company number	04511191	
Registered office	7 Bedford Square London WC1B 3RA	
Auditor	TC Group 76 New Cavendish Street London W1G 9TB	

BLOOMSBURY INSTITUTE LIMITED

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BLOOMSBURY INSTITUTE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2021

The directors present the strategic report for the year ended 31 July 2021.

Fair review of the business

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

The company was registered by the Office for Students (OfS) on 28 October 2020. Due to the impacts of Covid, amongst other considerations, the company did not recruit new students immediately after registration but deferred this to the September 2021 intake. The company therefore had only returning students enrolled in 2021, however the company exceeded its initial forecasts for students returning to study and continued to provide a high level of student support during the difficult pandemic months. All teaching and learning was delivered online and the company was able to make savings on teaching room hire due to premises being shut during this time. The company also benefited from being registered with the OfS who distribute government higher education funding to providers in England.

The company has been registered with the OfS under the "Approved (fee cap)" category. This allows the company to charge tuition fees for undergraduate courses of up to £9,000 for home students who access funding through the Student Loans Company (SLC).

The company has redesigned their undergraduate degree courses to include a more practical learning approach and introduced a pre-experience MBA which will be offered from June 2022 in conjunction with a new awarding body Glyndŵr University.

Following the company's OfS registration, the UKVI licence was reactivated with "track record". This means the company can sponsor international students with enhanced rights that include the right to work up to 20 hours per week during term time and unlimited hours during vacations, and the right to a 2-year Graduate Visa upon successful course completion. The company therefore intends to expand gradually into the international student recruitment market.

Development and performance

Turnover decreased by 25% year on year. This was mainly because no new students had been recruited as detailed above.

The company's net asset position at year end increased to £1,917,793 from £1,254,046 in the previous year.

Profit before tax increased by £352k mainly as a result of cost savings attributed to Covid-19 and the move to online teaching, along with the government grant funding received from the OfS since being registered. The company incurred a profit before tax of £663k compared to £312k in the previous year.

Key performance indicators

	Year ended 31 July 2021	Year ended 31 July 2020	Change
	£	£	%
Turnover	5,513,505	7,364,204	(25.13)%
Operating profit	777,792	435,046	78.78%
Profit before tax	663,747*	311,567*	113.04%
Average number of employees	72	82	

*Includes exceptional items of £100k (2020: £91k).

BLOOMSBURY INSTITUTE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

Principal risks and uncertainties

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

Compliance and regulatory risk

Higher Education is significantly regulated within England. Legislative and policy changes affect the company's day to day business.

Since registration with the OfS the company is required to comply with all Conditions of Registration (that includes general conditions and two specific conditions). To monitor compliance with the Conditions of Registration, the company maintains an OfS Compliance Register and a separate action plan for its Access and Participation Plan. Monitoring compliance is undertaken by the company's Senior Management and Leadership Team, the Board of Directors and the Audit Committee (that comprises three non-executive directors and reports directly to the Board of Directors). The Audit Committee has the power to require the attendance of any executive director, member of staff and/or external academic advisor of the Academic Committee at any of its meetings.

Certain of the OfS Conditions of Registration are separately included in the company's Corporate Risk Register. The Corporate Risk Register is reviewed every three months by the company's Senior Management and Leadership Team, Board of Directors and Audit Committee.

COVID-19

In 2020/21, due to the Covid-19 pandemic, the company delivered all its teaching and learning online (the company ran all lectures, seminars and workshops live through the VLE Virtual Classroom and subsequently through Microsoft Teams). However, the company had not recruited new students. Although affected by Covid-19 the company was able to make savings on teaching room hire because the supplier, Birkbeck College (University of London), had shut down its teaching facilities during this time.

In 2021/22 the company has resumed face-to-face teaching for all lectures, seminars and workshops as well as having resumed recruitment of new students both domestic and international.

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 company has addressed the risk of competition by always maintaining high standards and quality teaching. The company has always produced exceptional results in the annual National Student Survey which have consistently been better than sector average.

Leaving the European Union

Following the UK's withdrawal from the European Union (EU), the UK government decided that new EU students with settled or pre-settled status within the UK will continue to be eligible for tuition fee funding through the SLC. EU students with settled status will also be eligible to maintenance support. Other EU students will be treated as international students. Brexit has had a negative impact on the company however the company has resumed international recruitment outside of the EU which mitigates this risk.

BLOOMSBURY INSTITUTE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

Credit risk

Credit risk refers to the risk that the company's students or other debtors will default and fail to make payments in accordance with the agreed terms.

