Company Registration No. 04977611 (England and Wales)

LONDON SCHOOL OF BUSINESS & FINANCE (UK) LIMITED

COMPANY LIMITED BY GUARANTEE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

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LONDON SCHOOL OF BUSINESS & FINANCE (UK) LIMITED
COMPANY LIMITED BY GUARANTEE
DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2020

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

Principal activities

In accordance with its memorandum and articles of association, the company's principal activity is the provision of business and financial education.

Directors

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

Rebecca Cox	(Appointed 10 December 2019 and resigned 30 October 2020)
Dr Arye Etingen	
Arkady Etingen	(Resigned 13 December 2019)
Amy LeJune	(Appointed 29 October 2020)

Results and dividends

The results for the year are set out on page 6.

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

Auditor

In accordance with the company's articles, a resolution proposing that Jeffreys Henry LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Information already disclosed in the Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the business review, future developments and the involvement of its employees in the affairs, policy and performance of the company.

On behalf of the board

Amy LeJune
Director
11 February 2022

LONDON SCHOOL OF BUSINESS & FINANCE (UK) LIMITED
COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LONDON SCHOOL OF BUSINESS & FINANCE (UK) LIMITED

Opinion

We have audited the financial statements of London School of Business & Finance (UK) Limited (the 'company') for the year ended 31 July 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

[The auditor's assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur.] ICAEW guidance relating to reporting on irregularities, November 2020, based on ISA 700 A39-1 to A39-5

[Which laws and regulations the auditor identified as being of significance in the context of the entity.] ICAEW guidance relating to reporting on irregularities, November 2020, based on ISA 700 A39-1 to A39-5

[The auditor's explanation of its audit response will depend on the risks identified but may include:
- Enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing internal audit reports.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.]
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Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Isaacs (Senior Statutory Auditor)
For and on behalf of Jeffreys Henry LLP

11 February 2022

Chartered Accountants
Statutory Auditor

Finsgate
5 - 7 Cranwood Street
London
EC1V 9EE

LONDON SCHOOL OF BUSINESS & FINANCE (UK) LIMITED
COMPANY LIMITED BY GUARANTEE
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £	2019 £
Income	3	1,188,422	1,216,151
Administrative expenses		(1,430,950)	(1,660,697)
Other operating income		-	55,300
Operating deficit	4	(242,528)	(389,246)
Interest receivable and similar income	8	132	4
Interest payable and similar expenses	9	(6,814)	(162)
Amounts written off investments	10	-	(2,662)
Deficit before taxation		(249,210)	(392,066)
Tax on deficit	11	(36,305)	166,134
Deficit for the financial year		(285,515)	(225,932)
Other comprehensive income		-	-
Total comprehensive income for the year		(285,515)	(225,932)

LONDON SCHOOL OF BUSINESS & FINANCE (UK) LIMITED
COMPANY LIMITED BY GUARANTEE
STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	12		345,002		354,121
Current assets					
Debtors	13	13,922,259		12,176,950	
Cash at bank and in hand		5,869,759		5,900,910	
		19,792,018		18,077,860	
Creditors: amounts falling due within one year	14	(11,575,480)		(11,959,160)	
Net current assets			8,216,538		6,118,700
Total assets less current liabilities			8,561,540		6,472,821
Creditors: amounts falling due after more than one year	15		(2,439,137)		(64,903)
Net assets			6,122,403		6,407,918
Reserves					
Other reserves	21		5,400,000		5,400,000
Income and expenditure account			722,403		1,007,918
Members' funds			6,122,403		6,407,918

The financial statements were approved by the board of directors and authorised for issue on 11 February 2022 and are signed on its behalf by:

Amy LeJune
Director

Company Registration No. 04977611

LONDON SCHOOL OF BUSINESS & FINANCE (UK) LIMITED
COMPANY LIMITED BY GUARANTEE
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2020

	Other reserves	Income and expenditure	Total
	£	£	£
Balance at 1 August 2018	5,400,000	1,233,850	6,633,850
Year ended 31 July 2019:			
Loss and total comprehensive income for the year	-	(225,932)	(225,932)
Balance at 31 July 2019	5,400,000	1,007,918	6,407,918
Year ended 31 July 2020:			
Loss and total comprehensive income for the year	-	(285,515)	(285,515)
Balance at 31 July 2020	5,400,000	722,403	6,122,403

1 Accounting policies

Company information
London School of Business & Finance (UK) Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Buchanan House, 30 Holborn, London, EC1N 2HS.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary a mounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The sole member in London School of Business & Finance (UK) Limited, a company limited by guarantee, is Global University Systems B.V. which is a wholly owned subsidiary of Global University Systems Holdings B.V.. The results of London School of Business & Finance (UK) Limited are included in the consolidated financial statements of Global University Systems Holding B.V. which are available from Keizersgracht 307, 1016ED Amsterdam, The Netherlands.

1 Accounting policies **(Continued)**

1.2 Going concern

The financial statements have been prepared on a going concern basis which the Director believes to be appropriate for the following reason. The company is reliant on the support of other group companies as a result of the way that the group is financed. Global University Systems Holding B.V. has agreed to continue to provide financial and other support to the company for the foreseeable future to enable it to continue to trade.

