

GARDENER SCHOOLS GROUP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016



GARDENER SCHOOLS GROUP LIMITED

COMPANY INFORMATION

Directors	M Gardener M J Herington T Brehony J Chen
Company secretary	M J Herington
Registered number	04696340
Registered office	Harwood House 43 Harwood Road London SW6 4QP
Trading Address	16 Ravenscourt Avenue Ravenscourt Park London W6 0SL
Independent auditors	Warrener Stewart Chartered Accountants & Registered Auditors Harwood House 43 Harwood Road London SW6 4QP

GARDENER SCHOOLS GROUP LIMITED

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GARDENER SCHOOLS GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2016

Introduction

The Board of Gardener Schools Group Limited is committed to maintaining the excellent standards of preparatory school education which has been delivered by its schools in South West London for the last two decades

Business review

Gardener Schools Group Limited operates two co-educational, non-selective, independent, preparatory schools in South West London for children aged four to eleven: Ravenscourt Park Preparatory School and Kew Green Preparatory School. Both schools provide education of the highest quality, preparing children for transfer to the best and most selective Independent Schools. Each school has been awarded "Excellent" by the Independent Schools Inspectorate in their most recent inspections in March 2016 and June 2015 respectively.

In addition, the group has recently established Kew House School, a co-educational, independent secondary school which extends the quality school provision to the age of eighteen. A specially designed sixth form facility at Kew House is currently under development, scheduled to open in September 2017. This will complete the range of schooling within the group from post-nursery to A-Level. The financial strength of the company allows continuing, significant re-investment in facilities and staff which maintains and improves standards.

Principal risks and uncertainties

The directors have assessed the principal risks and uncertainties, both financial and operational, to which the schools are likely to be exposed in the principal areas of teaching, general school operations, pupil and staff welfare, facilities and finance. Wherever possible, systems, controls and contingencies are put in place to minimise or mitigate risks identified. The directors monitor, identify and mitigate risk exposure on an on-going basis.

A principal operational risk concerns circumstances which might interrupt normal school running for a significant period such as adverse weather conditions (eg flooding) or serious illness within the pupil population. The directors are satisfied that the likelihood of such circumstances is relatively low and adequately mitigated by contingency arrangements.

A principal financial risk would be general economic conditions which might undermine the financial strength of the group resulting in the need for significant re-organisation and reduction in the cost base.


Financial key performance indicators

The Companies Act requires the directors to disclose the company's Key Performance indicators (KPI's). The group's business is relatively straightforward and performance indicators naturally fall to be considered on a school by school basis. Two principal KPI's are future pupil registration and capacity numbers which require forward planning decisions to be considered a number of years in advance. KPI's which are used for routine management include pupil/teacher ratios, both numerical and cost, catering and other fundamental cost/income ratios together with periodic fluctuations in significant overheads.

GARDENER SCHOOLS GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

This report was approved by the board and signed on its behalf.



J. Chen
Director

Date: 25/04/2017

GARDENER SCHOOLS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2016

The directors present their report and the financial statements for the year ended 31 July 2016.

Directors

The directors who served during the year were:

M Gardener
M J Herington
T Brehony
J Chen

Results and dividends

The profit for the year, after taxation, amounted to £3,176,081 (2015 - £1,827,775).

Dividends paid to shareholders during the year were £550,000 (2016: £445,000).

Charitable contributions

During the year the group made charitable donations of £4,644 (2015: £2,408).

Future developments

The Group is committed to provide education of the highest quality and invests consistently into its schools. This includes investment in ICT (information and communication technology), premises and staff. Significant development at Kew House School continues, so as to ensure a complete schooling offer from preparatory, through secondary to sixth form for both boys and girls in West London.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Auditors

The auditors, Warrener Stewart, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

GARDENER SCHOOLS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

Directors' responsibilities statement


The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the board and signed on its behalf.



J. Chen
Director

Date: 25/04/2017

GARDENER SCHOOLS GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GARDENER SCHOOLS GROUP LIMITED

We have audited the financial statements of Gardener Schools Group Limited for the year ended 31 July 2016, set out on pages 7 to 31. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 July 2016 and of the Group's profit or 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements.