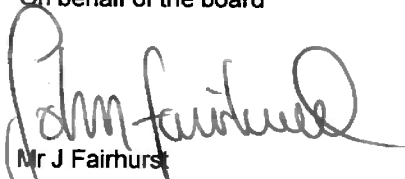
Although there is a risk that the company's privately paying students fail to pay their fees in full, the whole amount contributed by privately paying students constitutes 5% of the company's total revenue (although this will increase in subsequent years as the number of privately paying international students increases). The remaining 95% of the revenue is received through the SLC which is a non-profit making organisation approved by the government, and hence the risk of default is insignificant.

In addition, the company normally requires a 50% deposit before privately paying students start their course, leaving the funds at risk at a maximum of 3% of the total revenue. The company instructs debt collectors, if required, to manage this residual risk.

Liquidity and solvency risk

The company's management does not consider there to be a liquidity and solvency risk due to the healthy Balance Sheet that is included in the financial statements that follow. The company currently has £4,387,536 in current assets against £549,326 in current liabilities. In addition, the company has a loan with its parent company valued at £6.2m that, by decision of the Board of Directors, can be capitalised into equity. Any liquidity and solvency risk is further reduced as the parent company has extended this loan to 29 October 2025, and has granted the company with an option to extend the loan by a further period of up to five years.

On behalf of the board



Mr J Fairhurst
Director

24 February 2022

BLOOMSBURY INSTITUTE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

The directors present their annual report and financial statements for the year ended 31 July 2021.

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	(Resigned 9 June 2021)
Mr T R Mortimer	
Mr T J Forsblad	
Ms S Karim	
Mr T J Bolton	(Appointed 1 July 2021)
Mr A Pisavadi	(Appointed 1 July 2021)
Mr K M Bartlett	(Appointed 1 November 2021)

Results and dividends

The results for the year are set out on page 10.

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 account facilities where funds are available.

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

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

As detailed in the Strategic Report the company, now registered with the Office for Students (OfS), has resumed the recruitment of new students in 2021/22. Revenue is forecast to increase gradually over the coming years as the company starts growing again and re-establishes itself in the market.

Auditor

The auditor, TC Group, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

BLOOMSBURY INSTITUTE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

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:

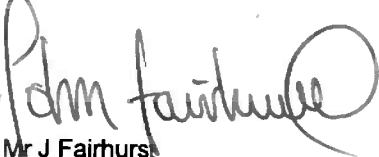
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



Mr J Fairhurst
Director

24 February 2022

BLOOMSBURY INSTITUTE LIMITED

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 2021 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 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 2021 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

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

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

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

Other information

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

We have nothing to report in this regard.

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.

BLOOMSBURY INSTITUTE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BLOOMSBURY INSTITUTE LIMITED

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and its management.

BLOOMSBURY INSTITUTE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BLOOMSBURY INSTITUTE LIMITED

Our approach was as follows:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations;
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the UK;
- We considered the nature of the industry, the control environment and business performance, including the key drivers for management's remuneration;
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit;
- We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.

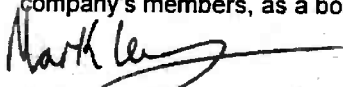
Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiring of management, and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

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 (Senior Statutory Auditor)
For and on behalf of TC Group

Statutory Auditor
25 February 2022
Office: London

BLOOMSBURY INSTITUTE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 £	2020 £
Turnover	3	5,513,505	7,364,204
Cost of sales		(2,017,290)	(3,294,423)
Gross profit		3,496,215	4,069,781
Administrative expenses		(3,564,030)	(3,782,527)
Other operating income		745,471	56,347
Exceptional item	4	100,136	91,445
Operating profit	5	777,792	435,046
Interest receivable and similar income	8	5	3,636
Interest payable and similar expenses	9	(114,050)	(127,115)
Profit before taxation		663,747	311,567
Tax on profit	10	-	-
Profit for the financial year		663,747	311,567
Other comprehensive income		-	-
Total comprehensive income for the year		663,747	311,567

The income statement has been prepared on the basis that all operations are continuing operations.

