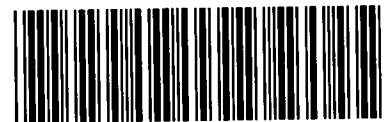


**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
UNITED LANGUAGE SCHOOLS LIMITED**

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UNITED LANGUAGE SCHOOLS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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UNITED LANGUAGE SCHOOLS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

DIRECTORS:

N F Pamplin
A G Hutchinson

SECRETARY:

A W Green

REGISTERED OFFICE:

The Old Casino
28 Fourth Avenue
Hove
East Sussex
BN3 2PJ

REGISTERED NUMBER:

00881183 (England and Wales)

AUDITORS:

Cardens Accountants LLP
Statutory Auditors
The Old Casino
28 Fourth Avenue
Hove
East Sussex
BN3 2PJ

UNITED LANGUAGE SCHOOLS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The company continued to operate as an international college offering academic courses (e.g. A Levels and Foundation programmes) as well as a wide range of English language programmes throughout the year.

Business Performance

From 1 January 2018, the Directors agreed a change in the presentation of tuition revenues, and student recruitment costs to more accurately reflect the substance of the transactions. Tuition revenues now reflect the net income received for the course, rather than the brochure rate. Conversely, student recruitment costs reduce by the same amount.

In the table below the net income basis has been applied to the 2017 and 2016 accounts to give a more accurate comparison to the 2018 results:

| | 2018 statutory accounts - net basis | 2017 statutory accounts - net basis | 2016 statutory accounts - net basis | 2017 statutory accounts | 2016 statutory accounts |
|---------------------------|---|---|---|-------------------------------|-------------------------------|
| Turnover | 5,399 | 5,433 | 4,943 | 6,709 | 5,891 |
| Gross profit | 1,914 | 1,945 | 1,727 | 1,945 | 1,727 |
| Loss/profit before tax | (5) | 15 | (29) | 15 | (29) |
| GP % | 35% | 36% | 35% | 29% | 29% |

The company's turnover decrease came from a challenging EFL marketplace affecting all locations.

The gross margin percentage remains stable despite volume falls, supported by the ongoing efficiency reviews to reduce costs in line with reduced volumes.

The minor movement in (loss)/profit before tax was directly linked to the decrease in student numbers and revenues. Strong future bookings and consistent credit control have contributed to healthy cash, payment on account, and deferred income balances. The Directors believe the balance sheet position of the company at the year-end to be satisfactory.

PRINCIPAL RISKS AND UNCERTAINTIES

The softness in some economies around the world, the trade war between the USA and China, ongoing uncertainties surrounding Brexit, and conflict in various regions remains a risk to the business as a whole but the company is confident that it devotes sufficient resources to minimise any risk in these areas.

These uncertainties, which remain in 2019, will continue to challenge the sector although overall academic student recruitment is often less impacted by such factors. On a more positive note the continued weakness of sterling into 2019 has allowed the UK sector to remain price competitive in a challenging marketplace. The directors are confident that the business has a sufficient mix of revenues streams to offset downturns in any area.

UNITED LANGUAGE SCHOOLS LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

In respect of bank balances the company manages the risk by maintaining the correct balance for fees received for courses and remains within trading terms for supplier payments.

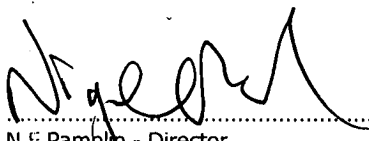
In respect of loans and overall liquidity risk the company ensures there are sufficient funds in place to meet the repayments.

Trade debtors are managed in respect of credit and cash flow risk by monitoring future course bookings and payments made on a regular basis.

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

The company, through its group ownership, is exposed to interest rate risk on interest bearing loans and borrowings, due to the variable rate loan agreement in place. However, the group regards this as a low risk in the short-term due to the current historic low base rates and the general view that these are unlikely to rise significantly in the foreseeable future.

