Company Registration No. 04511191 (England and Wales)

LONDON SCHOOL OF BUSINESS AND MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

LONDON SCHOOL OF BUSINESS AND MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	J Fairhurst	
	Ms C A Cook	(Appointed 25 May 2017)
	Mr N O Jhaveri	(Appointed 30 September 2016)
	Mr T R Mortimer	(Appointed 30 September 2016)
	Mr T J Forsblad	(Appointed 25 April 2017)
Secretary	M Jackson	
Company number	04511191	
Registered office	Dilke House 1 Malet Street London WC1E 7JN	
Auditor	Berley Chartered Accountants, Statutory Auditors 76 New Cavendish Street London W1G 9TB	

LONDON SCHOOL OF BUSINESS AND MANAGEMENT LIMITED

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LONDON SCHOOL OF BUSINESS AND MANAGEMENT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2017

The directors present the strategic report for the year ended 31 July 2017.

Fair review of the business

London School of Business and Management Limited (LSBM) principal activities during the year continued to be that of delivering higher education courses. LSBM delivers full-time undergraduate and postgraduate degrees in Business, Accounting and Law that are awarded by the University of Northampton. LSBM also delivers a HND in Business (awarded by Pearson) but this courses is currently being taught-out.

Development and performance

Turnover decreased by 4% year on year. This was due to a strategic decision to recruit fewer new students in January 2017. This decision was made to allow for a period of consolidation rather than continued expansion. Despite the slight fall in revenue LSBM has increased its net assets to £805,761 from last year's £350,954.

Key performance indicators

	Year ended 31 July 2017	Year ended 31 July 2016	Change
	£	£	%
Turnover	6,296,890	6,549,722	(3.90)%
Operating profit/(loss)	(652,858)	359,720	(281.50)%
Profit before tax	454,807	314,356	44.70%
Average number of employees	91	69	31.90%

Principal risks and uncertainties

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

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 LSBM's current student population this is believed to represent a small risk. The vast majority of LSBM'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.

LSBM will continue to follow developments closely to ensure that any risks caused by the UK's decision to leave the EU are minimised.

Competition

The provision of degree courses within London is very competitive. Students can choose between public universities, private universities and private providers such as LSBM. LSBM 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 LSBM for the enhancement of student learning opportunities and also identified a number of good practices. The HER was followed up by a very successful QAA monitoring visit in September 2016, the QAA once again commending LSBM.

LSBM 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 an attractive scholarship scheme.

Compliance and regulatory risk

Higher Education is heavily regulated within England. Legislative and policy changes affect LSBM's day to day business.

LSBM is regulated by the Department for Education (DfE) and the Higher Education Funding Council for England (HEFCE). Through this regulation, our courses are approved by the DfE to enable UK and EU students to have access to funding through the Student Loans Company. LSBM ensures compliance with DfE and/or HEFCE regulation through its corporate and academic governance structures. In May 2017, LSBM 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 members. The Academic Committee provides the Board with an assurance with regards to academic quality and standards.

The Higher Education and Research Act 2017 (HERA) was passed by Parliament prior to the general election in June 2017. Once fully implemented, HERA will abolish HEFCE and replace it with the Office for Students (OfS). LSBM will then be directly regulated by the OfS. LSBM sees a huge upside risk, as the intention is to level the playing field between public provision of Higher Education and private provision.

Reputational risk

Over the last few years, LSBM has developed a strong brand name within the private provider sector and is 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 sector into question.

Despite its strong brand name, LSBM is undergoing 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 will result in LSBM's name being changed, and once conferred TDAP, LSBM will award degrees under its new name.

Credit risk

Credit risk refers to the risk that LSBM's students or other debtors will default and fail to make payments in accordance with the agreed terms. Although there is a risk that LSBM's privately paying students fail to pay their fees in full, the whole amount contributed by privately paying students constitutes 5% of LSBM'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.

Furthermore, LSBM 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

LSBM'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. LSBM currently has £2,498,407 in current assets and only £1,199,197 in current liabilities. Furthermore, LSBM has a $US5m loan with its parent company that, on the advice from the Board of Directors, can be capitalised into equity.

