

# ISTITUTO MARANGONI LIMITED

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Registered No. 04551096

## ISTITUTO MARANGONI LIMITED

### Report and Financial Statements

For the period ended 30 June 2019



## **Company Information**

Registered No. 04551096

### **Directors**

S Krnic  
R Riccio  
C Gorse

### **Non-executive Directors**

Prof M Hunt  
Prof D Vaughan

### **Secretary**

M Dellacasa

### **Auditor**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF  
United Kingdom

### **Registered Office**

30 Fashion Street  
London E16PX  
United Kingdom

### **Bankers**

Royal Bank of Scotland  
62-63 Threadneedle Street  
London, EC2R 8LA  
United Kingdom

### **HSBC**

8 Canada Square  
London, E14 5HQ  
United Kingdom

## **Directors' report**

The directors present their report and the financial statements for the period ended 30 June 2019.

### **Principal activity and business review**

The principal activity of the company during the period was the provision of higher educational courses related to the fashion industry.

The ultimate parent undertaking is Providence Equity Partners VI International LP., having acquired Istituto Marangoni Limited from the former ultimate parent undertaking, Career Education Corporation, on 14th November 2011. Providence Equity Partners is a private equity firm incorporated in the United States of America.

### **Change of year end**

Istituto Marangoni Limited has made a change in the year end date from 31 December 2018, the directors now submit their report for the 6 month period ended 30 June 2019. The figures given cover this 6 month period with figures for the previous 12 months provided.

### **Results and dividends**

The profit for the financial period amounted to £4,033,677 (2018: £5,130,905). During 2019 no dividend has been approved by the directors (2018: £4,000,000).

### **Directors**

The directors who served the company during the period were:

S Krnic

R Riccio

C Gorse

Prof M Hunt appointed 24 June 2019

Prof D Vaughan appointed 24 June 2019

G Arnold appointed 24 June 2019, resignation effective on the 9<sup>th</sup> December 2019

### **Going concern**

The financial statements have been prepared on a going concern basis. The immediate parent undertaking, Istituto Marangoni Srl, will support the company to meet its financial liabilities as they fall due for a period of at least twelve months from the date of signing the financial statements.

As a result of their assessment, the Directors are satisfied that the going concern basis of preparation is appropriate for the statutory financial statements for the period ended 30 June 2019.

### **Disclosure of information to auditors**

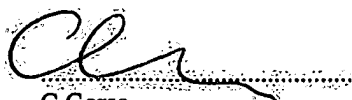
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing their report and to establish that the company's auditors are aware of that information.

**Auditor**

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the Board



C Gorse

Director

Date: 7/1/20

## Strategic Report

### Financial performance review

	6 Months 2019 £	12 Months 2018 £	Change %
Turnover	9,440,829	13,760,204	-31%
Operating Profit	4,631,745	5,630,194	-18%
Profit after tax	4,033,677	5,130,905	-21%

For the financial period ended 30 June 2019, turnover decreased by 31% to £9,440,829 compared to 31 December 2018. This is due to the change in the year end. Turnover was in line with the increase in the actual number of students together with a yearly price increase in the student fees.

Operating Profit shows a 18% decrease compared to 2018. This is due to the change in the year end date. The Operating Profit is in line with the increase in number of students and the yearly increase in the student fees.

### Principal risks and uncertainties

#### Liquidity risks

Istituto Marangoni Limited remains in a healthy financial position, with adequate funding available, and so the liquidity risk to the company is considered to be minimal.

#### Currency exchange risks

Currency exchange rate risk is low as most students pay fees in local currency (GBP). However, some of the costs incurred by the company are incurred outside the United Kingdom, and therefore there is a risk that the exchange rates may differ from the rates expected when calculating the costs.

Based on the assessment performed by the company and its management, no elements were noted that might affect the Company's capability to comply with law, and to generate profits, cash, and consequently the overall financial sustainability for the upcoming periods.