ON BEHALF OF THE BOARD:


.....
N F Pamplin - Director

Date: 21/9/19

UNITED LANGUAGE SCHOOLS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

N F Pamplin
A G Hutchinson

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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.

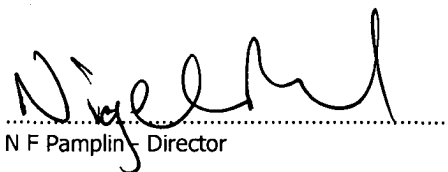
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Cardens Accountants LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
N F Pamplin - Director

Date: 9/12/19

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF UNITED LANGUAGE SCHOOLS LIMITED

Opinion

We have audited the financial statements of United Language Schools Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 Financial Reporting Standard 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 December 2018 and of its loss 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 or the Report of the Directors.

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF UNITED LANGUAGE SCHOOLS LIMITED

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Hannah Champion FCCA (Senior Statutory Auditor)
for and on behalf of Cardens Accountants LLP
Statutory Auditors
The Old Casino
28 Fourth Avenue
Hove
East Sussex
BN3 2PJ

Date: 9/9/19

UNITED LANGUAGE SCHOOLS LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Notes | 2018 £ | 2017 £ |
|--|-------|-----------------------|---------------------|
| TURNOVER | 4 | 5,398,570 | 6,708,698 |
| Cost of sales | | <u>3,484,833</u> | <u>4,764,097</u> |
| GROSS PROFIT | | 1,913,737 | 1,944,601 |
| Administrative expenses | | <u>1,918,967</u> | <u>1,929,973</u> |
| OPERATING (LOSS)/PROFIT and (LOSS)/PROFIT BEFORE TAXATION | | (5,230) | 14,628 |
| Tax on (loss)/profit | 7 | <u>633</u> | <u>4,805</u> |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR | | <u><u>(5,863)</u></u> | <u><u>9,823</u></u> |

The notes form part of these financial statements

UNITED LANGUAGE SCHOOLS LIMITED

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Notes | 2018 £ | 2017 £ |
|--|-------|----------------|--------------|
| (LOSS)/PROFIT FOR THE YEAR | | (5,863) | 9,823 |
| OTHER COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>(5,863)</u> | <u>9,823</u> |

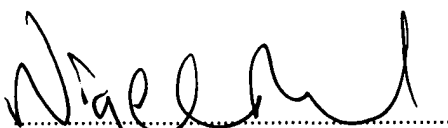
The notes form part of these financial statements

UNITED LANGUAGE SCHOOLS LIMITED (REGISTERED NUMBER: 00881183)

**BALANCE SHEET
31 DECEMBER 2018**

| | Notes | 2018 £ | 2017 £ |
|--|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | 120,288 | 161,455 |
| CURRENT ASSETS | | | |
| Stocks | 9 | 7,297 | 7,793 |
| Debtors | 10 | 1,770,419 | 1,969,168 |
| Cash at bank and in hand | | 604,904 | 408,150 |
| | | <u>2,382,620</u> | <u>2,385,111</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 11 | <u>2,501,472</u> | <u>2,539,267</u> |
| NET CURRENT LIABILITIES | | <u>(118,852)</u> | <u>(154,156)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>1,436</u> | <u>7,299</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 13 | 3,750 | 3,750 |
| Retained earnings | 14 | <u>(2,314)</u> | <u>3,549</u> |
| SHAREHOLDERS' FUNDS | | <u>1,436</u> | <u>7,299</u> |

The financial statements were approved by the Board of Directors on 9/9/19 and were signed on its behalf by:


N F Pamplin - Director

UNITED LANGUAGE SCHOOLS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|------------------------------------|------------------------------------|---------------------------|----------------------|
| Balance at 1 January 2017 | 3,750 | (6,274) | (2,524) |
| Changes in equity | | | |
| Total comprehensive income | - | 9,823 | 9,823 |
| Balance at 31 December 2017 | <u>3,750</u> | <u>3,549</u> | <u>7,299</u> |
| Changes in equity | | | |
| Total comprehensive income | - | (5,863) | (5,863) |
| Balance at 31 December 2018 | <u><u>3,750</u></u> | <u><u>(2,314)</u></u> | <u><u>1,436</u></u> |

