

IPSWICH EDUCATION LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

Davies Edwards & Co
Chartered Certified Accountants
and Statutory Auditors
West Lodge
Rainbow Street
Leominster
Herefordshire
HR6 8DQ

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FOR THE YEAR ENDED 31 AUGUST 2019**

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IPSWICH EDUCATION LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2019**

DIRECTORS:

Ms X Lin
J Wang
H S Blyth

REGISTERED OFFICE:

Woolverstone
Ipswich
Suffolk
IP91AZ

REGISTERED NUMBER:

10875162 (England and Wales)

AUDITORS:

Davies Edwards & Co
Chartered Certified Accountants
and Statutory Auditors
West Lodge
Rainbow Street
Leominster
Herefordshire
HR6 8DQ

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

The directors present their strategic report for the year ended 31 August 2019.

REVIEW OF BUSINESS

From the start of this year the school became co-educational as part of the restructuring.

The financial statements show a loss for the year of £2,180,064 from a turnover of £5,391,042. As at 31st August 2019 the company had net liabilities of £2,695,478. The directors consider these results to be as anticipated, losses are expected to continue during a period of restructuring.

The directors are closely monitoring the expected losses, analysing areas of expenditure where efficiencies can be made. Recruitment of students is critical in order to achieve the projected return to profits in 2022. From September 2019, boarding facilities are available, and are to be expanded, which will allow more students from further afield to attend the school and increase the overall number of students.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties affecting the company relate to recruitment levels of students, improving profitability, financing arrangements, and ongoing compliance with current and future legislation affecting the sector.

The Covid 19 pandemic has affected operations for independent schools and resulted in reduced income during the 2019/20 academic year. At this time, the directors are unable to assess with any certainty the full financial impact of the pandemic on the school.

GOING CONCERN BASIS OF ACCOUNTING

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies', the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

The company is expected to continue making losses in the periods to 31st August 2020 and 31st August 2021.

In order to finance the expected losses, an arrangement has been made with Ipswich International Education Group Ltd, whereby financial support will be provided. Ipswich Education Ltd is expected to return to profits in the period ending 31st August 2022.

Having considered all of the information available to them, the directors consider that there is a material uncertainty relating to these events and conditions, which may cast doubt on the entity's ability to continue as a going concern. However, given the arrangement in place with Ipswich International Education Group Limited, and the expectation of future profitability, they consider it appropriate to prepare the financial statements using the going concern basis.

FINANCIAL INSTRUMENTS

The board constantly monitors the company's trading results and revises projections as appropriate to ensure that the company can meet its future obligations as they fall due.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

PRICE RISK, CREDIT RISK, LIQUIDITY RISK AND CASH FLOW RISK

The company is exposed to the usual credit and cash flow risks associated with selling on credit, and manages this through credit control procedures.

ON BEHALF OF THE DIRECTORS:

Ms X Lin - Director

26 August 2020

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2019**

The directors present their report with the financial statements of the company for the year ended 31 August 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of educational services.

DIVIDENDS

No dividends will be distributed for the year ended 31 August 2019.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

Ms S Wang

P M Newton

J Yin

Dr S D Tommis - appointed 18 September 2018

L Han - appointed 9 July 2019

Ms X Lin, J Wang and H S Blyth were appointed as directors after 31 August 2019 but prior to the date of this report.

