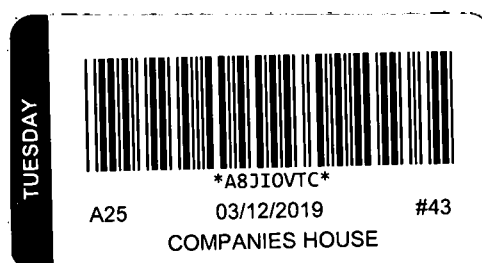


CARDIFF METROPOLITAN EDUCATION SERVICES (BEIJING) LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2019



Registered number 08846736

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Directors and advisers

Executive directors

Professor C Carmichael Aitchison MA(Hons),
PgDRLP, CertEd, MA, PhD, FAcSS, FRGS,
FHEA

Professor M Loutfi BSc, MSc, PhD
(resigned 31 Aug 2018)

Professor L Robinson, BPhEd, MSc, PhD
(appointed 12 Sep 2018)

S D J Llewellyn, BSc (Econ), CPFA
(appointed 12 Sep 2018)

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
One Kingsway, Cardiff
CF10 3PW

Company secretary

S D J Llewellyn, BSc (Econ), CPFA
(resigned 12 Sep 2018)

H Crotty, BSc (Econ), CPFA, PGCE
(appointed 12 Sep 2018)

Solicitors

Blake Morgan LLP
One Central Square
Cardiff
CF10 1FS

Bankers

National Westminster Bank plc
96 Queen Street
Cardiff
CF10 2GR

Registered office

Cardiff Metropolitan University
Central Management
Llandaff Campus
Western Avenue
Cardiff
CF5 2YB

Cardiff Metropolitan Education Services (Beijing) Ltd

Directors' report for the year ended 31 July 2019

The directors have pleasure in submitting Cardiff Metropolitan Education Services (Beijing) Ltd's annual report, together with the audited financial statements of the company for the year ended 31 July 2019. The company is entitled to, and has adopted, certain exemptions in relation to disclosure requirements regarding a business review in accordance with the provisions applicable to companies subject to the small companies regime.

Principal activities

Cardiff Metropolitan Education Services (Beijing) Ltd, is the UK registered holding company for Cardiff Metropolitan Education Consulting Services (Beijing) Ltd. CMES(B) Ltd is a wholly owned subsidiary of Cardiff Metropolitan University.

Cardiff Metropolitan Education Consulting Service (Beijing) Ltd, is incorporated under Chinese law as a wholly foreign owned entity (WFOE). The principal activities of the company are to develop strategic partnerships with Chinese institutions for student recruitment, joint research, staff and student exchange and joint programmes. It provides the University's Chinese students, parents, agents and sponsors with professional help and advice. There are no changes to the company's activities anticipated for the foreseeable future.

Review of business and future developments

The Company achieved an operating profit of £33,665 (2018: £30,321). This is in line with the financial projections for the year and is considered satisfactory. It is anticipated that the company's principal activity will remain similar in the short term.

Result

The Company achieved an operating profit of £33,665 (2018: £30,321) for the financial year.

Directors

The directors of the company who were in office during the year and up to the date of signing of the financial statements, unless otherwise stated, are named on page 1.

Employment

The company maintained no directly employed staff in either the current or prior year.

Credit risk

The company has implemented policies and procedures that require appropriate credit checks on potential customers before sales are made. The amounts presented in the balance sheet are net of allowances for doubtful debt.

Liquidity risk

The company's liquidity position is managed by the parent company to ensure the company has sufficient funds for operations.

Exchange rate fluctuations

The company trades internationally and is aware that it may be at risk of exchange rate fluctuations. In the light of the current economic climate exchange rates between the UK and China are closely monitored.