The notes form part of these financial statements

UNITED LANGUAGE SCHOOLS LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Notes | 2018 £ | 2017 £ |
|---|-------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 227,557 | (454,849) |
| Tax paid | | (13,092) | - |
| | | - | (8,287) |
| Net cash from operating activities | | <u>214,465</u> | <u>(463,136)</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (17,711) | (39,498) |
| Net cash from investing activities | | <u>(17,711)</u> | <u>(39,498)</u> |
| Increase/(decrease) in cash and cash equivalents | | <u>196,754</u> | <u>(502,634)</u> |
| Cash and cash equivalents at beginning of year | 2 | 408,150 | 910,784 |
| Cash and cash equivalents at end of year | 2 | <u><u>604,904</u></u> | <u><u>408,150</u></u> |

The notes form part of these financial statements

UNITED LANGUAGE SCHOOLS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | 2018 | 2017 |
|--|----------------|------------------|
| | £ | £ |
| (Loss)/profit before taxation | (5,230) | 14,628 |
| Depreciation charges | 58,879 | 107,937 |
| | <u>53,649</u> | <u>122,565</u> |
| Decrease in stocks | 496 | 603 |
| Decrease/(increase) in trade and other debtors | 198,748 | (773,945) |
| (Decrease)/increase in trade and other creditors | (25,336) | 195,928 |
| | <u>227,557</u> | <u>(454,849)</u> |
| Cash generated from operations | 227,557 | (454,849) |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2018

| | 31.12.18 | 1.1.18 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Cash and cash equivalents | <u>604,904</u> | <u>408,150</u> |

Year ended 31 December 2017

| | 31.12.17 | 1.1.17 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Cash and cash equivalents | <u>408,150</u> | <u>910,784</u> |

The notes form part of these financial statements

UNITED LANGUAGE SCHOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. PRESENTATIONAL CURRENCY

The accounts are presented in the companies functional currency of pound sterling (£).

2. STATUTORY INFORMATION

United Language Schools Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the company's activities.

Previously turnover was presented gross of any discounts offered to agents. In a change to their accounting policy, turnover is now the net of discount offered to agents.

For the rendering of services where a customer receives consideration over a period of more than one day, turnover is recognised on a straight-line basis over the duration of the period of consideration.

For the rendering of services where a customer receives all the consideration of the sale on one day, turnover is recognised on that day.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided at the following rates in order to write off each asset over its estimated useful life

| | |
|-----------------------|------------------------------|
| Short leasehold | - over the life of the lease |
| Fixtures and fittings | - 20% on cost |
| Computer equipment | - 25% on cost |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

UNITED LANGUAGE SCHOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2018

3. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

4. TURNOVER

The turnover and loss (2017 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

| | 2018 £ | 2017 £ |
|---------------------------|------------------|------------------|
| Course and related income | 3,278,469 | 4,699,677 |
| Accommodation sales | 1,734,388 | 1,763,518 |
| Other sales | 350,713 | 155,503 |
| Management charge | 35,000 | 90,000 |
| | <u>5,398,570</u> | <u>6,708,698</u> |

5. EMPLOYEES AND DIRECTORS

| | 2018 £ | 2017 £ |
|---------------------|------------------|------------------|
| Wages and salaries | 2,114,906 | 2,091,501 |
| Other pension costs | 24,996 | 12,096 |
| | <u>2,139,902</u> | <u>2,103,597</u> |

The average number of employees during the year was as follows:

| | 2018 | 2017 |
|-----------------------------------|-----------|-----------|
| Teaching and administration staff | <u>84</u> | <u>81</u> |

| | 2018 £ | 2017 £ |
|-------------------------|-----------|-----------|
| Directors' remuneration | <u>-</u> | <u>-</u> |