Dr S D Tommis, L Han, J Yin, PM Newton and Ms S Wang ceased to be directors after 31 August 2019 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

IPSWICH EDUCATION LIMITED (REGISTERED NUMBER: 10875162)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2019**

AUDITORS

The auditors, Davies Edwards & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE DIRECTORS:

Ms X Lin - Director

26 August 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IPSWICH EDUCATION LIMITED

Opinion

We have audited the financial statements of Ipswich Education Limited (the 'company') for the year ended 31 August 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to note 24 in the financial statements, which discusses the company's financial position. The company incurred a net loss of £2,180,064 during the year ended 30 August 2019 and the directors expectation is that future losses will be incurred, such that financial support will be required from the company's parent undertaking. As stated in note 24, these events or conditions indicate a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IPSWICH EDUCATION LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

R A Edwards (Senior Statutory Auditor)
for and on behalf of Davies Edwards & Co
Chartered Certified Accountants
and Statutory Auditors
West Lodge
Rainbow Street
Leominster
Herefordshire
HR6 8DQ

27 August 2020

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2019**

		Year Ended 31/8/19 £	Period 20/7/17 to 31/8/18 £
	Notes		
TURNOVER		5,391,042	4,065,179
Cost of sales		<u>5,108,609</u>	<u>3,672,703</u>
GROSS PROFIT		282,433	392,476
Administrative expenses		<u>2,168,306</u> (1,885,873)	<u>1,709,286</u> (1,316,810)
Other operating income		<u>121,234</u>	<u>119,193</u>
OPERATING LOSS	4	(1,764,639)	(1,197,617)
Interest receivable and similar income		<u>322</u> (1,764,317)	<u>940</u> (1,196,677)
Interest payable and similar expenses	6	<u>431,633</u> (2,195,950)	<u>328,476</u> (1,525,153)
LOSS BEFORE TAXATION			
Tax on loss	7	<u>(15,886)</u> (2,180,064)	<u>(9,739)</u> (1,515,414)
LOSS FOR THE FINANCIAL YEAR			
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(2,180,064)</u>	<u>(1,515,414)</u>

IPSWICH EDUCATION LIMITED (REGISTERED NUMBER: 10875162)

**STATEMENT OF FINANCIAL POSITION
31 AUGUST 2019**

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	8		1,286,014		1,446,047
Tangible assets	9		<u>6,896,399</u>		<u>6,921,228</u>
			8,182,413		8,367,275
CURRENT ASSETS					
Debtors	10	529,075		630,242	
Cash at bank		<u>700,779</u>		<u>278,880</u>	
		1,229,854		909,122	
CREDITORS					
Amounts falling due within one year	11	<u>12,095,086</u>		<u>1,171,811</u>	
NET CURRENT LIABILITIES			<u>(10,865,232)</u>		<u>(262,689)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(2,682,819)		8,104,586
CREDITORS					
Amounts falling due after more than one year	12		-		(8,620,000)
PROVISIONS FOR LIABILITIES	14		<u>(12,659)</u>		<u>-</u>
NET LIABILITIES			<u>(2,695,478)</u>		<u>(515,414)</u>
CAPITAL AND RESERVES					
Called up share capital	15		1,000,000		1,000,000
Retained earnings	16		<u>(3,695,478)</u>		<u>(1,515,414)</u>
SHAREHOLDERS' FUNDS			<u>(2,695,478)</u>		<u>(515,414)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 August 2020 and were signed on its behalf by:

Ms X Lin - Director

J Wang - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2019**

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	1,000,000	-	1,000,000
Total comprehensive income	-	(1,515,414)	(1,515,414)
Balance at 31 August 2018	<u>1,000,000</u>	<u>(1,515,414)</u>	<u>(515,414)</u>
Changes in equity			
Total comprehensive income	-	(2,180,064)	(2,180,064)
Balance at 31 August 2019	<u>1,000,000</u>	<u>(3,695,478)</u>	<u>(2,695,478)</u>