On behalf of the board

J Fairhurst
Director
27 April 2018

LONDON SCHOOL OF BUSINESS AND MANAGEMENT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2017

The directors present their annual report and financial statements for the year ended 31 July 2017.

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:

M C Barnard	(Resigned 30 September 2016)
J Fairhurst	
R Jonck	(Resigned 30 September 2016)
Ms C A Cook	(Appointed 25 May 2017)
Mr N O Jhaveri	(Appointed 30 September 2016)
Mr T R Mortimer	(Appointed 30 September 2016)
Mr T J Forsblad	(Appointed 25 April 2017)

Results and dividends
The results for the year are set out on page 7.

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 revenue for LSBM in 2017/18 is expected to be significantly higher than in 2016/17, due to the Department for Education increasing the number of LSBM students that can be funded through the Student Loans Company from 909 to 1,091, and LSBM determining to increase its student numbers.

LSBM will be applying for Taught Degree Awarding Powers (TDAP) in 2018 with an expectation that it will be able to deliver its own degrees from January 2020. Following TDAP, LSBM will be eligible to apply for its own University title 3 years after it has satisfactorily operated its own degrees.

In 2018, LSBM will be required to register with the Office for Students. LSBM intend to apply under the "Approved (fee cap)" status which will allow LSBM to charge fees for undergraduate courses of up to £9,250 rather than the current maximum of £6,165.

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

J Fairhurst
Director
27 April 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LONDON SCHOOL OF BUSINESS AND MANAGEMENT LIMITED

Opinion

We have audited the financial statements of London School of Business and Management Limited (the 'company') for the year ended 31 July 2017 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 2017 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.

Emphasis of matter

We draw attention to note 24 of the financial statements which describes the effects of treating the company's supply of education as being exempt for VAT under current legislation. Our opinion is not modified in respect of this matter.

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LONDON SCHOOL OF BUSINESS AND MANAGEMENT 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.

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)
76 New Cavendish Street, London, W1G 9TB

For and on behalf of
Berley Chartered Accountants, Statutory Auditors
30....April 2018

LONDON SCHOOL OF BUSINESS AND MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2017

	Notes	2017 £	2016 £
Turnover	3	6,296,890	6,549,722
Cost of sales		(3,690,916)	(3,458,566)
Gross profit		2,605,974	3,091,156
Administrative expenses		(3,259,285)	(2,732,540)
Other operating income		453	1,104
Operating (loss)/profit	4	(652,858)	359,720
Interest receivable and similar income	7	7,169	6,011
Interest payable and similar expenses	8	(57,180)	(51,375)
Exceptional item	9	1,157,676	-
Profit before taxation		454,807	314,356
Tax on profit	10	-	-
Profit for the financial year		454,807	314,356
Other comprehensive income		-	-
Total comprehensive income for the year		454,807	314,356

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

LONDON SCHOOL OF BUSINESS AND MANAGEMENT LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	11		667,926		144,061
Investments	12		3,022,573		2,631,132
			3,690,499		2,775,193
Current assets					
Debtors	14	1,417,218		1,561,884	
Cash at bank and in hand		1,081,189		1,868,443	
		2,498,407		3,430,327	
Creditors: amounts falling due within one year	15	(1,199,197)		(2,103,265)	
Net current assets			1,299,210		1,327,062
Total assets less current liabilities			4,989,709		4,102,255
Creditors: amounts falling due after more than one year	16		(4,183,948)		(3,751,301)
Net assets			805,761		350,954
Capital and reserves					
Called up share capital	20		3,275,029		3,275,029
Profit and loss reserves			(2,469,268)		(2,924,075)
Total equity			805,761		350,954

The financial statements were approved by the board of directors and authorised for issue on 27 April 2018 and are signed on its behalf by:

John Fairhurst

J Fairhurst
Director

Mr T J Forsblad
Director

Company Registration No. 04511191

LONDON SCHOOL OF BUSINESS AND MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2017

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 August 2015	3,275,029	(3,238,431)	36,598
Year ended 31 July 2016:			
Profit and total comprehensive income for the year	-	314,356	314,356
Balance at 31 July 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