As a result, having assessed the response of the directors of Global University Systems Holding B.V., in light of its support and on the basis of his assessment of the company's financial position and Global University Systems Holding B.V. financial position, the Director has a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the financial statements.

The current COVID-19 pandemic has been taken into account and does not alter this view.

1.3 Income and expenditure

Revenue comprises the fair value of the sales of goods and services net of discounts. Goods sold represent books, study texts, course note, online video materials and published matter.

Revenue represents fees receivable for the provision of tuition and student services. Revenue is recognised on the basis of the estimated timing of delivery of the courses and the provision of student services. For certain courses delivery can vary on a student by student basis and therefore an estimation of the timing of the delivery is made on a course by course basis. Revenue in respect of student services is recognised on invoice.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. Deferred income represents amounts invoiced for which the service will be provided in future periods. Revenue is only recognised when the company has performed all of its required obligations and when all the following conditions are satisfied: the revenue can be measured reliably; it is possible that the economic benefits will flow to the company; the state of completion at the balance sheet date can be measure reliably; and the cost relating to the transaction can be measured reliably.

The Company makes allowances for doubtful trade debtors. Significant judgement is used to determine doubtful accounts. Changes in the economy, industry, or specific customer conditions may require adjustments to the allowance for doubtful debts recorded in the financial statements.

Expenses include VAT where applicable as the company cannot reclaim it.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

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

1 Accounting policies **(Continued)**

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

Leasehold improvements	Straight line over lesser of 5 years and the remaining life of the lease
Fixtures, fittings & equipment	5 years straight line
Computer equipment	3 years straight line

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

1.6 Impairment of fixed assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Accounting policies **(Continued)**

Basic financial assets
Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets
The company does not enter into any transactions that can be classified as other financial assets, including equity instruments which are not subsidiaries, associates or joint ventures.

Impairment of financial assets
Financial assets, other than those held at fair value through surplus and deficit, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in surplus or deficit.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in surplus or deficit.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

Other financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments and the company did not enter into any such transactions that can be classified as other financial liabilities.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Taxation
Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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

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

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

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

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

1.11 Retirement benefits
The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the income and expenditure account in the year they are payable.

1 Accounting policies **(Continued)**

1.12 Leases

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

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

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.13 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to income and expenditure account.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment of debtors

The company makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade debtors, Management considers the current overall economic conditions, industry-specific economic conditions, and historical and anticipated customer performance. Changes in the economy, industry, or specific customer conditions may require adjustment to the provision recorded in the financial statements. See note 15 for the net carrying amount of the debtors and associated impairment provision.

3 Income/Service charges

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the England and Wales.

4 Operating deficit

Operating deficit for the year is stated after charging/(crediting):	2020 £	2019 £
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	34,614	(1,136)
Research and development costs	-	71,834
Depreciation of owned tangible fixed assets	298,911	326,645
Depreciation of tangible fixed assets held under finance leases	27,747	27,747
Operating lease charges	69,677	109,056

5 Auditor's remuneration

Fees payable to the company's auditor and associates:	2020 £	2019 £
For audit services		
Audit of the financial statements of the company	28,327	1,727

6 Employees

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

	2020 Number	2019 Number
Staff	14	14
Directors	2	2
	16	16

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	272,013	545,938
Pension costs	55,321	1,238
	245,266	547,176

7 Directors' and key management personnel remuneration

	2020	2019
	£	£
Remuneration for qualifying services	135,000	310,000
Company pension contributions to defined contribution schemes	3,750	6,750
	426,480	460,580

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to **1** (2019 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director / key management personnel:

	2020	2019
	£	£
Remuneration for qualifying services	135,000	310,000

8 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	132	4

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	2,980	185
Interest on finance leases and hire purchase contracts	3,834	4,053
Other interest	-	(4,076)
	6,814	162

10 Amounts written off investments

	2020	2019
	£	£
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	-	(2,662)

11 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	1,425	-
Adjustments in respect of prior periods	(1,425)	(170,244)
Total current tax	-	(170,244)
Deferred tax		
Origination and reversal of timing differences	36,305	4,110
Total tax charge/(credit)	36,305	(166,134)

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

	2020	2019
	£	£
Loss before taxation	(249,210)	(392,066)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 0% (2019: 19.00%)	-	(74,493)
Tax effect of expenses that are not deductible in determining taxable profit	-	(2,426)
Unutilised tax losses carried forward	-	69,365
Change in unrecognised deferred tax assets	-	4,110
Adjustments in respect of prior years	(1,425)	(170,244)
Permanent capital allowances in excess of depreciation	-	7,554
Taxation credit for the year	(1,425)	(166,134)
Taxation charge/(credit) in the financial statements	36,305	(166,134)
Reconciliation - the current year tax charge does not reconcile to the above analysis. Please review figures in the database.	(37,730)	-