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019**

		Year Ended 31/8/19 £	Period 20/7/17 to 31/8/18 £
Cash flows from operating activities	Notes		
Cash generated from operations	1	(757,261)	(733,843)
Interest paid		(402,383)	-
Net cash from operating activities		<u>(1,159,644)</u>	<u>(733,843)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(1,566,071)
Purchase of tangible fixed assets		(58,779)	(7,042,146)
Interest received		322	940
Net cash from investing activities		<u>(58,457)</u>	<u>(8,607,277)</u>
Cash flows from financing activities			
New loans in year		2,020,000	-
Loan repayments in year		(380,000)	-
Issue of preference shares		-	800,000
Bonds issued		-	7,820,000
Share issue		-	1,000,000
Net cash from financing activities		<u>1,640,000</u>	<u>9,620,000</u>
Increase in cash and cash equivalents		<u>421,899</u>	<u>278,880</u>
Cash and cash equivalents at beginning of year	2	278,880	-
Cash and cash equivalents at end of year	2	<u>700,779</u>	<u>278,880</u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. RECONCILIATION OF LOSS FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	Year Ended 31/8/19 £	Period 20/7/17 to 31/8/18 £
Loss for the financial year	(2,180,064)	(1,515,414)
Depreciation charges	243,641	182,442
Loss on disposal of fixed assets	-	58,500
Increase/(decrease) bad debt provision	12,659	-
Finance costs	431,633	328,476
Finance income	(322)	(940)
Taxation	(15,886)	(9,739)
	<u>(1,508,339)</u>	<u>(956,675)</u>
Decrease/(increase) in trade and other debtors	117,053	(620,503)
Increase in trade and other creditors	<u>634,025</u>	<u>843,335</u>
Cash generated from operations	<u><u>(757,261)</u></u>	<u><u>(733,843)</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 August 2019

	31/8/19 £	1/9/18 £
Cash and cash equivalents	<u>700,779</u>	<u>278,880</u>

Period ended 31 August 2018

	31/8/18 £	20/7/17 £
Cash and cash equivalents	<u>278,880</u>	<u>-</u>

3. ACQUISITION OF BUSINESS

During the previous year there was a significant cash outflow of £8,422,253 relating to the acquisition of the business,

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. STATUTORY INFORMATION

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

The principle place of business is Woolverstone, Ipswich, IP9 1AZ.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Significant judgements and estimates

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Turnover

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of refunds, rebates, bursaries, scholarships and discounts, and is accounted for gross of VAT where applicable. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2018, is being amortised evenly over its estimated useful life of ten years.

Goodwill is reviewed annually with regards to indications of impairment and after initial recognition, is measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Website and branding is being amortised evenly over its estimated useful life of three years.

The directors have conducted an impairment review on the intangible fixed assets and while there is some uncertainty regarding the effects of covid-19, this cannot be reliably measured at present so consequently no provision has been made with regards to impairment losses. This will be reviewed again at the end of the next financial year.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property	- not provided
Plant and machinery	- 12.5% straight line
Motor vehicles	- 12.5% straight line
Computer equipment	- 25% on cost

The directors are of the opinion that the land and buildings should not be depreciated as the residual value of the property is not significantly lower than cost.

Tangible fixed assets are reviewed annually with regards to indications of impairment and after initial recognition are measured at cost less accumulated depreciation and accumulated impairment losses.

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transactions costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial assets of financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019**

2. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company does not have a legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. The school participates in the Teacher's Pension Scheme (England and Wales) for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible to identify assets and liabilities of the scheme which are attributable to the school. As required by FRS 102, the school accounts for this scheme as if it were a defined contribution scheme.

Prepaid fees

Fees paid in advance are included in creditors and released to the Income Statement as they fall due.

Pupil deposits

The directors have reviewed the contract terms under which pupil fee deposits are held by the School. Although under normal circumstances these will be repaid in future years when the pupils complete their education at the school, pupils can leave at earlier dates. The school does not have an unconditional right to retain the individual deposits for at least 12 months after the year end and, in accordance with the requirements of FRS 102, the balance of deposits held at the year end have been included within current liabilities.

Expenditure

The company operates a partial exemption scheme for VAT. Non-allowable VAT is shown as a separate line on the profit and loss account.