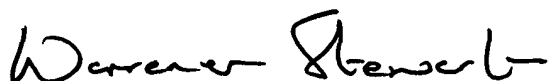
GARDENER SCHOOLS GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GARDENER SCHOOLS GROUP LIMITED (CONTINUED)

Matters on which we are required to report by exception

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.



Nicholas Morgan (Senior Statutory Auditor)

for and on behalf of

Warrener Stewart

Chartered Accountants

Registered Auditors

Harwood House
43 Harwood Road
London
SW6 4QP

Date: 25 April 2017

GARDENER SCHOOLS GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2016

	Note	2016 £	2015 £
Turnover	4	17,586,508	14,940,929
Cost of sales		(8,087,018)	(7,226,636)
Gross profit		9,499,490	7,714,293
Administrative expenses		(5,552,522)	(5,219,927)
Other operating income	5	20,857	18,392
Operating profit	6	3,967,825	2,512,758
Interest receivable and similar income	10	6,597	3,316
Interest payable and expenses	11	(11,271)	(17,422)
Profit before taxation		3,963,151	2,498,652
Tax on profit	12	(787,070)	(670,877)
Profit for the year		3,176,081	1,827,775
Profit for the year attributable to:			
Owners of the parent Company		3,176,081	1,827,775

There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 13 to 31 form part of these financial statements.

GARDENER SCHOOLS GROUP LIMITED
REGISTERED NUMBER:04696340

CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	15	612,500	700,000
Tangible assets	16	8,059,647	6,348,632
		<u>8,672,147</u>	<u>7,048,632</u>
Current assets			
Debtors: amounts falling due within one year	18	914,201	727,875
Cash at bank and in hand	19	3,466,248	2,026,567
		<u>4,380,449</u>	<u>2,754,442</u>
Creditors: amounts falling due within one year	20	(5,290,576)	(4,637,233)
Net current liabilities		<u>(910,127)</u>	<u>(1,882,791)</u>
Total assets less current liabilities		<u>7,762,020</u>	<u>5,165,841</u>
Creditors: amounts falling due after more than one year	21	-	(53,546)
Provisions for liabilities			
Deferred taxation	24	(347,754)	(324,110)
		<u>(347,754)</u>	<u>(324,110)</u>
Net assets excluding pension asset		<u>7,414,266</u>	<u>4,788,185</u>
Net assets		<u>7,414,266</u>	<u>4,788,185</u>
Capital and reserves			
Called up share capital	25	100	100
Profit and loss account		7,414,166	4,788,085
		<u>7,414,266</u>	<u>4,788,185</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

J Chen
 Director



Date: 25/04/2017

The notes on pages 13 to 31 form part of these financial statements.

GARDENER SCHOOLS GROUP LIMITED
REGISTERED NUMBER:04696340

COMPANY BALANCE SHEET
AS AT 31 JULY 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	15	612,500	700,000
Tangible assets	16	2,263,690	2,272,937
Investments	17	1,000	1,000
		<u>2,877,190</u>	<u>2,973,937</u>
Current assets			
Debtors: amounts falling due within one year	18	5,216,613	4,542,678
Cash at bank and in hand	19	3,427,936	1,936,361
		<u>8,644,549</u>	<u>6,479,039</u>
Creditors: amounts falling due within one year	20	(3,720,143)	(3,138,062)
Net current assets		<u>4,924,406</u>	<u>3,340,977</u>
Total assets less current liabilities		<u>7,801,596</u>	<u>6,314,914</u>
Creditors: amounts falling due after more than one year	21	-	(53,546)
Provisions for liabilities			
Deferred taxation	24	(99,655)	(126,803)
		<u>(99,655)</u>	<u>(126,803)</u>
Net assets excluding pension asset		<u>7,701,941</u>	<u>6,134,565</u>
Net assets		<u>7,701,941</u>	<u>6,134,565</u>
Capital and reserves			
Called up share capital	25	100	100
Profit and loss account		7,701,841	6,134,465
		<u>7,701,941</u>	<u>6,134,565</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