LONDON SCHOOL OF BUSINESS AND MANAGEMENT LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	25		(156,708)		958,234
Interest paid			(57,180)		(51,375)
Net cash (outflow)/inflow from operating activities			(213,888)		906,859
Investing activities					
Purchase of tangible fixed assets		(640,960)		(148,231)	
Proceeds on disposal of tangible fixed assets		1,200		-	
Net proceeds on disposal of fixed asset investments		(391,441)		(354,934)	
Interest received		7,169		6,011	
Net cash used in investing activities			(1,024,032)		(497,154)
Financing activities					
Proceeds from borrowings		408,550		400,786	
Proceeds from finance leases obligations		42,116		-	
Net cash generated from financing activities			450,666		400,786
Net (decrease)/increase in cash and cash equivalents			(787,254)		810,491
Cash and cash equivalents at beginning of year			1,868,443		1,057,952
Cash and cash equivalents at end of year			1,081,189		1,868,443
Relating to:					
Cash at bank and in hand			1,081,189		1,868,443

1 Accounting policies

Company information

London School of Business and Management Limited is a private company limited by shares incorporated in England and Wales. The registered office is Dilke House, 1 Malet Street, London, WC1E 7JN.

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.

These financial statements for the year ended 31 July 2017 are the first financial statements of London School of Business and Management Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 August 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

The directors believe the going concern basis to be appropriate due to the financial support provided by the parent company in the form of a long term loan. The loan (which was provided on 29 October 2013) is not repayable for five years with the option provided to the company to extend for a further two years. In December 2017, the directors made the decision to extend the loan to 28 October 2020. The loan agreement also includes a capitalisation clause, which allows the company to capitalise any amount of the loan into equity at any time.

1.3 Turnover

Turnover from the provision of education services is recognised when the services has been provided, 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 Accounting policies **(Continued)**

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.

1.7 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.

1 Accounting policies **(Continued)**

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.

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.

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 direct issue 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.

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.

1 Accounting policies **(Continued)**

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 the income statement 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 income 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 lease 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

	2017	2016
	£	£
Turnover analysed by class of business		
Provision of tuition fees	6,296,890	6,549,722

3 Turnover and other revenue (Continued)

	2017 £	2016 £
Other significant revenue		
Interest income	7,169	6,011

	2017 £	2016 £
Turnover analysed by geographical market		
United Kingdom	6,296,890	6,549,722

4 Operating (loss)/profit

Operating (loss)/profit for the year is stated after charging:	2017 £	2016 £
Fees payable to the company's auditor for the audit of the company's financial statements	12,000	12,000
Depreciation of owned tangible fixed assets	112,432	75,819
Loss on disposal of tangible fixed assets	3,463	3,443
Operating lease charges	229,873	195,696

5 Employees

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

	2017 Number	2016 Number
Teaching and support	46	35
Office and administration (incl. directors)	45	34
	91	69

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,919,783	2,804,167
Social security costs	256,163	228,960
Pension costs	16,489	18,626
	3,192,435	3,051,753

6 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	210,000	195,000

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

	2017	2016
	£	£
Remuneration for qualifying services	195,000	195,000

7 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	7,169	6,011

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	7,169	6,011

8 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	5,975	-
Interest payable to group undertakings	51,205	51,375
	57,180	51,375

9 Exceptional item

The company's Board of Directors is of the opinion that the supply of education is exempt from VAT under EU Law since 01 October 2015. Net VAT previously collected but unpaid to HMRC amounting to £1,157,676 since that date has now been released.

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:

	2017 £	2016 £
Profit before taxation	454,807	314,356
Expected tax charge based on the standard rate of corporation tax in the UK of 19.67% (2016: 20.00%)	89,438	62,871
Tax effect of expenses that are not deductible in determining taxable profit	9,439	11,597
Depreciation added back	22,111	15,164
Capital allowances	(51,265)	(29,646)
Tax losses utilised	(69,723)	(59,986)
Taxation charge for the year	-	-