Going concern

After reviewing the company's budgets and projections, and giving regard to future funding secured, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore adopts the going concern basis in preparing the financial statements, Please see note 24 for further details.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019

3. EMPLOYEES AND DIRECTORS

	Year Ended 31/8/19 £	Period 20/7/17 to 31/8/18 £
Wages and salaries	3,708,766	2,783,089
Social security costs	344,834	256,135
Other pension costs	479,831	342,425
	<u>4,533,431</u>	<u>3,381,649</u>

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

	Year Ended 31/8/19	Period 20/7/17 to 31/8/18
Average number of employees	<u>144</u>	<u>141</u>

	Year Ended 31/8/19 £	Period 20/7/17 to 31/8/18 £
Directors' remuneration	<u>-</u>	<u>-</u>

4. OPERATING LOSS

The operating loss is stated after charging:

	Year Ended 31/8/19 £	Period 20/7/17 to 31/8/18 £
Depreciation - owned assets	83,608	62,418
Loss on disposal of fixed assets	-	58,500
Goodwill amortisation	155,139	116,354
Website and branding amortisation	<u>4,894</u>	<u>3,670</u>

5. AUDITORS' REMUNERATION

	Year Ended 31/8/19 £	Period 20/7/17 to 31/8/18 £
Fees payable to the company's auditors for the audit of the company's financial statements	<u>25,205</u>	<u>14,478</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31/8/19 £	Period 20/7/17 to 31/8/18 £
Interest payable on bonds	390,014	300,531
Interest on preference shares	40,000	27,945
Interest on CT61 tax	1,619	-
	<u>431,633</u>	<u>328,476</u>

7. TAXATION

Analysis of the tax credit

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

	Year Ended 31/8/19 £	Period 20/7/17 to 31/8/18 £
Deferred tax	(15,886)	(9,739)
Tax on loss	<u>(15,886)</u>	<u>(9,739)</u>

UK corporation tax has been charged at 19% .

8. INTANGIBLE FIXED ASSETS

	Goodwill £	Website and branding £	Totals £
COST			
At 1 September 2018 and 31 August 2019	<u>1,551,390</u>	<u>14,681</u>	<u>1,566,071</u>
AMORTISATION			
At 1 September 2018	116,354	3,670	120,024
Amortisation for year	<u>155,139</u>	<u>4,894</u>	<u>160,033</u>
At 31 August 2019	<u>271,493</u>	<u>8,564</u>	<u>280,057</u>
NET BOOK VALUE			
At 31 August 2019	<u>1,279,897</u>	<u>6,117</u>	<u>1,286,014</u>
At 31 August 2018	<u>1,435,036</u>	<u>11,011</u>	<u>1,446,047</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019

9. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 September 2018	6,433,007	423,493	12,000	115,146	6,983,646
Additions	55,694	3,085	-	-	58,779
At 31 August 2019	6,488,701	426,578	12,000	115,146	7,042,425
DEPRECIATION					
At 1 September 2018	-	39,704	1,125	21,589	62,418
Charge for year	-	53,328	1,500	28,780	83,608
At 31 August 2019	-	93,032	2,625	50,369	146,026
NET BOOK VALUE					
At 31 August 2019	6,488,701	333,546	9,375	64,777	6,896,399
At 31 August 2018	6,433,007	383,789	10,875	93,557	6,921,228

National Westminster Bank Plc hold a fixed and floating charge over the land, fixtures & fittings and plant and machinery owned by the company.

The directors have considered the need to impair tangible fixed assets and are satisfied that no provision is necessary.