On behalf of the Board



C. Gorse (Director)

Date: 7/1/20

## **Statement of directors' responsibilities in relation to the financial statements**

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 elected to prepare the financial statements in accordance with Financial Reporting Standard FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and in accordance with applicable accounting standard and 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 for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and exemplified in the financial statements; and
- 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.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISTITUTO MARANGONI LIMITED**

We have audited the financial statements of Istituto Marangoni Limited for the period ended 30 June 2019 which comprise Profit and Loss Account, the Balance Sheet, Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 16, 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 company's affairs as at 30 June 2019 and of its profit for the period 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 below. 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 this 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 the 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISTITUTO MARANGONI LIMITED (continued)

## 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 directors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors' responsibilities statement set out on page 5, 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.

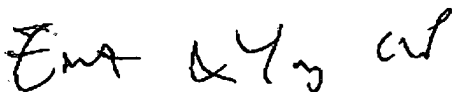
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company 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.

## 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



Gordon Cullen (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

10 January 2020



# Profit and loss account

For the period ended 30 June 2019

	Note	6 Months 2019 £	12 Months 2018 £
<b>Turnover</b>		9,440,829	13,760,204
Cost of sales		(2,518,833)	(3,620,849)
<b>Gross Profit</b>		6,921,996	10,139,355
Administrative expenses		(2,290,251)	(4,509,161)
<b>Operating Profit</b>	2	4,631,745	5,630,194
Interest receivable and similar income	3	401,932	767,797
<b>Profit on ordinary activities before taxation</b>		5,033,677	6,399,991
Tax on profit on ordinary activities	4	(1,000,000)	(1,269,086)
<b>Profit for the financial period</b>		4,033,677	5,130,905

All amounts relate to continuing activities.

There were no recognized gains or losses other than those included in the profit and loss account.

The notes 1 to 16 form part of these financial statements.

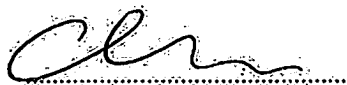
# Balance sheet

at 30 June 2019

	Note	6 Month Period Ended June 30,2019	2018
		£	£
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	5	1,499,554	1,685,676
Investments		<u>743,206</u>	<u>743,207</u>
		<u>2,242,760</u>	<u>2,428,883</u>
<b>Current assets</b>			
Debtors amounts falling due within one year	6	7,603,891	7,982,207
Debtors amounts falling due after more than one year	6	10,613,445	10,476,612
Cash at bank and in hand		<u>3,478,143</u>	<u>6,436,176</u>
		<u>21,695,479</u>	<u>24,894,995</u>
Creditors amounts falling due within one year	7	<u>8,626,780</u>	<u>16,046,096</u>
Net current assets		<u>13,068,699</u>	<u>8,848,899</u>
<b>Total assets less current liabilities</b>		<u>15,311,459</u>	<u>11,277,782</u>
Creditors amounts falling due after more than one year	7	<u>2,134</u>	<u>2,134</u>
Net assets		<u>15,309,325</u>	<u>11,275,648</u>
<b>Capital and Reserves</b>			
Called up share capital	9	50,000	50,000
Share premium account	10	250,000	250,000
Profit and loss account	10	<u>15,009,325</u>	<u>10,975,648</u>
Shareholders' Funds		<u>15,309,325</u>	<u>11,275,648</u>

The notes 1 to 16 form part of these financial statements.

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



C Gorse

Director

Date: 7/1/20

# Statement of changes in equity

For the year ended 31 December 2018

	Called-up share capital	Share premium	Profit and loss account	Total Equity
At 1 January 2018	50,000	250,000	9,844,743	10,144,743
Profit for the financial period	-	-	5,130,905	5,130,905
Equity dividends paid (note 11)	-	-	(4,000,000)	(4,000,000)
At 31 December 2018	50,000	250,000	10,975,648	11,275,648

For the period ended 30 June 2019

	Called-up share capital	Share premium	Profit and loss account	Total Equity
At 1 January 2019	50,000	250,000	10,975,648	11,275,648
Profit for the financial period	-	-	4,033,677	4,033,677
Equity dividends paid (note 11)	-	-	-	-
At 30 June 2019	50,000	250,000	15,009,325	15,309,325

