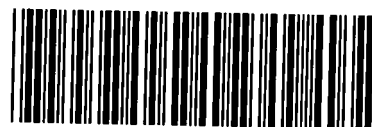


**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
FOR  
UNITED LANGUAGE SCHOOLS LIMITED**

FRIDAY



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# **UNITED LANGUAGE SCHOOLS LIMITED**

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**UNITED LANGUAGE SCHOOLS LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**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 2017**

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

#### **REVIEW OF BUSINESS**

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

#### **BUSINESS PERFORMANCE**

	2017 £'000	2016 £'000	Movement %
Turnover	6,708	5,891	14
Gross profit	1,944	1,726	13
Profit before taxation	15	(29)	
GM%	29%	29%	

The company's turnover increase came from confidence returning to the English language market, a strong academic intake in September and the first full year of the new Kings London residence.

The gross margin percentage has been influenced by the higher costs to recruit students in a competitive marketplace with various promotions offered to maintain market share.

The movement in profit/(loss) before tax was achieved predominately through an increase in student numbers and revenues.

Strong future bookings and consistent credit control have contributed to healthy 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 reduced confidence in world-wide travel through acts of terrorism, 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 2018, 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 2018 has provided the UK sector with a welcome boost which could see a rise in revenues over recent years. 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 2017**

**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: 22/8/18 .....

## **UNITED LANGUAGE SCHOOLS LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the teaching of English as a foreign language.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2017.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2017 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: 22/8/18 .....

## **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 2017 which comprise the Statement of 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 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 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 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, 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.

### **Opinion 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](http://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: .....22/8/18.....



**UNITED LANGUAGE SCHOOLS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>TURNOVER</b>	4	6,708,698	5,890,564
Cost of sales		<u>4,764,097</u>	<u>4,163,698</u>
<b>GROSS PROFIT</b>		1,944,601	1,726,866
Administrative expenses		<u>1,929,973</u>	<u>1,756,060</u>
<b>OPERATING PROFIT/(LOSS) and PROFIT/(LOSS) BEFORE TAXATION</b>		14,628	(29,194)
Tax on profit/(loss)	7	<u>4,805</u>	<u>(29,238)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		9,823	44
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>9,823</u>	<u>44</u>

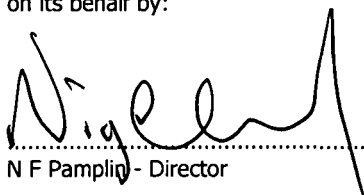
The notes form part of these financial statements

**UNITED LANGUAGE SCHOOLS LIMITED (REGISTERED NUMBER: 00881183)**

**BALANCE SHEET  
31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Tangible assets	8	161,455	231,811
<b>CURRENT ASSETS</b>			
Stocks	9	7,793	8,396
Debtors	10	1,969,168	1,195,223
Cash at bank and in hand		408,150	910,784
		<u>2,385,111</u>	<u>2,114,403</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>2,539,267</u>	<u>2,340,451</u>
<b>NET CURRENT LIABILITIES</b>		<u>(154,156)</u>	<u>(226,048)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,299</u>	<u>5,763</u>
<b>PROVISIONS FOR LIABILITIES</b>	13	<u>-</u>	<u>8,287</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u><u>7,299</u></u>	<u><u>(2,524)</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	3,750	3,750
Retained earnings	15	3,549	(6,274)
<b>SHAREHOLDERS' FUNDS</b>		<u><u>7,299</u></u>	<u><u>(2,524)</u></u>

The financial statements were approved by the Board of Directors on 22/8/18 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 2017**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2016</b>	3,750	(6,318)	(2,568)
<b>Changes in equity</b>			
Total comprehensive income	-	44	44
<b>Balance at 31 December 2016</b>	<u>3,750</u>	<u>(6,274)</u>	<u>(2,524)</u>
<b>Changes in equity</b>			
Total comprehensive income	-	9,823	9,823
<b>Balance at 31 December 2017</b>	<u>3,750</u>	<u>3,549</u>	<u>7,299</u>