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	14,785	18,930
Student fees debtor	156,169	55,945
Owed from Gordons Solicitors	-	286,227
London & Oxford Capital Markets Ltd	-	5,000
Ipswich High School Charitable Foundation	7,891	7,891
CT61 tax owed from bondholders	80,477	-
JH Global Partners Ltd	-	618
VAT	-	14,399
Deferred tax asset	25,625	9,739
Prepayments and accrued income	244,128	231,493
	<u>529,075</u>	<u>630,242</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019**

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
5% bonds (see note 13)	7,820,000	-
Preference shares (see note 13)	800,000	-
Payments on account - prepaid school fees	292,002	197,055
Trade creditors	162,260	121,041
Student deposit account	422,103	288,138
Loan: Bedstone Educational Ltd	240,000	-
Loan London and Oxford Capital Holding Ltd	1,400,000	-
Social security and other taxes	84,212	88,719
Pension control	-	11,574
VAT	7,718	-
Other creditors - Interest accrued on bonds and preference shares	356,107	328,476
Charity collections	6,598	3,552
CT61 tax payable to HMRC	80,477	-
Accruals	59,736	28,873
Deferred income re school trips, events and bus income	89,602	103,053
Third party funds	-	1,330
Deferred income re fees	274,271	-
	<u>12,095,086</u>	<u>1,171,811</u>

ADVANCE FEE PAYMENTS

Parents may enter into a contract to pay to the school tuition fees in advance by making an agreement with the Head. The money may be returned subject to specific conditions on receipt of one terms notice. These figures also include recoverable extras due during the term. Advance fees are shown within one year in trade creditors as the funds have to be available if the pupil leaves the school. Assuming pupils remain at the school, advance fees will be applied as follows:-

	2019 £	2018 £
After 5 years	-	-
Within 2 - 5 years	59,262	-
Within 1 - 2 years	85,443	14,550
Within 1 year	<u>147,297</u>	<u>182,505</u>
	<u>292,002</u>	<u>197,055</u>

This represents the accrued liabilities under contracts.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
5% bonds (see note 13)	-	7,820,000
Preference shares (see note 13)	-	800,000
	<u>-</u>	<u>8,620,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019**

13. LOANS

An analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year or on demand:		
5% Bonds - due within one year	7,820,000	-
Preference shares	<u>800,000</u>	<u>-</u>
	<u>8,620,000</u>	<u>-</u>
Amounts falling due between one and two years:		
5% Bonds - 1-2 years	-	7,820,000
Preference shares	<u>-</u>	<u>800,000</u>
	<u>-</u>	<u>8,620,000</u>

FINANCIAL INSTRUMENTS

At year end the company had issued £7,820,000 of 5% corporate bonds, these are redeemable by the company from November 2019 onwards.

Details of shares shown as liabilities are as follows:

Allotted, issued and fully paid:		Nominal value:	2019 £	2018 £
Number:	Class:			
80,000	Preference	£10	<u>800,000</u>	<u>800,000</u>

14. PROVISIONS FOR LIABILITIES

	2019 £	2018 £
Other provisions		
Doubtful debt provision	<u>12,659</u>	<u>-</u>
		Deferred tax £
Balance at 1 September 2018		(9,739)
Provided during year		<u>(15,886)</u>
Balance at 31 August 2019		<u>(25,625)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019**

15. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal value:	2019 £	2018 £
100,000,000	Ordinary shares	1p	<u>1,000,000</u>	<u>1,000,000</u>

16. RESERVES

	Retained earnings £
At 1 September 2018	(1,515,414)
Deficit for the year	<u>(2,180,064)</u>
At 31 August 2019	<u>(3,695,478)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019**

17. PENSION COMMITMENTS

Defined benefit scheme

The School participates in the Teacher's Pension Scheme ("the TPS") for its teaching staff. This is a multi-employer defined benefits scheme and it is not possible or appropriate to identify the assets and liabilities of the scheme which are attributable to the school.

The pension charge for the period includes contributions payable to the TPS of £400,920 (2018 - £286,133).

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website.

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019**

Defined contribution scheme

The company operates two defined pension contribution schemes. The assets of the two schemes are held separately from the company in funds independently administered. The pension charge represents contributions payable by the company of £79,544. (2018 - £56,292)

18. CONTINGENT LIABILITIES

At year end the directors were not aware of any contingent liabilities (2018 - Nil).