# Cash Flow statement

For the period ended 30 June 2019

Amounts in £000

	6 Month Period Ended June 30, 2019	2018
<b>Cash Flows used in operating activities</b>		
Profit for the financial period before tax	5,034	6,400
Depreciation on property, plant and equipment	261	463
Movements in deferred revenue	(4,847)	733
Finance income	(402)	(771)
Finance costs	-	-
Change in working capital	208	(339)
	<u>254</u>	<u>6,486</u>
Interest received		
Interest paid		
Income tax paid	631	(864)
<b>Net cash generated used in operating activities</b>	<u>885</u>	<u>5,622</u>
<b>Cash Flows used in investing activities</b>		
Purchase of property, plant and equipment	(75)	(430)
<b>Acquisition of a subsidiary, net of cash required</b>	-	(137)
<b>Net cash used in investing activities</b>	<u>(75)</u>	<u>(567)</u>
<b>Cash Flows used in financing activities</b>		
Proceeds from borrowings		
Repayment of borrowings	250	(250)
Payment of Dividend	(4,000)	
<b>Net cash used in financing activities</b>	<u>(3,750)</u>	<u>(250)</u>
<b>Net (decrease) in cash and cash equivalents</b>	(2,940)	4,805
Net foreign exchange differences	(18)	167
Cash and cash equivalents at the beginning of the year	6,436	1,464
<b>Cash and cash equivalents at the end of the period</b>	<u>3,478</u>	<u>6,436</u>

# Notes to the financial statements

For the period ended 30 June 2019

## 1. Accounting policies

### 1.1 Statement of compliance

Istituto Marangoni Limited is a limited liability company incorporated in England. The Registered office is 30 Fashion Street, London E1 6PX, United Kingdom

The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the period ended 30 June 2019.

### 1.2 Basis of preparation

The financial statements of the company were approved for issue by the Board of Directors on December 4, 2019. The financial statements have been prepared in accordance with applicable accounting standards. The company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) The requirements of Section 11 paragraphs 11.39 to 11.43A and Section 12 paragraphs 12.26 to 12.29 providing the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.
- (b) The requirement of Section 33 Related Party Disclosures paragraph 33.7.

The company's financial statements are prepared in Sterling and all values are rounded to the nearest pound, except when otherwise indicated.

### 1.3 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements.

The following are the company's key sources of estimation uncertainty:

#### Operating lease commitments

The company has entered into commercial property leases as a lessee. The classification of such leases as operating leases requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

# Notes to the financial statements

For the period ended 30 June 2019

## Accounting policies (continued)

### *Taxation*

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

## 1.4 Significant accounting policies

### *Tangible fixed assets*

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost included costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Leasehold improvement	–	20% straight line
Computer equipment	–	33% straight line
Fixtures & fittings	–	25% straight line
Plant & Machinery	–	20% straight line

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

### *Revenue recognition*

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Revenue represents the value of the work done in the period, including estimates of amounts not invoiced. Revenue in respect of contracts for on-going services is recognized by reference to the stage of completion.

### *Interest income*

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to its net carrying amount.

### *Dividends*

Revenue is recognised when the company's right to receive payment is established.

# Notes to the financial statements

For the period ended 30 June 2019

## Accounting policies (continued)

### 1.4 Significant accounting policies (continued)

#### *Provision for liabilities*

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### *Deferred tax*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the rate of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All the differences are taken to the income statement.

#### *Financial instruments*

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire.

#### *Cash at bank and in hand*

Cash at bank and in hand in the balance sheet comprise cash at current bank accounts and in hand. Short-term debtors and creditors.

#### *Debtors and creditors*

With no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

#### *Operating leases*

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

#### *Pensions*

The company makes defined contributions to a group personal pension scheme on behalf of its employees. Contributions are charged to the profit and loss account in the period in which they become payable.

# Notes to the financial statements

For the period ended 30 June 2019

## Accounting policies (continued)

### Turnover

The whole of the turnover is attributable to the provision of higher educational courses related to the fashion industry.

All turnover arose within the United Kingdom.

## 2. Operating Profit

The operating profit is stated after charging and crediting:

	6 Months 2019 £	12 Months 2018 £
Depreciation of tangible fixed assets: owned by the company	261,058	463,409
Auditors' remuneration	38,200	32,129
Net (loss)/profit on foreign exchange transactions	18,402	(167,092)
Rent building	624,960	1,247,494
	<u>942,620</u>	<u>1,575,940</u>

During the period, no director received any emoluments (2018 - £NIL). The directors were remunerated by other group undertakings.

