Company Registration No. 04511191 (England and Wales)

BLOOMSBURY INSTITUTE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

BLOOMSBURY INSTITUTE LIMITED

COMPANY INFORMATION

Directors	Mr J Fairhurst	
	Ms C A Cook	
	Mr N O Jhaveri	
	Mr T R Mortimer	
	Mr T J Forsblad	
	Ms S Karim	(Appointed 26 June 2020)
Secretary	Ms M Jackson	
Company number	04511191	
Registered office	7 Bedford Square London WC1B 3RA	
Auditor	Berley Chartered Accountants, Statutory Auditors 76 New Cavendish Street London W1G 9TB	

BLOOMSBURY INSTITUTE LIMITED

CONTENTS

The directors present the strategic report for the year ended 31 July 2020.

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 that are awarded by the University of Northampton.

In 2018, the company made an application to register with the newly created Office for Students (OfS) to whom regulation was transferred. The company was refused registration by the OfS in May 2019. This meant that the company's courses were no longer approved to enable new "home" students to access funding through the Student Loans Company (SLC), although current students could continue to access funding. In addition, the company's UKVI licence for sponsoring international students was suspended. As a result, the company was unable to recruit new home and international students in 2019/20 and 2020/21.

The company issued judicial review proceedings against the OfS. The case was heard in the High Court in February 2020. The High Court held that the OfS had acted lawfully. In May 2020, the company was granted permission to appeal to the Court of Appeal. In August 2020, the Court of Appeal held that the OfS had acted unlawfully and quashed its decision to refuse the company's registration. The OfS was ordered to pay 60% of the company's High Court legal costs and 100% of its Court of Appeal legal costs.

The OfS had to reconsider the company's application for registration. The company was subsequently registered by the OfS on 28 October 2020.

The company has been registered 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 SLC.

The company's UKVI licence has been reactivated with "track record" which 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. The UK government has introduced a post-study work period that enables international students to remain in the UK for up to 2 years after graduation. The UK's offer to international students is significantly enhanced and provides the company with the opportunity to actively recruit international students.

The company will resume the recruitment of new home and international students for entry in 2021/22.

Development and performance

Turnover decreased by 39% year on year. This was mainly because no new students had been recruited as a result of the OfS's decision to refuse the company's application for registration.

The company's net asset position at year end increased to £1,254,046 from £942,479 in the previous year.

Profit before tax and exceptional items decreased by £1.13m mainly because no new students had been recruited. The company incurred a profit before tax of £312k compared to a loss before tax of £31k in the previous year mainly due to the exceptional recovery of legal costs that the company had paid to the OfS following the High Court judgment, and that the OfS had to repay to the company following the Court of Appeal judgment.

Key performance indicators

	Year ended 31 July 2020	Year ended 31 July 2019	Change
	£	£	%
Turnover	7,364,204	12,094,030	(39.11)%
Operating profit	435,046	92,492	370.36%
Profit/(Loss) before tax	311,567*	(31,754)	1081.19%
Average number of employees	82	120	(31.67)%

*Includes exceptional items of £91K

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 heavily regulated within England. Legislative and policy changes affect the company's day to day business.

Now that the company has been registered by the OfS, the company is required to comply with all Conditions of Registration. 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 two 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.

Some 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.

Economy: COVID-19

When the UK went into lockdown in March 2020, students were already towards the end of the academic year. The company moved quickly to provide online classes to students, replaced on-campus examinations with online assessments, and ensured that support from staff continued at the same levels, in order to maintain a high-quality student experience. Consequently, the pandemic did not have a significant impact on 2019/20 results.

In consultation with students and staff, the company has continued to deliver all its courses online in 2020/21. The company did not recruit new students in 2020/21. It was unclear how the pandemic would affect 2020/21 in respect of returning students. However, the company exceeded its initial forecasts for students returning to study in 2020/21.

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 funding through the SLC. EU students with settled status will be eligible to both tuition fee and maintenance support. Other EU students will be treated as international students. Based on the company's current student population this represents a small risk because the company currently recruits very few EU students from outside the UK. The vast majority of the company's EU students have been living in the UK, and typically working in the UK, prior to starting their course.

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. 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 25-50% deposit before privately paying students start their course, leaving the funds at risk at a maximum of 3% of the total revenue.

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 £5,246,423 in current assets against £1,625,123 in current liabilities. In addition, the company has a loan with its parent company valued at £5.4m 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
18 February 2021

The directors present their annual report and financial statements for the year ended 31 July 2020.

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

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

Mr J Fairhurst
Ms C A Cook
Mr N O Jhaveri
Mr T R Mortimer
Mr T J Forsblad
Ms S Karim (Appointed 26 June 2020)

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

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

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

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

In respect of bank balances, the liquidity risk is managed by always maintaining a positive balance by using the loan from the parent company, if necessary. The company makes use of bank deposit 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 has now been registered with the OfS and will resume the recruitment of new students in 2021/22. However, the company's revenue in 2020/21 is expected to be significantly lower than in 2019/20 as the company was unable to recruit new students for a second year.