28/04/2017

J Chen
 Director

GARDENER SCHOOLS GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2016

	Called up share capital £	Profit and loss account £	Total equity £
At 1 August 2014	100	3,405,310	3,405,410
Comprehensive income for the year			
Profit for the year	-	1,827,775	1,827,775
Contributions by and distributions to owners			
Dividends: Equity capital	-	(445,000)	(445,000)
At 1 August 2015	100	4,788,085	4,788,185
Comprehensive income for the year			
Profit for the year	-	3,176,081	3,176,081
Contributions by and distributions to owners			
Dividends: Equity capital	-	(550,000)	(550,000)
At 31 July 2016	100	7,414,166	7,414,266

GARDENER SCHOOLS GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2016

	Called up share capital £	Profit and loss account £	Total equity £
At 1 August 2014	100	4,679,229	4,679,329
Comprehensive income for the year			
Profit for the year	-	1,900,236	1,900,236
Contributions by and distributions to owners			
Dividends: Equity capital	-	(445,000)	(445,000)
At 1 August 2015	100	6,134,465	6,134,565
Comprehensive income for the year			
Profit for the year	-	2,117,376	2,117,376
Contributions by and distributions to owners			
Dividends: Equity capital	-	(550,000)	(550,000)
At 31 July 2016	100	7,701,841	7,701,941

GARDENER SCHOOLS GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	3,176,081	1,827,775
Adjustments for:		
Amortisation of intangible assets	87,500	87,500
Depreciation of tangible assets	465,303	409,622
Interest paid	11,271	17,422
Interest received	(6,597)	(3,316)
Taxation charge	787,070	670,877
(Increase) in debtors	(186,327)	(56,372)
Increase in creditors	330,180	408,850
Corporation tax (paid)	(402,000)	(330,400)
Net cash generated from operating activities	4,262,481	3,031,958
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,176,318)	(756,723)
Interest received	6,597	3,316
Net cash from investing activities	(2,169,721)	(753,407)
Cash flows from financing activities		
Repayment of loans	(107,071)	(603,967)
Dividends paid	(550,000)	(445,000)
Interest paid	(11,271)	(17,422)
Net cash used in financing activities	(668,342)	(1,066,389)
Net increase in cash and cash equivalents	1,424,418	1,212,162
Cash and cash equivalents at beginning of year	2,026,567	814,405
Cash and cash equivalents at the end of year	3,450,985	2,026,567
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,466,248	2,026,567
Bank overdrafts	(15,263)	-
	3,450,985	2,026,567

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 29.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 31 July 2016.

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Turnover represents fees receivable for tuition and associated services and is recognised as the services have been provided.

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

1. Accounting policies (continued)

1.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property and equipment	- 4% on net book value
Operating equipment	- 25% on net book value

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

1. Accounting policies (continued)

1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

1.9 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

The impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

1.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

1. Accounting policies (continued)

1.11 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.13 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 August 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

1. Accounting policies (continued)

1.14 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Multi-employer pension plan

The Group is a member of a multi-employer plan. Where it is not possible for the Group to obtain sufficient information to enable it to account for the plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

The relevant multi-employer plan is the Teachers' Pension Scheme ("TPS") which provides retirement benefits to qualifying employees (teachers, primarily). This is a defined benefit scheme and the assets are held separately from those of the Group.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the school in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

1.15 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

1.16 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

1. Accounting policies (continued)

1.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. General information

The Group's principal activity is the provision of private schooling. The Group is a private limited Group domiciled in the United Kingdom and incorporated in England and Wales. The Group's registered office is Harwood House, 43 Harwood Road, London, SW6 4QP.

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from these estimates.

4. Turnover

All turnover arose within the United Kingdom.

5. Other operating income

	2016 £	2015 £
Net rents receivable	<u>20,857</u>	<u>18,392</u>

6. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	465,303	409,622
Amortisation of intangible assets, including goodwill	87,500	87,500
Defined contribution pension cost	<u>768,177</u>	<u>542,716</u>

7. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>15,600</u>	<u>15,600</u>
Fees payable to the Group's auditor and its associates in respect of:		
All other services	<u>13,925</u>	<u>19,460</u>
	<u>13,925</u>	<u>19,460</u>

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	6,427,343	5,890,862
Social security costs	604,018	516,115
Cost of defined contribution scheme	768,177	542,716
	<u>7,799,538</u>	<u>6,949,693</u>

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

	2016 No.	2015 No.
Teaching staff	165	148
Management, administrative & auxiliary staff	39	39
	<u>204</u>	<u>187</u>

9. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	434,828	429,906
Company contributions to defined contribution pension schemes	118,200	17,492
	<u>553,028</u>	<u>447,398</u>

During the year retirement benefits were accruing to 2 directors (2015 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £150,000 (2015 - £152,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £84,600 (2015 - £3,600).