12 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 August 2019	1,199,851	84,431	3,140,368	4,424,650
Additions	-	-	289,792	289,792
At 31 July 2020	1,199,851	84,431	3,430,160	4,714,442
Depreciation and impairment				
At 1 August 2019	1,142,047	79,582	2,848,900	4,070,529
Depreciation charged in the year	57,804	-	241,107	298,911
At 31 July 2020	1,199,851	79,582	3,090,007	4,369,440
Carrying amount				
At 31 July 2020	-	4,849	340,153	345,002
At 31 July 2019	57,804	4,849	291,468	354,121

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020	2019
	£	£
Fixtures, fittings & equipment	97,115	124,862

13 Debtors

	2020	2019
Amounts falling due within one year:	£	£
Trade debtors	2,973,919	38,489
Corporation tax recoverable	142,193	140,769
Amounts owed by group undertakings	9,623,032	9,595,630
Other debtors	319,866	308,392
Prepayments and accrued income	705,487	1,899,603
	13,764,497	11,982,883

13 Debtors (Continued)

	2020	2019
Amounts falling due after more than one year:	**£**	**£**
Deferred tax asset (note 18)	157,762	194,067
Total debtors	13,922,259	12,176,950

14 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans	16	-	75,861
Obligations under finance leases	17	28,382	27,434
Trade creditors		521,209	1,814,377
Taxation and social security		367,120	117,766
Deferred income		608,214	254,779
Other creditors		1,058	1,058
Accruals and deferred income		10,049,497	9,667,885
		11,575,480	11,959,160

15 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Obligations under finance leases	17	36,519	64,903
Deferred income		2,402,618	-
		2,439,137	64,903

16 Loans and overdrafts

	2020 £	2019 £
Bank loans	-	75,861
Payable within one year	-	75,861

17 Finance lease obligations

	2020	2019
Future minimum lease payments due under finance leases:	£	£
Within one year	30,448	30,448
In two to five years	7,612	68,508
	38,060	98,956
Less: future finance charges	(1,541)	(6,619)
	36,519	92,337
Difference remains - please check	**28,382**	**-**

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2020	Assets 2019
Balances:	£	£
Accelerated capital allowances	194,067	194,067
Statutory database figures differ from the trial balance:		
Deferred tax balances	157,762	194,067
Difference	36,305	-
Balance per TB		(157,762)
Warning - Difference exists; check stat db entries		36,305

There were no deferred tax movements in the year.

19 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	55,321	1,238

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

21 Subordinated debt

On 30 July 2014 the Company authorised the issue of up to £12,500,000 perpetual unsecured subordinated no-transferrable bonds, to be offered to the members of the Company only. On 18 August 2014 54 bonds were subscribed to, each with a nominal value of £100,000. As at 31 July 2020 all 54 bonds in issue were held by A. Etingen. Interest payable in respect of the bonds is at the option of the Company. As at 31 July 2020 no interest has been charged.

22 Financial commitments and guarantees

The Company, along with other group companies, is named as a guarantor in the senior facilities agreement for Markermeer Finance B.V. A fixed and floating security shall be provided over the Company's assets. The various loans which total approximately €1 billion are due in 2027 and the revolving credit facility of £120m is to be repaid in 2026.

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	3,610,804	2,625,951
Between two and five years	14,453,107	14,452,309
In over five years	41,280,356	44,888,233
	59,344,267	61,966,493

24 Contingent liabilities

A significant proportion of the company's business involves the provision of higher education to students in the United Kingdom. The implementation of the European Union Principal VAT Directive in domestic legislation, regulations and policy documents, including in respect of operational matters, continues to evolve. The primary legislation and regulations are not always clearly written and are subject to varying interpretations by the tax authority, the tax tribunals and the courts. Instances of inconsistent interpretations are not unusual.

The uncertainty of inconsistent enforcement and application of VAT laws as they apply to the provision of higher education (which is exempt from the scope of VAT in the Principal Directive), creates a risk of additional tax liabilities being assessed by the tax authority. Insofar such assessments are made in respect of historic periods, they can also be subject to a claim for penalties and interest. Whilst it is not possible to reliably estimate the probability or quantum of such potential claims, such claims, if made and sustained, may have a material effect on the company's financial position, results of operations and cash flows.

At the same time, there is a risk that transactions and interpretations that have not been challenged in the past may be challenged by the authorities in the future, although this risk significantly diminishes with passage of time. It is not practical to determine the amount of any potential claims or the likelihood of any unfavourable outcome.

25 Events after the reporting date

The directors are of the opinion that were no significant adjusting or non-adjusting events occurring after the reporting date.

26 Related party transactions

The company has taken advantage of the exemption allowed in FRS 102 and has not disclosed details of related party transactions with 100% owned entities within the group.

27 Ultimate controlling party

The immediate parent undertaking is Global University Systems Holding B.V, a company incorporated in The Netherlands.

The ultimate controlling party is The Heritage Trust, registered in Guernsey.

The smallest and largest group into which the entity is consolidated is Global University Systems Holding B.V., a company registered in The Netherlands. The registered office is Keizersgracht 307, 1016ED Amsterdam, The Netherlands.