Directors' Report for the year ended 31 July 2019 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 prepared 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;
- 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 provision of information to auditors

In accordance with the Companies Act 2006, each director confirms, at the date of the Directors' Report, that:

- So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken, in their duty as director, in order to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Approved by the Board and signed by its order by



H Crotty
Company Secretary
26 November 2019

Independent auditors' report to the members of Cardiff Metropolitan Education Services (Beijing) Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Cardiff Metropolitan Education Services (Beijing) Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 July 2019; and the Statement of income and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Cardiff Metropolitan Education Services (Beijing) Ltd

Independent auditors' report to the members of Cardiff Metropolitan Education Services (Beijing) Ltd (continued)

Reporting on other information (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities:

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 July 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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 an auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Cardiff Metropolitan Education Services (Beijing) Ltd

Independent auditors' report to the members of Cardiff Metropolitan Education Services (Beijing) Ltd (continued)

Responsibilities for the financial statements and the audit (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

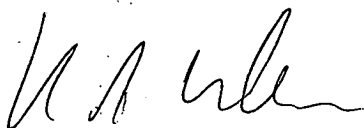
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Kevin Williams (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

26 November 2019

Cardiff Metropolitan Education Services (Beijing) Ltd

**Statement of Income
for the year ended 31 July 2019**

Registered number: 08846736

| | Note | 2019 £ | 2018 £ |
|--------------------------------------------------------|------|----------------------|----------------------|
| Continuing operations | | | |
| Turnover | 2 | 423,110 | 385,133 |
| Operating expenses | | <u>(389,445)</u> | <u>(354,812)</u> |
| Operating profit | 3 | 33,665 | 30,321 |
| Gift Aid payment to Cardiff Metropolitan University | | - | - |
| Profit for the financial year | | <u>33,665</u> | <u>30,321</u> |

All results derive from continuing operations.

Statement of Changes in Equity

| | Share Capital £ | Profit and Loss Account £ | Total £ |
|---------------------------------|-----------------------|------------------------------------|----------------------|
| Balance at 1 August 2017 | 2 | - | 2 |
| Surplus for the year | - | 30,321 | 30,321 |
| Balance at 31 July 2018 | <u>2</u> | <u>30,321</u> | <u>30,323</u> |
| Surplus for the year | - | 33,665 | 33,665 |
| Gift aid paid | - | (30,321) | (30,321) |
| Balance at 31 July 2019 | <u>2</u> | <u>33,665</u> | <u>33,667</u> |

Cardiff Metropolitan Education Services (Beijing) Ltd**Balance Sheet
as at 31 July 2019****Registered number: 08846736**

| | Note | 2019 £ | 2018 £ |
|-------------------------------------------------------|------|----------------------|----------------------|
| Current assets | | | |
| Debtors | 5 | 39,037 | 31,885 |
| Cash at bank and in hand | | 79,554 | 79,946 |
| | | <u>118,591</u> | <u>111,831</u> |
| Creditors: amounts falling due within one year | 6 | (84,924) | (81,508) |
| Net current assets | | <u>33,667</u> | <u>30,323</u> |
| Net assets | | <u><u>33,667</u></u> | <u><u>30,323</u></u> |
| Capital and reserves | | | |
| Called up share capital | 8 | 2 | 2 |
| Profit and loss account | | 33,665 | 30,321 |
| Total shareholders' funds | | <u><u>33,667</u></u> | <u><u>30,323</u></u> |

The financial statements on pages 7 to 12 were approved by the board of directors on 26 November 2019 and were signed on its behalf by:



Professor C Carmichael Aitchison
Company Director
26 November 2019

**Notes to the financial statements
for the year ended 31 July 2019**

1 Principal accounting policies

The financial statements have been prepared on the going concern basis in compliance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102') and the Companies Act 2006. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Consolidation

The company has not prepared consolidated financial statements as it is itself a wholly owned subsidiary of Cardiff Metropolitan University. It has no investment(s) in the groups subsidiaries.

Turnover

Turnover represents the reimbursement of the costs charged by CMECS(B) Ltd, plus a 10% mark up.

Investments in subsidiaries

Investments in subsidiaries are recorded at cost and reviewed annually for impairment.