10. Interest receivable

	2016 £	2015 £
Other interest receivable	<u>6,597</u>	<u>3,316</u>

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

11. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	<u>11,271</u>	<u>17,422</u>

12. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	763,426	476,312
Adjustments in respect of previous periods	-	1,565
Total current tax	<u>763,426</u>	<u>477,877</u>
Deferred tax		
Origination and reversal of timing differences	23,644	193,000
Taxation on profit on ordinary activities	<u>787,070</u>	<u>670,877</u>

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 20% (2015 - 20%).

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Dividends

	2016 £	2015 £
Equity dividends paid	<u>550,000</u>	<u>445,000</u>

14. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £2,117,375 (2015 - £1,900,236).

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

15. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 August 2015	1,750,000
At 31 July 2016	<u>1,750,000</u>
Amortisation	
At 1 August 2015	1,050,000
Charge for the year	87,500
At 31 July 2016	<u>1,137,500</u>
Net book value	
At 31 July 2016	<u><u>612,500</u></u>
At 31 July 2015	<u><u>700,000</u></u>

All of the Group's intangible fixed assets are held in the Parent company.

Goodwill represents the acquisition on 01 August 2003 of the trade and net assets of Ravenscourt Park Preparatory School for a total consideration of £1,750,000 and is being amortised over a period of 20 years.

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

16. Tangible fixed assets

Group

	Leasehold property costs & equipment £	Operating equipment £	Total £
Cost or valuation			
At 1 August 2015	6,804,612	1,401,798	8,206,410
Additions	2,008,249	168,069	2,176,318
At 31 July 2016	8,812,861	1,569,867	10,382,728
Depreciation			
At 1 August 2015	1,031,479	826,299	1,857,778
Charge for the period on owned assets	291,506	173,797	465,303
At 31 July 2016	1,322,985	1,000,096	2,323,081
Net book value			
At 31 July 2016	7,489,876	569,771	8,059,647
At 31 July 2015	5,773,133	575,499	6,348,632

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

16. Tangible fixed assets (continued)

Company

	Leasehold property costs & equipment £	Operating equipment £	Total £
Cost or valuation			
At 1 August 2015	2,778,614	860,923	3,639,537
Additions	53,843	98,920	152,763
At 31 July 2016	<u>2,832,457</u>	<u>959,843</u>	<u>3,792,300</u>
Depreciation			
At 1 August 2015	738,923	627,677	1,366,600
Charge for the period on owned assets	83,203	78,807	162,010
At 31 July 2016	<u>822,126</u>	<u>706,484</u>	<u>1,528,610</u>
Net book value			
At 31 July 2016	<u>2,010,331</u>	<u>253,359</u>	<u>2,263,690</u>
At 31 July 2015	<u>2,039,691</u>	<u>233,246</u>	<u>2,272,937</u>

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

17. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Kew House School Limited	England and Wales	Ordinary	100 %	Private school

The aggregate of the share capital and reserves as at 31 July 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Kew House School Limited	(286,674)	1,058,706

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 August 2015	1,000
At 31 July 2016	1,000
Net book value	
At 31 July 2016	1,000
At 31 July 2015	1,000

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

18. Debtors

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Trade debtors	101,139	51,311	60,293	30,057
Amounts owed by group undertakings	-	-	4,875,692	4,268,355
Other debtors	144,750	74,791	101,853	47,166
Prepayments and accrued income	668,312	601,773	178,775	197,100
	914,201	727,875	5,216,613	4,542,678

19. Cash and cash equivalents

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Cash at bank and in hand	3,466,248	2,026,567	3,427,936	1,936,361
Less: bank overdrafts	(15,262)	-	(15,262)	-
	3,450,986	2,026,567	3,412,674	1,936,361