The notes form part of these financial statements

**UNITED LANGUAGE SCHOOLS LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(454,849)	360,924
Tax paid		-	(23,295)
Deferred tax		(8,287)	-
Net cash from operating activities		<u>(463,136)</u>	<u>337,629</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(39,498)	(84,587)
Sale of tangible fixed assets		-	25,940
Net cash from investing activities		<u>(39,498)</u>	<u>(58,647)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(502,634)</u>	<u>278,982</u>
<b>Cash and cash equivalents at beginning of year</b>	2	910,784	631,802
<b>Cash and cash equivalents at end of year</b>	2	<u>408,150</u>	<u>910,784</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 2017**

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

	2017	2016
	£	£
Profit/(loss) before taxation	14,628	(29,194)
Depreciation charges	107,937	135,320
	<u>122,565</u>	<u>106,126</u>
Decrease/(increase) in stocks	603	(4,950)
(Increase)/decrease in trade and other debtors	(773,945)	481,744
Increase/(decrease) in trade and other creditors	195,928	(221,996)
	<u>195,928</u>	<u>(221,996)</u>
<b>Cash generated from operations</b>	<b>(454,849)</b>	<b>360,924</b>

**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 2017**

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	408,150	910,784

**Year ended 31 December 2016**

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	910,784	631,802

## **UNITED LANGUAGE SCHOOLS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **1. PRESENTATION 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.

These financial statements have been prepared on the basis that the company will continue to be a going concern. If this assumption is not considered valid, then adjustments would need to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

##### **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. Turnover is presented gross of any discounts offered to agents as a commission, but net of any value added tax.

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 Statement of Comprehensive Income, 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.

## UNITED LANGUAGE SCHOOLS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2017

#### 3. ACCOUNTING POLICIES - continued

##### 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.

##### 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 profit (2016 - loss) before taxation are attributable to the one principal activity of the company.

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

	2017 £	2016 £
Course and related income	4,699,677	4,146,925
Accommodation sales	1,763,518	1,561,580
Other sales	155,503	147,059
Management charge	90,000	35,000
	<u>6,708,698</u>	<u>5,890,564</u>

#### 5. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	1,943,618	1,775,933
Social security	147,883	135,651
Other pension costs	12,096	11,469
	<u>2,103,597</u>	<u>1,923,053</u>

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

	2017	2016
Teaching and administration staff	<u>81</u>	<u>112</u>

	2017 £	2016 £
Directors' remuneration	<u>-</u>	<u>-</u>

# UNITED LANGUAGE SCHOOLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2017

### 6. OPERATING PROFIT/(LOSS)

The operating profit (2016 - operating loss) is stated after charging:

	2017	2016
	£	£
Other operating leases	147,180	147,180
Depreciation - owned assets	109,854	135,320
Auditors remuneration	7,900	7,900
Operating leases	<u>122,340</u>	<u>122,340</u>

### 7. TAXATION

#### Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	13,092	-
Deferred tax	<u>(8,287)</u>	<u>(29,238)</u>
Tax on profit/(loss)	<u>4,805</u>	<u>(29,238)</u>

#### Reconciliation of total tax charge/(credit) 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:

	2017	2016
	£	£
Profit/(loss) before tax	<u>14,628</u>	<u>(29,194)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19.256% (2016 - 20%)	2,817	(5,839)
Effects of:		
Depreciation in excess of capital allowances	10,275	5,413
Group relief	-	426
Deferred tax movement	<u>(8,287)</u>	<u>(29,238)</u>
Total tax charge/(credit)	<u>4,805</u>	<u>(29,238)</u>