Cash flows

The company has taken advantage of the exemption under FRS 102, paragraph 1.12(b), from preparing a statement of cash flows on the basis that it is a qualifying entity and its ultimate parent, Cardiff Metropolitan University, includes the company's cash flows in its own consolidated financial statements.

Taxation

No charge for taxation has been included in respect of the activities of the company since the entire taxable profit of the company is transferred to the parent company under the Gift Aid scheme. As an expected gift aid payment is accounted for as a distribution to owners, FRS 102 does not allow these payments to be recognised as a liability at the end of the reporting period unless there is a legal obligation to make the payment (typically through a deed of covenant) at the reporting date. Therefore a constructive obligation or history of payment will not be sufficient to recognise the liability.

FRS 102 section 29 allows the tax effects of a distribution by a subsidiary to its charitable parent to be recognised in the reporting period so the accounting is consistent with the tax treatment planned to be used in the entity's tax filings. This applies where it is probable that the gift aid payment will be made within nine months of the reporting date and the payment will qualify to be set against profits for tax purposes. Gift aid payment made in 2019 (for 2018) was £30k (2018 £37k).

**Notes to the financial statements
for the year ended 31 July 2019 (continued)**

2 Turnover

Turnover consists entirely of sales made from the Subsidiary to Cardiff Metropolitan University.

3 Operating profit

Operating profit is stated after charging audit fees of £2,500 (2018: £3,000).

4 Employee information and directors – remuneration

The company does not employ any staff under contracts of service (2018: none). No director received any remuneration in respect of his services as a director of the company (2018: none).

| 5 Debtors | 2019 £ | 2018 £ |
|--------------------------------|-------------------|-------------------|
| Prepayments and accrued income | <u>39,037</u> | <u>31,885</u> |

| 6 Creditors: amounts falling due within one year | 2019 £ | 2018 £ |
|---------------------------------------------------------|-------------------|-------------------|
| Amounts owed to group undertakings | 23,001 | 23,000 |
| Taxation and social security | 17,900 | 19,742 |
| Accruals and Deferred Income | <u>44,023</u> | <u>38,766</u> |
| | <u>84,924</u> | <u>81,508</u> |

The amounts owed to group undertakings is interest free, unsecured and repayable on demand.

7 Subsidiary undertakings

The following was a directly held subsidiary undertaking of the Company:

| Name | Class of shares | Holding | Principal activity |
|--------------------------------------------------------------|------------------------|----------------|-------------------------------------------------------------------------------------|
| Cardiff Metropolitan Education Consulting Services (Beijing) | Ordinary | 100% | Student recruitment and to develop strategic partnerships with Chinese institutions |

Registered office

A602, No. 4 Guanghai Road, CBD, Beijing, China, 100026

**Notes to the financial statements
for the year ended 31 July 2019 (continued)**

| 8 | Called up share capital | 2019 | 2018 |
|----------|--------------------------------------------|-------------|-------------|
| | | £ | £ |
| | Authorised | | |
| | 100 (2018: 100) ordinary shares of £1 each | <u>100</u> | <u>100</u> |
| | Allotted and fully paid | | |
| | 2 (2018: 2) ordinary shares of £1 each | <u>2</u> | <u>2</u> |

9 Immediate and ultimate controlling party

The whole of the beneficial interest in the share capital of the company is held by Cardiff Metropolitan University a body incorporated as a result of the Education (Higher Education Corporations) (Wales) Order 1991. Copies of the parent's consolidated financial statements may be obtained from The Secretary, Cardiff Metropolitan University, Central Management, Llandaff Campus, Western Avenue, Cardiff, CF5 2YB. That is the largest and smallest group in which the results of the company are consolidated.

10 Related party transactions

In accordance with the exemption available within FRS 102, the company does not need to disclose related party transactions with entities that are wholly owned members of the Cardiff Metropolitan University group. There were no transactions with other related parties that require disclosure.