20. Creditors: Amounts falling due within one year

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Bank overdrafts	15,262	-	15,262	-
Bank loans	50,446	103,971	50,446	103,970
Trade creditors	193,162	322,384	124,317	166,791
Corporation tax	556,080	194,654	350,675	194,654
Other taxation and social security	179,838	160,059	129,768	123,164
Other creditors	3,331,698	2,872,903	2,270,795	1,982,282
Accruals and deferred income	964,090	983,262	778,880	567,201
	5,290,576	4,637,233	3,720,143	3,138,062

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

21. Creditors: Amounts falling due after more than one year

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Bank loans	-	53,546	-	53,546
	<u>-</u>	<u>53,546</u>	<u>-</u>	<u>53,546</u>

Bank loans are repayable within 5 years and are secured by a debenture on the company's assets.

22. Loans

Analysis of maturity of loans is given below:

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Amounts falling due within one year				
Bank loans	50,446	103,971	50,446	103,971
Amounts falling due 1-2 years				
Bank loans	-	53,546	-	53,546
	<u>50,446</u>	<u>157,517</u>	<u>50,446</u>	<u>157,517</u>

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

23. Financial instruments

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Financial assets				
Financial assets measured at fair value through profit or loss	3,466,248	2,026,567	3,427,936	1,936,361
Financial assets that are debt instruments measured at amortised cost	245,889	126,102	5,037,838	4,345,578
	<u>3,712,137</u>	<u>2,152,669</u>	<u>8,465,774</u>	<u>6,281,939</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(4,157,329)	(3,745,125)	(2,995,751)	(2,434,533)

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise trade debtors, group debtors and other amounts receivable in the ordinary course of business.

Financial liabilities measured at amortised cost comprise loans, trade creditors and other amounts payable in the ordinary course of business.

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

24. Deferred taxation

Group

	2016 £
At beginning of year	(324,110)
Charged to profit or loss	(23,644)
At end of year	(347,754)

Company

	2016 £
At beginning of year	(126,803)
Charged to profit or loss	27,148
At end of year	(99,655)

The provision for deferred taxation is made up as follows:

	Group 2016 £	Company 2016 £
Accelerated capital allowances	(362,049)	(110,796)
Short term timing differences	14,295	11,141
	(347,754)	(99,655)

25. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

26. Pension commitments

The Group makes contributions to the Teachers Pension Scheme ('TPS') on behalf of many of its qualifying teaching staff. The TPS is a multi-employer pension plan which is a defined benefit scheme and the assets are held separately from those of the Group. There is insufficient information concerning the scheme to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme and the contributions recognised in the period to which they relate. The pension cost charge for the year represents contributions payable by the Group to the fund and amounted to £629,159 (2015: £500,377). Contributions totalling £85,440 (2015: £70,082) were payable to the fund at the balance sheet date and are included within Other Creditors falling due within one year.

The company also makes contributions to other defined contributions pension plans on behalf of certain other employees. The assets of these schemes are held separately from those of the Group within independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £139,018 (2015: £42,339). Contributions totalling £1,770 (2015: £2,228) were payable to the funds at the balance sheet date and are included within Other Creditors falling due within one year.

27. Commitments under operating leases

At 31 July 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Not later than 1 year	3,744	22,798	3,744	22,798
Later than 1 year and not later than 5 years	153,109	181,628	146,693	172,580
Later than 5 years	18,927,000	19,103,200	11,745,000	12,700,000
	<u>19,083,853</u>	<u>19,307,626</u>	<u>11,895,437</u>	<u>12,895,378</u>

28. Related party transactions

Material balances and transactions with related parties arising during the year were as follows:

	2016 £	2015 £
Rent payable to Ravenscourt Park Partnership	<u>670,000</u>	<u>670,000</u>

Nature of relationship and control

M Gardener and T Brehony were directors and shareholders of the company and equity partners in Ravenscourt Park Partnership throughout the year ended 31 July 2016.

M Gardener holds a controlling interest in the company by virtue of her shareholding.

GARDENER SCHOOLS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

29. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.