6. OPERATING (LOSS)/PROFIT

The operating loss (2017 - operating profit) is stated after charging:

| | 2018 £ | 2017 £ |
|-----------------------------|----------------|----------------|
| Other operating leases | 147,180 | 147,180 |
| Depreciation - owned assets | 58,878 | 109,854 |
| Auditors remuneration | 8,050 | 7,900 |
| Operating leases | <u>122,340</u> | <u>122,340</u> |

UNITED LANGUAGE SCHOOLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. TAXATION

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

| | 2018 £ | 2017 £ |
|----------------------|------------|--------------|
| Current tax: | | |
| UK corporation tax | 633 | 13,092 |
| Deferred tax | - | (8,287) |
| Tax on (loss)/profit | <u>633</u> | <u>4,805</u> |

UK corporation tax has been charged at 19%.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2018 £ | 2017 £ |
|--|----------------|---------------|
| (Loss)/profit before tax | <u>(5,230)</u> | <u>14,628</u> |
| (Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.256%) | (994) | 2,817 |
| Effects of: | | |
| Depreciation in excess of capital allowances | 5,862 | 10,275 |
| Group relief | (4,235) | - |
| Deferred tax movement | - | (8,287) |
| Total tax charge | <u>633</u> | <u>4,805</u> |

8. TANGIBLE FIXED ASSETS

| | Short leasehold £ | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|-----------------------|-------------------------|----------------------------------|----------------------------|------------------|
| COST | | | | |
| At 1 January 2018 | 44,169 | 807,485 | 245,089 | 1,096,743 |
| Additions | 14,321 | - | 3,390 | 17,711 |
| At 31 December 2018 | <u>58,490</u> | <u>807,485</u> | <u>248,479</u> | <u>1,114,454</u> |
| DEPRECIATION | | | | |
| At 1 January 2018 | 10,734 | 706,347 | 218,207 | 935,288 |
| Charge for year | 4,880 | 41,049 | 12,949 | 58,878 |
| At 31 December 2018 | <u>15,614</u> | <u>747,396</u> | <u>231,156</u> | <u>994,166</u> |
| NET BOOK VALUE | | | | |
| At 31 December 2018 | <u>42,876</u> | <u>60,089</u> | <u>17,323</u> | <u>120,288</u> |
| At 31 December 2017 | <u>33,435</u> | <u>101,138</u> | <u>26,882</u> | <u>161,455</u> |

UNITED LANGUAGE SCHOOLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. STOCKS

| | 2018 | 2017 |
|-------|--------------|--------------|
| | £ | £ |
| Stock | <u>7,297</u> | <u>7,793</u> |

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 | 2017 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 531,796 | 322,522 |
| Amounts owed by group undertakings | 1,146,966 | 1,499,059 |
| Other debtors | 22,750 | 28,250 |
| Prepayments | 68,907 | 119,337 |
| | <u>1,770,419</u> | <u>1,969,168</u> |

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 | 2017 |
|---------------------------------|------------------|------------------|
| | £ | £ |
| Payments on account | 606,678 | 727,021 |
| Trade creditors | 12,350 | 13,398 |
| Tax | 633 | 13,092 |
| Social security and other taxes | 39,317 | 43,456 |
| VAT | 22,673 | 10,477 |
| Other creditors | 191,738 | 103,686 |
| Deferred income | 1,618,916 | 1,561,048 |
| Accrued expenses | 9,167 | 67,089 |
| | <u>2,501,472</u> | <u>2,539,267</u> |

12. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2018 | 2017 |
|----------------------------|----------------|----------------|
| | £ | £ |
| Within one year | 37,040 | - |
| Between one and five years | - | 37,040 |
| In more than five years | 210,480 | 210,480 |
| | <u>247,520</u> | <u>247,520</u> |

13. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: | | | 2018 | 2017 |
|----------------------------------|----------|----------------|--------------|--------------|
| Number: | Class: | Nominal value: | £ | £ |
| 3,750 | Ordinary | £1 | <u>3,750</u> | <u>3,750</u> |

14. RESERVES

| | Retained earnings |
|----------------------|-------------------|
| | £ |
| At 1 January 2018 | 3,549 |
| Deficit for the year | <u>(5,863)</u> |
| At 31 December 2018 | <u>(2,314)</u> |

UNITED LANGUAGE SCHOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2018

15. RELATED PARTY DISCLOSURES

United Language Schools Limited is a 100% subsidiary of Prime Education and Training Limited.