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

Mr J Fairhurst
Director
18 February 2021

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 2020 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The 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. 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.

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: https://www.frc.org.uk/auditorsresponsibilities. 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)
76 New Cavendish Street, London, W1G 9TB

For and on behalf of
Berley Chartered Accountants, Statutory Auditors

19 February 2021
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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £	2019 £
Turnover	3	7,364,204	12,094,030
Cost of sales		(3,294,423)	(4,670,267)
Gross profit		4,069,781	7,423,763
Administrative expenses		(3,782,527)	(5,949,695)
Other operating income		56,347	8,269
Exceptional items	4	91,445	(1,389,845)
Operating profit	5	435,046	92,492
Interest receivable and similar income	8	3,636	30
Interest payable and similar expenses	9	(127,115)	(124,276)
Profit/(loss) before taxation		311,567	(31,754)
Tax on profit/(loss)	10	-	-
Profit/(loss) for the financial year		311,567	(31,754)

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 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	**11**		431,859		661,701
Investments	**12**		2,625,354		2,518,930
			3,057,213		3,180,631
Current assets					
Debtors	**13**	2,621,105		2,331,300	
Cash at bank and in hand		2,625,318		3,201,583	
		5,246,423		5,532,883	
Creditors: amounts falling due within one year	**14**	(1,625,123)		(2,570,137)	
Net current assets			3,621,300		2,962,746
Total assets less current liabilities			6,678,513		6,143,377
Creditors: amounts falling due after more than one year	**15**		(5,424,467)		(5,200,898)
Net assets			1,254,046		942,479
Capital and reserves					
Called up share capital	**19**		3,275,029		3,275,029
Profit and loss reserves			(2,020,983)		(2,332,550)
Total equity			1,254,046		942,479

The financial statements were approved by the board of directors and authorised for issue on 18 February 2021 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 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 August 2018	3,275,029	(2,300,796)	974,233
Year ended 31 July 2019:			
Loss and total comprehensive income for the year	-	(31,754)	(31,754)
Balance at 31 July 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

BLOOMSBURY INSTITUTE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	**23**		(625,422)		2,818,379
Interest paid			(127,115)		(124,276)
Net cash (outflow)/inflow from operating activities			(752,537)		2,694,103
Investing activities					
Purchase of tangible fixed assets		(27,652)		(123,989)	
Proceeds on disposal of tangible fixed assets		87,500		-	
Movement of fixed asset investments		(106,424)		41,887	
Interest received		3,636		30	
Net cash used in investing activities			(42,940)		(82,072)
Financing activities					
Repayment of borrowings		224,402		526,682	
Payment of finance leases obligations		(5,190)		(19,342)	
Net cash generated from financing activities			219,212		507,340
Net (decrease)/increase in cash and cash equivalents			(576,265)		3,119,371
Cash and cash equivalents at beginning of year			3,201,583		82,212
Cash and cash equivalents at end of year			2,625,318		3,201,583

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

As detailed in the Strategic Report, the company has pursued an appeal to the Court of Appeal against the decision of the Office for Students (OfS) to refuse its registration. As the appeal was successful, the company is now registered by the OfS. This will enable the company to resume recruitment of new students. Therefore, there is no doubt as to the company’s ability to continue as a going concern. The directors, therefore continue to adopt the going concern basis in preparing the financial statements.

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

1.3 Turnover

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

1.4 Tangible fixed assets

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

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

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

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

1.5 Impairment of fixed assets

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

1 Accounting policies **(Continued)**

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.

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.

1 Accounting policies **(Continued)**

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.

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.

1 Accounting policies (Continued)

Deferred tax

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

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

1.10 Employee benefits

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

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

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

1.11 Retirement benefits

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

1.12 Leases

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

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

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

1.13 Government 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.

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.

1 Accounting policies **(Continued)**

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

	2020	2019
	£	£
Turnover analysed by class of business		
Provision of tuition fees	7,364,204	12,094,030

	2020	2019
	£	£
Other significant revenue		
Interest income	3,636	30
Grants received	50,738	-

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	7,364,204	12,094,030

4 Exceptional items

	2020 £	2019 £
Exceptional items	(91,445)	1,389,845

Exceptional expenses relate to the legal fees in the case against the Office for Students as well as restructuring costs incurred.

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

Legal and restructuring costs incurred in the current year amount to £753,055. At year end, estimated legal costs recoverable amount to £844,500.