## 3. Net Interest

	6 Months 2019 £	12 Months 2018 £
Interest receivable and similar income	-	(1,062)
Interest receivable on intercompany loan	401,932	770,859
	<u>401,932</u>	<u>769,797</u>



# Notes to the financial statements

For the period ended 30 June 2019

## 4. Tax on profit on ordinary activities

	6 Months 2019 £	12 Months 2018 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK corporation tax charge on profit for the year	986,999	1,264,660
Adjustments in respect of prior periods - corporation tax	-	-
	<u>986,999</u>	<u>1,264,660</u>
Group taxation relief	-	-
<b>Total current tax</b>	<u>986,999</u>	<u>1,264,660</u>
<b>Deferred tax (see note 8)</b>		
Origination and reversal of timing differences	13,001	4,426
<b>Tax on profit/ (loss) on ordinary activities</b>	<u>1,000,000</u>	<u>1,269,086</u>

### Factors affecting tax charge for the year

The tax charge for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	6 Months 2019 £	12 Months 2018 £
<b>Profit on ordinary activities before tax</b>	<u>5,033,677</u>	<u>6,399,991</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	956,399	1,215,998
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,797	4,968
Capital allowances for year in excess of depreciation	-	-
Adjustments to tax charge in respect of prior periods	28,803	43,694
Group relief - no payment made	-	-
<b>Current tax charge/(credit) for the year</b>	<u>986,999</u>	<u>1,264,660</u>

# Notes to the financial statements

For the period ended 30 June 2019

## 5. Tangible fixed assets

	L/Term Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 January 2019	2,708,213	93,624	845,738	661,671	4,309,246
Additions	-	8,972	30,449	35,515	74,936
At 30 June 2019	2,708,213	102,596	876,187	697,186	4,384,182
<b>Depreciation</b>					
At 1 January 2019	1,366,950	87,875	562,019	606,726	2,623,570
Charge for the year	187,047	3,345	51,041	19,625	261,058
At 30 June 2019	1,553,997	91,220	613,060	626,351	2,884,628
<b>Carrying value</b>					
At 1 January 2019	1,341,263	5,749	283,719	54,945	1,685,676
At 30 June 2019	1,154,216	11,376	263,127	70,835	1,499,554

## 6. Debtors

	6 Month Period Ended June 30, 2019 £	2018 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	10,613,445	10,476,612
	<u>10,613,445</u>	<u>10,476,612</u>
<b>Due within one year</b>		
Trade debtors	838,822	650,336
Amounts owed by group undertakings	6,181,248	6,243,079
Prepayments	583,821	721,211
Corporation Tax Receivable	-	367,581
	<u>7,603,891</u>	<u>7,982,207</u>

# Notes to the financial statements

For the period ended 30 June 2019

## Debtors (continued)

The amount in other debtors due after more than one year relates to a rent deposit.

Included in amounts owed by group undertakings are the following loans:

- £1,500,000 to Galileo Global Education Luxco S.a.r.l (formerly MBSP 3 S.a.r.l). The loan accrues interest at a rate of 8.1875% per annum and is repayable on demand or on 18 December 2018, whichever occurs earlier.
- EUR 7,000,000 to Galileo Global Education Luxco S.a.r.l (formerly MBSP 3 S.a.r.l). The loan accrues interest at a rate of 4.75% per annum and is repayable on demand.
- EUR 2,000,000 to Istituto Marangoni S.r.l. The loan accrues interest at a rate of 4.567% per annum and is repayable on demand.
- EUR 1,800,000 to Istituto Marangoni S.r.l. The loan accrues interest at a rate of 3.986% per annum and is repayable on demand.
- EUR 2,000,000 to Istituto Marangoni S.r.l. The loan accrues interest at a rate 4.014% of per annum and is repayable on demand.

Accrued interests are included in amounts owed by group undertaking.