11 Tangible fixed assets

	Land and building £	Plant and machinery £	Total £
Cost			
At 1 August 2016	47,130	356,914	404,044
Additions	103,839	537,121	640,960
Disposals	-	(5,995)	(5,995)
At 31 July 2017	150,969	888,040	1,039,009
Depreciation and impairment			
At 1 August 2016	47,130	212,853	259,983
Depreciation charged in the year	3,374	109,058	112,432
Eliminated in respect of disposals	-	(1,332)	(1,332)
At 31 July 2017	50,504	320,579	371,083
Carrying amount			
At 31 July 2017	100,465	567,461	667,926
At 31 July 2016	-	144,061	144,061

12 Fixed asset investments

	2017	2016
	£	£
Listed investments	3,022,573	2,631,132
Listed investments carrying amount	3,022,573	2,631,132

Movements in fixed asset investments

	Investments other than loans
	£
Cost or valuation	
At 1 August 2016	2,631,132
Additions	2,593,988
Disposals	(2,631,132)
Revaluation	428,585
At 31 July 2017	3,022,573
Carrying amount	
At 31 July 2017	3,022,573
At 31 July 2016	2,631,132

13 Financial instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,310,467	1,407,695
Equity instruments measured at cost less impairment	3,022,573	2,631,132
Carrying amount of financial liabilities		
Measured at amortised cost	5,308,208	4,676,932

14 Debtors

	2017	2016
Amounts falling due within one year:	£	£
Trade debtors	1,184,901	1,354,437
Other debtors	115,483	53,258
Prepayments and accrued income	116,834	154,189
	1,417,218	1,561,884

15 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Obligations under finance leases	18	18,019	-
Trade creditors		795,602	100,390
Other taxation and social security		74,937	1,177,634
Other creditors		28,131	17,288
Accruals and deferred income		282,508	807,953
		1,199,197	2,103,265

16 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Obligations under finance leases	18	24,097	-
Other borrowings	17	4,159,851	3,751,301
		4,183,948	3,751,301

17 Loans

	2017 £	2016 £
Other loans	4,159,851	3,751,301
Payable after one year	4,159,851	3,751,301

18 Finance lease obligations

Future minimum lease payments due under finance leases:	2017 £	2016 £
Within one year	18,019	-
In two to five years	24,097	-
	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	2017 £	2016 £
Charge to profit or loss in respect of defined contribution schemes	16,489	18,626

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

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
3,275,029 Ordinary shares of £1 each	3,275,029	3,275,029
	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:

	2017 £	2016 £
Within one year	508,465	253,460
Between two and five years	1,625,533	705,456
In over five years	1,191,782	249,113
	3,325,780	1,208,029

22 Related party transactions

Transactions with related parties

During the year, the company paid expenses of £200 (2016: £5,523) on behalf of its immediate parent company, Goldwait Limited. The company also has a loan with Goldwait Limited and was charged interest of £51,205 (2016: £51,375) on the balance outstanding. Due to terms of the loan, an unrealised movement of £428,585 (2016: £366,592) was also recorded on the loan. The balance due to Goldwait Limited as at 31 July 2017 was £4,159,851 (2016: £3,751,301).

23 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 Ground Floor, Dilke House, 1 Malet Street, London WC1E 7JN.

The ultimate controlling party is M Barnard.

24 Emphasis of matter

The company has obtained expert opinion that supply of its services since 01 October 2015 was exempted from VAT under UK Law but we were not supplied with evidence of any such agreement with HMRC.

However, the directors are confident that the company can claim VAT exemption under EU Law instead but this is not within the VAT legislation as yet. The directors have provided supporting legal documents to confirm that the company is VAT exempted under EU Law and also a financial guarantee that any liability due to HMRC will be met by the parent company Goldwait Limited.

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

25 Cash generated from operations

	2017	2016
	£	£
Profit for the year after tax	454,807	314,356
Adjustments for:		
Finance costs	57,180	51,375
Investment income	(7,169)	(6,011)
Loss on disposal of tangible fixed assets	3,463	3,443
Depreciation and impairment of tangible fixed assets	112,432	75,819
Movements in working capital:		
Decrease/(increase) in debtors	144,666	(724,103)
(Decrease)/increase in creditors	(922,087)	1,243,355
Cash (absorbed by)/generated from operations	(156,708)	958,234