5 Operating profit

Operating profit for the year is stated after charging/(crediting):	2020 £	2019 £
Government grants	(50,738)	-
Fees payable to the company's auditor for the audit of the company's financial statements	18,360	15,000
Depreciation of owned tangible fixed assets	163,057	177,662
Loss on disposal of tangible fixed assets	6,937	-
Operating lease charges	437,943	527,366

6 Employees

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

	2020 Number	2019 Number
Teaching and support	37	58
Office and administration (incl. directors)	45	62
Total	82	120

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	2,640,740	3,723,055
Social security costs	265,230	381,473
Pension costs	47,427	49,561
	2,953,397	4,154,089

7 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	205,167	199,167

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

	2020	2019
	£	£
Remuneration for qualifying services	199,667	199,167

8 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	3,636	30

Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	3,636	30

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	127,115	121,253
Other finance costs:		
Interest on finance leases and hire purchase contracts	-	3,023
	127,115	124,276

10 Taxation

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

	2020 £	2019 £
Profit/(loss) before taxation	311,567	(31,754)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	59,198	(6,033)
Tax effect of expenses that are not deductible in determining taxable profit	23,460	23,031
Depreciation added back	30,981	33,756
Capital allowances	(8,618)	(31,310)
Tax losses utilised	(105,021)	(19,444)
Taxation charge for the year	-	-

11 Tangible fixed assets

	Land and building £	Plant and machinery £	Total £
Cost			
At 1 August 2019	180,885	1,178,668	1,359,553
Additions	-	27,652	27,652
Disposals	-	(166,873)	(166,873)
At 31 July 2020	180,885	1,039,447	1,220,332
Depreciation and impairment			
At 1 August 2019	98,984	598,868	697,852
Depreciation charged in the year	9,100	153,957	163,057
Eliminated in respect of disposals	-	(72,436)	(72,436)
At 31 July 2020	108,084	680,389	788,473
Carrying amount			
At 31 July 2020	72,801	359,058	431,859
At 31 July 2019	81,901	579,800	661,701

12 Fixed asset investments

	2020	2019
	£	£
Listed investments	2,625,354	2,518,930

Listed investments included above:		
Listed investments carrying amount	2,625,354	2,518,930

Movements in fixed asset investments

	Investments other than loans
	£
Cost or valuation	
At 1 August 2019	2,518,930
Revaluation	106,424
At 31 July 2020	2,625,354
Carrying amount	
At 31 July 2020	2,625,354
At 31 July 2019	2,518,930

13 Debtors

	2020	2019
Amounts falling due within one year:	£	£
Trade debtors	1,517,306	2,064,822
Other debtors	864,350	121,900
Prepayments and accrued income	239,449	144,578
	2,621,105	2,331,300

14 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Obligations under finance leases	**17**	-	5,190
Other borrowings	**16**	833	-
Trade creditors		738,169	1,026,457
Taxation and social security		84,097	101,618
Other creditors		7,523	4,920
Accruals and deferred income		794,501	1,431,952
		1,625,123	2,570,137

15 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Other borrowings	**16**	5,424,467	5,200,898

16 Loans and overdrafts

	2020 £	2019 £
Other loans	5,425,300	5,200,898
Payable within one year	833	-
Payable after one year	5,424,467	5,200,898

17 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	-	5,190

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.

18 Retirement benefit schemes

Defined contribution schemes	2020 £	2019 £
Charge to profit or loss in respect of defined contribution schemes	47,427	49,561

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.

19 Share capital

Ordinary share capital	2020 Number	2019 Number	2020 £	2019 £
Issued and fully paid				
Ordinary shares of £1 each	100	100	3,275,029	3,275,029

20 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:

	2020 £	2019 £
Within one year	220,000	413,153
Between two and five years	880,000	1,295,178
In over five years	403,333	623,333
	1,503,333	2,331,664

21 Related party transactions

Transactions with related parties

During the year, the company paid expenses of £59,136 (2019: £52,685) on behalf of its immediate parent company, Goldwait Limited. The company has a long term loan with Goldwait Limited and was charged interest of £127,115 (2019: £121,253) on the balance outstanding. Due to the terms of the loan, the movement of £106,424 (2019: £458,113) on the fixed asset investment is reflected in the loan. The balance due to Goldwait Limited as at 31 July 2020 was £5,375,300 (2019: £5,200,898).

22 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.

23 Cash (absorbed by)/generated from operations

	2020 £	2019 £
Profit/(loss) for the year after tax	311,567	(31,754)
Adjustments for:		
Finance costs	127,115	124,276
Investment income	(3,636)	(30)
Loss on disposal of tangible fixed assets	6,937	-
Depreciation and impairment of tangible fixed assets	163,057	177,662
Movements in working capital:		
(Increase)/decrease in debtors	(289,805)	1,104,266
(Decrease)/increase in creditors	(940,657)	1,443,959
Cash (absorbed by)/generated from operations	(625,422)	2,818,379

24 Analysis of changes in net debt

	1 August 2019 £	Cash flows £	31 July 2020 £
Cash at bank and in hand	3,201,583	(576,265)	2,625,318
Borrowings excluding overdrafts	(5,200,898)	(224,402)	(5,425,300)
Obligations under finance leases	(5,190)	5,190	-
	(2,004,505)	(795,477)	(2,799,982)