## 7. Creditors

Due within one year	6 Month Period Ended	
	June 30, 2019	
	£	£
Trade creditors	611,208	642,851
Amounts owed to group undertakings	--	314,400
Deferred tax liability (see note 8)	75,409	62,408
Social security and other taxes	152,465	150,879
Dividends payable	303,375	4,303,375
Accruals	1,813,905	1,305,077
Corporation tax payable	1,250,680	--
Deferred income	4,419,738	9,267,106
	<u>8,626,780</u>	<u>16,046,096</u>

Due after more than one year	6 Month Period Ended	
	June 30, 2019	
	£	£
Other	2,134	2,134
	<u>2,134</u>	<u>2,134</u>

# Notes to the financial statements

For the period ended 30 June 2019

## 8. Deferred tax

The deferred tax liability is made up as follows:

	6 Month Period Ended June 30, 2019	2018
	£	£
At beginning of year	(62,408)	(57,982)
Prior year adjustment	-	-
Charged during year	(13,001)	(4,426)
Liability at end of the year	<u>(75,409)</u>	<u>(62,408)</u>

	6 Month Period Ended June 30, 2019	2018
	£	£
Accelerated capital allowances	<u>(75,409)</u>	<u>(62,408)</u>
	<u>(75,409)</u>	<u>(62,408)</u>

## 9. Share Capital

	6 Month Period Ended June 30, 2019	2018
	£	£
Authorised, allotted, called up and fully paid 50,000 Ordinary Shares of £1 each	<u>50,000</u>	<u>50,000</u>

## 10. Reserves

	Share Premium Account	Profit and loss account
	£	£
At 1 January 2019	250,000	10,975,648
Profit for the year	-	4,033,677
Dividends paid on equity capital	-	-
At 30 June 2019	<u>250,000</u>	<u>15,009,325</u>

# Notes to the financial statements

For the period ended 30 June 2019

## 11. Dividends

	6 Month Period Ended June 30, 2019	2018
	£	£
Dividends paid on equity capital	<u>-</u>	<u>4,000,000</u>

## 12. Operating lease commitments

At 30 June 2019, the company had commitments under non-cancellable operating leases as follows:

### Building

	6 Month Period Ended June 30, 2019	2018
	£	£
Amounts payable:		
No later than 1 year	1,443,740	1,320,693
Later than 1 year and no later than 5 years	7,323,590	5,858,872
Later than 5 years	6,025,408	8,222,486
	<u>14,792,738</u>	<u>15,402,051</u>

### Equipment

	6 Month Period Ended June 30, 2019	2018
	£	£
Amounts payable:		
No later than 1 year	47,256	47,256
Later than 1 year and no later than 5 years	47,386	70,884
Later than 5 years	-	-
	<u>94,642</u>	<u>118,140</u>

# Notes to the financial statements

For the period ended 30 June 2019

## 13. Staff costs

### 13.1. Staff costs breakdown

	6 Months 2019	12 Months 2018
	£	£
Wages and salaries – Teachers	1,291,159	2,067,283
Wages and salaries- Administration	395,342	806,578
Social security costs	96,690	181,614
Pension costs	12,701	17,862
	<u>1,795,892</u>	<u>3,073,337</u>

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

	<i>No.</i> 6 Months 2019	<i>No.</i> 2018
Administration	25	23
Teachers	52	48

### 13.2 Directors' remuneration

During the year, no director received any emoluments (2018 - £NIL). The directors were remunerated by other group undertakings.

## 14. Post balance sheet events

There were no significant post balance sheet events.

## 15. Related party transactions

The company has taken advantage of the exemption under paragraph 33.1a of FRS102 not to disclose transactions with fellow wholly owned subsidiaries

# Notes to the financial statements

For the period ended 30 June 2019

## 16. Ultimate parent undertaking and controlling party

As of 31 December 2014, the immediate parent undertaking was Marangoni Holdings Limited, a company incorporated in England and Wales. The parent undertaking of Marangoni Holdings Limited is PSFG Limited, a company incorporated in England and Wales.

In 2015 a change occurred in the ownerships of Istituto Marangoni Limited. On September 17, 2015 the Shareholder's meeting of Istituto Marangoni Srl, a company incorporated in Italy, resolved the purchase of 100% Istituto Marangoni Limited from Marangoni Holdings Limited. As a consequence, as of 31 December 2015 the immediate parent undertaking of Istituto Marangoni Limited is Istituto Marangoni Srl. The ultimate parent undertaking is Providence Equity Partners VII. Providence Equity Partners are a private equity firm incorporated in the United States of America.