**UNITED LANGUAGE SCHOOLS LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017**
**8. TANGIBLE FIXED ASSETS**

	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2017	44,169	781,075	232,001	1,057,245
Additions	-	26,410	13,088	39,498
At 31 December 2017	44,169	807,485	245,089	1,096,743
<b>DEPRECIATION</b>				
At 1 January 2017	7,643	618,636	199,155	825,434
Charge for year	3,091	87,711	19,052	109,854
At 31 December 2017	10,734	706,347	218,207	935,288
<b>NET BOOK VALUE</b>				
At 31 December 2017	33,435	101,138	26,882	161,455
At 31 December 2016	36,526	162,439	32,846	231,811

**9. STOCKS**

	2017 £	2016 £
Stock	7,793	8,396

**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Trade debtors	322,522	329,681
Amounts owed by group undertakings	1,499,059	742,411
Other debtors	28,250	28,250
Prepayments	119,337	94,881
	1,969,168	1,195,223

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Payments on account	727,021	618,702
Trade creditors	13,398	9,491
Tax	13,092	-
Social security and other taxes	43,456	34,189
VAT	10,477	4,433
Other creditors	103,686	98,354
Deferred income	1,561,048	1,523,478
Accrued expenses	67,089	51,804
	2,539,267	2,340,451

# UNITED LANGUAGE SCHOOLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2017

### 12. LEASING AGREEMENTS

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

	2017 £	2016 £
Within one year	-	22,000
Between one and five years	37,040	37,040
In more than five years	210,480	210,480
	<u>247,520</u>	<u>269,520</u>

### 13. PROVISIONS FOR LIABILITIES

	2017 £	2016 £
Deferred tax	-	8,287
	<u>-</u>	<u>8,287</u>

	Deferred tax £
Balance at 1 January 2017	8,287
Credit to Statement of Comprehensive Income during year	(8,287)
Balance at 31 December 2017	<u>-</u>

### 14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2017 £	2016 £
3,750	Ordinary	£1	<u>3,750</u>	<u>3,750</u>

### 15. RESERVES

	Retained earnings £
At 1 January 2017	(6,274)
Profit for the year	9,823
At 31 December 2017	<u>3,549</u>

### 16. 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.

### 17. 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.

**UNITED LANGUAGE SCHOOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**18. 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 £154,156.

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 2017**

	2017		2016	
	£	£	£	£
<b>Turnover</b>				
Turnover	6,618,698		5,855,564	
Management fee	90,000		35,000	
		6,708,698		5,890,564
<b>Cost of sales</b>				
Activities and excursions	44,065		43,846	
Transport and transfers	85,559		60,327	
Accommodation and subsistence	1,553,768		1,392,307	
Academic materials	103,515		62,136	
Student recruitment costs	1,454,948		1,220,390	
Teachers salaries	1,510,146		1,373,223	
Pensions	12,096		11,469	
		4,764,097		4,163,698
<b>GROSS PROFIT</b>		1,944,601		1,726,866
<b>Expenditure</b>				
Rent	147,180		147,180	
Rates and water	61,657		55,974	
Insurance	10,000		10,065	
Light and heat	(3,194)		40,001	
Repairs and maintenance	61,108		22,269	
Wages	433,472		366,147	
Social security	147,883		135,651	
Computer costs	76,329		62,332	
Telephone	26,818		24,668	
Printing, postage & stationery	21,860		23,239	
Promotion and advertising	42,890		42,214	
Travelling	2,910		3,406	
Student and staff welfare	10,582		13,446	
Household and cleaning	59,682		58,205	
Management charges	641,937		555,660	
Subscriptions	14,914		19,690	
Accountancy	9,481		10,678	
Legal fees	5,028		2,878	
Bad debts	-		2,255	
Staff training	39,117		15,315	
		1,809,654		1,611,273
		134,947		115,593
<b>Finance costs</b>				
Bank charges		10,465		9,138
		124,482		106,455
<b>Depreciation</b>				
Short leasehold	3,091		2,537	
Fixtures and fittings	87,711		111,851	
Computer equipment	19,052		21,261	
		109,854		135,649
<b>NET PROFIT/(LOSS)</b>		14,628		(29,194)

This page does not form part of the statutory financial statements