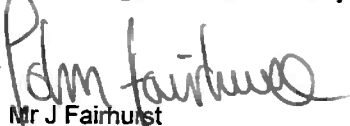
BLOOMSBURY INSTITUTE LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	11		395,640		431,859
Investments	12		3,931,975		2,625,354
			<u>4,327,615</u>		<u>3,057,213</u>
Current assets					
Debtors	13	1,807,629		2,621,105	
Cash at bank and in hand		2,579,907		2,625,318	
		<u>4,387,536</u>		<u>5,246,423</u>	
Creditors: amounts falling due within one year	14	(549,326)		(1,625,123)	
Net current assets			<u>3,838,210</u>		<u>3,621,300</u>
Total assets less current liabilities			<u>8,165,825</u>		<u>6,678,513</u>
Creditors: amounts falling due after more than one year	15	(6,248,032)		(5,424,467)	
Net assets			<u>1,917,793</u>		<u>1,254,046</u>
Capital and reserves					
Called up share capital	18	3,275,029		3,275,029	
Profit and loss reserves		(1,357,236)		(2,020,983)	
Total equity			<u>1,917,793</u>		<u>1,254,046</u>

The financial statements were approved by the board of directors and authorised for issue on 24 February 2022 and are signed on its behalf by:


Mr J Fairhurst
Director

Company Registration No. 04511191

BLOOMSBURY INSTITUTE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 August 2019	3,275,029	(2,332,550)	942,479
Year ended 31 July 2020:			
Profit and total comprehensive income for the year	-	311,567	311,567
Balance at 31 July 2020	3,275,029	(2,020,983)	1,254,046
Year ended 31 July 2021:			
Profit and total comprehensive income for the year	-	663,747	663,747
Balance at 31 July 2021	<u>3,275,029</u>	<u>(1,357,236)</u>	<u>1,917,793</u>

BLOOMSBURY INSTITUTE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021		2020	
		£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	22		632,789		(625,422)
Interest paid			(114,050)		(127,115)
Net cash inflow/(outflow) from operating activities			518,739		(752,537)
Investing activities					
Purchase of tangible fixed assets		(80,266)		(27,652)	
Proceeds on disposal of tangible fixed assets		-		87,500	
Movement of fixed asset investments		(1,306,621)		(106,424)	
Interest received		5		3,636	
Net cash used in investing activities			(1,386,882)		(42,940)
Financing activities					
Increase in borrowings		822,732		224,402	
Payment of finance leases obligations		-		(5,190)	
Net cash generated from financing activities			822,732		219,212
Net decrease in cash and cash equivalents			(45,411)		(576,265)
Cash and cash equivalents at beginning of year			2,625,318		3,201,583
Cash and cash equivalents at end of year			2,579,907		2,625,318

BLOOMSBURY INSTITUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

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

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

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 and cash equivalents

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.

BLOOMSBURY INSTITUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

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.

BLOOMSBURY INSTITUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

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 through 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.

BLOOMSBURY INSTITUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

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

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.

1.13 Grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Other grant income, including any grants for the purchase of fixed assets are recognised in the statement of Comprehensive Income in the year in which they are receivable.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

BLOOMSBURY INSTITUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

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.

In the opinion of the directors there are no significant judgements or areas of estimation uncertainty.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Provision of tuition fees	5,513,505	7,364,204
	<u>5,513,505</u>	<u>7,364,204</u>
	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	5,513,505	7,364,204
	<u>5,513,505</u>	<u>7,364,204</u>
	2021	2020
	£	£
Other significant revenue		
Interest income	5	3,636
Grants received	742,716	50,738
	<u>742,716</u>	<u>50,738</u>

BLOOMSBURY INSTITUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

4 Exceptional items

	2021 £	2020 £
Exceptional items	(100,136)	(91,445)

Exceptional expenses relate to the legal fees in the case against the Office for Students.

Exceptional income relates to legal costs recoverable following the Court Order by the Court of Appeal.

Increase in legal costs recoverable during the year amount to £215,000 and legal costs in the current year amount to £114,864.

5 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(742,716)	(50,738)
Fees payable to the company's auditor for the audit of the company's financial statements	18,360	18,360
Depreciation of owned tangible fixed assets	116,485	163,057
(Profit)/loss on disposal of tangible fixed assets	-	6,937
Operating lease charges	231,057	437,943

6 Employees

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

	2021 Number	2020 Number
Teaching and support	35	37
Office and administration (incl. directors)	37	45
Total	72	82

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	2,237,223	2,640,740
Social security costs	230,374	265,230
Pension costs	36,082	47,427
	2,503,679	2,953,397

BLOOMSBURY INSTITUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

7	Directors' remuneration	2021	2020
		£	£
	Remuneration for qualifying services	<u>374,808</u>	<u>205,167</u>
	Remuneration disclosed above include the following amounts paid to the highest paid director:		
		2021	2020
		£	£
	Remuneration for qualifying services	<u>272,000</u>	<u>199,667</u>
8	Interest receivable and similar income	2021	2020
		£	£
	Interest income		
	Interest on bank deposits	<u>5</u>	<u>3,636</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	<u>5</u>	<u>3,636</u>
9	Interest payable and similar expenses	2021	2020
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest payable to group undertakings	<u>114,050</u>	<u>127,115</u>