The Company has taken advantage of the exemption available by FRS 8 from disclosing related party transactions on the grounds that the results are included in consolidated accounts of the parent company.

16. ULTIMATE CONTROLLING PARTY

The controlling party is Prime Education & Training Limited.

The ultimate controlling party is N Pamplin, A Hutchinson, A Green & J A Flores.

This is by virtue of their 100% holding of the issued share capital of Prime Education & Training Limited.

17. ACCOUNTING BASIS

As stated in the accounting policy note, these financial statements have been prepared on the basis that the company will continue to be a going concern. As at the year end the current liabilities exceeded current assets by £118,852.

The Company utilises cash it generates from operations as a means of working capital. The directors have assessed the risk of this source of finance not being available to the Company on an ongoing basis as remote. As such, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing these financial statements.

UNITED LANGUAGE SCHOOLS LIMITED
**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | 2018 | | 2017 | |
|--------------------------------|---------------|----------------|---------------|---------------|
| | £ | £ | £ | £ |
| Turnover | | | | |
| Turnover | 5,363,570 | | 6,618,698 | |
| Management fee | <u>35,000</u> | | <u>90,000</u> | |
| | | 5,398,570 | | 6,708,698 |
| Cost of sales | | | | |
| Activities and excursions | 47,970 | | 44,065 | |
| Transport and transfers | 65,700 | | 85,559 | |
| Accommodation and subsistence | 1,377,547 | | 1,553,768 | |
| Academic materials | 236,409 | | 103,515 | |
| Student recruitment costs | 205,204 | | 1,454,948 | |
| Teachers salaries | 1,527,007 | | 1,510,146 | |
| Pensions | <u>24,996</u> | | <u>12,096</u> | |
| | | 3,484,833 | | 4,764,097 |
| GROSS PROFIT | | 1,913,737 | | 1,944,601 |
| Expenditure | | | | |
| Rent | 147,180 | | 147,180 | |
| Rates and water | 68,079 | | 61,657 | |
| Insurance | 12,481 | | 10,000 | |
| Light and heat | 30,137 | | (3,194) | |
| Repairs and maintenance | 32,268 | | 61,108 | |
| Wages | 587,899 | | 581,355 | |
| Computer costs | 37,672 | | 76,329 | |
| Telephone | 34,022 | | 26,818 | |
| Printing, postage & stationery | 20,779 | | 21,860 | |
| Promotion and advertising | 4,699 | | 42,890 | |
| Travelling | 4,508 | | 2,910 | |
| Student and staff welfare | 12,934 | | 10,582 | |
| Household and cleaning | 59,297 | | 59,682 | |
| Management charges | 681,527 | | 641,937 | |
| Sundry expenses | 97 | | - | |
| Subscriptions | 22,079 | | 14,914 | |
| Accountancy | 10,001 | | 9,481 | |
| Legal fees | 50,070 | | 5,028 | |
| Staff training | <u>24,563</u> | | <u>39,117</u> | |
| | | 1,840,292 | | 1,809,654 |
| | | 73,445 | | 134,947 |
| Finance costs | | | | |
| Bank charges | | 19,796 | | 10,465 |
| | | 53,649 | | 124,482 |
| Depreciation | | | | |
| Short leasehold | 4,880 | | 3,091 | |
| Fixtures and fittings | 41,049 | | 87,711 | |
| Computer equipment | <u>12,950</u> | | <u>19,052</u> | |
| | | 58,879 | | 109,854 |
| NET (LOSS)/PROFIT | | <u>(5,230)</u> | | <u>14,628</u> |

This page does not form part of the statutory financial statements