19. CAPITAL COMMITMENTS

At the 31 August 2018 the company did not have any capital commitments (2018 - Nil)

20. OTHER FINANCIAL COMMITMENTS

The company has entered into a 7 year contract with a supplier to improve its energy efficiency. Future obligations to payment under this contract after excluding VAT recoverable are as follows:-

	2019	2018
	£	£
Within 1 year	212,300	203,883
1 - 2 years	212,300	203,883
2 - 5 years	636,901	611,648
over 5 years	106,150	305,824
Total	<u>1,167,651</u>	<u>1,325,238</u>

At period end the company was obliged to make future payments under leasing, rental and hire agreements as follows:-

	2019	2018
	£	£
Within 1 year	16,052	19,066
1 - 2 years	5,061	14,514
2 - 5 years	5,905	10,453
Total	<u>27,018</u>	<u>44,033</u>

21. RELATED PARTY DISCLOSURES

At the year end the company had an outstanding loan balance due to London and Oxford Capital Holding Ltd (a company under common control) of £1,400,000.

At the year end Ipswich High School Charitable Foundation, a charity which Mr P Newton (a former director), is a trustee, owed the company £7,891.

At the year end the company owed Bedstone Educational Ltd (a company under common control) £240,000. During the year there were short term interest free loans between the companies.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019**

22. POST BALANCE SHEET EVENTS

During January 2020, ownership of the company changed and the ultimate controlling party became Ms X Lin.

After the year end the company underwent a significant financial restructuring as follows:-

November 2019 - The company, as borrower entered into a £6,000,000 loan facility agreement with Bedstone Educational Ltd (a company under common control) as lender.

November 2019 - £1,400,000 was repaid in respect of the London and Oxford Capital Holding Ltd loan.

November/December 2019 - £4,500,000 of 5% 360 Bonds were issued, these bonds were all purchased from the bondholders by Bedstone Educational Ltd, a company under common control, during January 2020.

November/December 2019 - Bonds redeemed £7,820,000.

January 2020 - £800,000 ordinary £1 shares were issued

January 2020 - £800,000 preference shares were redeemed

January 2020 - All the ordinary share capital was acquired by Ipswich International Education Group Ltd.

The school is actively developing plans to provide accommodation for boarding pupils with a view to offering places from 2019/20 onwards.

23. ULTIMATE CONTROLLING PARTY

As at the year ended 31 August 2019, Ipswich Education Ltd was a wholly owned subsidiary of Ipswich Educational Holding Ltd (registered number 1954380 - 90 Main Street, PO Box 3099, Road Town, Totola, British Virgin Islands. Ipswich Educational Holdings Ltd is controlled by London and Oxford Capital Holding Ltd which is wholly owned by Mr C Yingsaeree.

After the year end the ultimate controlling party became Ms X Lin.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019**

24. GOING CONCERN BASIS OF ACCOUNTING

The Covid 19 pandemic has generally adversely affected the UK independent school sector and the ongoing future effects are somewhat uncertain. The Company is expected to continue making losses in the periods to 31st August 2020 and 31st August 2021.

In order to meet these commitments and to finance the expected losses, an arrangement has been made with Ipswich International Education Group Limited, whereby financial support will be provided. Ipswich Education Ltd is expected to return to profit during the year ending 31st August 2022.

The Directors are closely monitoring the expected losses, analysing areas of expenditure where efficiencies can be made. Recruitment of students is critical in order to achieve the projected return to profits in 2022. From September 2019, boarding facilities become available, and will be expanded to allow more students from further afield to attend the School and increase the overall number of students.

Having considered all of the information available to them, the Directors consider that there is a material uncertainty relating to these events and conditions, which may cast doubt on the entity's ability to continue as a going concern. However, following on from the change of ownership and financial restructuring undertaken in January 2020 and given the arrangement in place with Ipswich International Education Group Limited and the expectation of future profitability, they consider it appropriate to prepare the financial statements using the going concern basis.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.