BLOOMSBURY INSTITUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

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:

	2021 £	2020 £
Profit before taxation	663,747	311,567
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	126,112	59,198
Tax effect of expenses that are not deductible in determining taxable profit	21,669	23,460
Depreciation added back	22,132	30,981
Capital allowances	(5,712)	(8,618)
Tax losses utilised	(164,201)	(105,021)
Taxation charge for the year	-	-

11 Tangible fixed assets

	Land and building £	Plant and machinery £	Total £
Cost			
At 1 August 2020	180,885	1,039,447	1,220,332
Additions	67,520	12,746	80,266
At 31 July 2021	248,405	1,052,193	1,300,598
Depreciation and impairment			
At 1 August 2020	108,084	680,389	788,473
Depreciation charged in the year	9,100	107,385	116,485
At 31 July 2021	117,184	787,774	904,958
Carrying amount			
At 31 July 2021	131,221	264,419	395,640
At 31 July 2020	72,801	359,058	431,859

BLOOMSBURY INSTITUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2021

12 Fixed asset investments

	2021 £	2020 £
Listed investments	3,931,975	2,625,354
Listed investments included above:		
Listed investments carrying amount	3,931,975	2,625,354

Movements in fixed asset investments

	Investments £
Cost or valuation	
At 1 August 2020	2,625,354
Additions	500,000
Valuation changes	806,621
At 31 July 2021	3,931,975
Carrying amount	
At 31 July 2021	3,931,975
At 31 July 2020	2,625,354

13 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	1,048,914	1,517,306
Other debtors	467,000	864,350
Prepayments and accrued income	291,715	239,449
	1,807,629	2,621,105

14 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Other borrowings	16	-	833
Trade creditors		234,273	738,169
Taxation and social security		91,155	84,097
Other creditors		-	7,523
Accruals and deferred income		223,898	794,501
		549,326	1,625,123

BLOOMSBURY INSTITUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

15 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Other borrowings	16	6,248,032	5,424,467

16 Loans and overdrafts

	2021 £	2020 £
Other loans	6,248,032	5,425,300
Payable within one year	-	833
Payable after one year	6,248,032	5,424,467

17 Retirement benefit schemes

Defined contribution schemes	2021 £	2020 £
Charge to profit or loss in respect of defined contribution schemes	36,082	47,427

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.

18 Share capital

Ordinary share capital Issued and fully paid	2021 Number	2020 Number	2021 £	2020 £
Ordinary shares of £1 each	100	100	3,275,029	3,275,029

19 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:

	2021 £	2020 £
Within one year	220,000	220,000
Between two and five years	880,000	880,000
In over five years	183,333	403,333
	1,283,333	1,503,333

BLOOMSBURY INSTITUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

20 Related party transactions

Transactions with related parties

Other information

During the year, the company paid expenses of £47,939 (2020: £59,136) on behalf of its immediate parent company, Goldwait Limited. The company has a long term loan with Goldwait Limited and was charged interest of £114,050 (2020: £127,115) on the balance outstanding. Due to the terms of the loan, the movement of £806,621 (2020: £106,424) on the fixed asset investment is reflected in the loan. The balance due to Goldwait Limited as at 31 July 2021 was £6,248,032 (2020: £5,375,300).

21 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.

22 Cash generated from/(absorbed by) operations

	2021	2020
	£	£
Profit for the year after tax	663,747	311,567
Adjustments for:		
Finance costs	114,050	127,115
Investment income	(5)	(3,636)
(Gain)/loss on disposal of tangible fixed assets	-	6,937
Depreciation and impairment of tangible fixed assets	116,485	163,057
Movements in working capital:		
Decrease/(increase) in debtors	813,476	(289,805)
Decrease in creditors	(1,074,964)	(940,657)
Cash generated from/(absorbed by) operations	<u>632,789</u>	<u>(625,422)</u>

23 Analysis of changes in net debt

	1 August 2020	Cash flows	31 July 2021
	£	£	£
Cash at bank and in hand	2,625,318	(45,411)	2,579,907
Borrowings excluding overdrafts	(5,425,300)	(822,732)	(6,248,032)
	<u>(2,799,982)</u>	<u>(868,143)</u>	<u>(3,668,125)</u>