Registered No. 04551096

ISTITUTO MARANGONI LIMITED

Report and Financial Statements

For the year ended 31 December 2017

Company Information

Registered No. 04551096

Directors
S Krnic
R Riccio
R Appadoo

Secretary
D Medici

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

Registered Office
22-24 Ely Place
London EC1N 6TE
United Kingdom

Bankers
RBS 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 year ended 31 December 2017.

Principal activity and business review

The principal activity of the company during the year 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.

Results and dividends

The profit for the financial period amounted to £5,966,293 (2016: £4,697,480). A dividend of £2,000,000 (2016: £3,700,000) was approved by the directors and paid prior to the balance sheet date.

Directors

The directors who served the company during the year were:

S Krnic
R Riccio
R Appadoo

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 year ended 31 December 2017.

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

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S Krnic
Director
Date: 24/09/2018

Strategic Report

Financial performance review

	2017	2016	Change
			%
Turnover	12,236,849	11,182,829	9%
Operating Profit	5,097,239	5,280,726	-3%
Profit after tax	5,966,293	4,697,480	27%

For the financial year ended 31 December 2017, turnover increased by 9% to £12,236,849. This 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 3% decrease compared to the 2016. This is primarily due to the adverse foreign exchange impact on the intercompany loans.

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

....
S Krnic (Director)
Date: 24/09/2018

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 exampled 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

Opinion

We have audited the financial statements of Istituto Marangoni Limited for the year ended 31 December 2017 which comprise Profit and Loss Account, the Balance Sheet, Statement of cash flows, the, the Statement of changes in equity and the related notes 1 to 17, 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 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report 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.

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 4, 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

Ernst & Young LLP

Gordon Cullen (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

27/09/2018

Profit and loss account
For the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	2	12,236,849	11,182,829
Cost of sales		(3,155,153)	(3,160,812)
Gross Profit		9,081,696	8,022,017
Administrative expenses		(3,984,457)	(2,741,291)
Operating Profit	3	5,097,239	5,280,726
Interest receivable and similar income		687,729	634,545
Interest payable and similar expenses			(45,908)
Net Interest	4	687,729	588,637
Profit on ordinary activities before taxation		5,784,968	5,869,363
Tax on profit on ordinary activities	5	181,325	(1,171,883)
Profit for the financial period	11	5,966,293	4,697,480

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 17 form part of these financial statements.

Balance sheet

at 31 December 2017

	Note	2017 £	2017 £	2016 £	2016 £
Non-current assets					
Fixed assets					
Tangible assets	6		1,719,236		632,302
Investments			606,353		-
			2,325,590		632,302
Current assets					
Debtors amounts falling due within one year	7	7,695,738		13,975,450	
Debtors amounts falling due after more than one year	7	9,832,685		160,406	
Cash at bank and in hand		1,463,558		1,656,434	
		18,991,981		15,792,290	
Creditors amounts falling due within one year	8	11,170,694		10,244,008	
Net current assets			7,821,287		5,548,282
Total assets less current liabilities			10,146,877		6,180,584
Creditors amounts falling due after more than one year	8		2,134		2,134
Net assets			10,144,743		6,178,450
Capital and Reserves					
Called up share capital	10		50,000		50,000
Share premium account	11		250,000		250,000
Profit and loss account	11		9,844,743		5,878,450
Shareholders' Funds			10,144,743		6,178,450

The notes 1 to 17 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:

S Krnic
Director
Date: 24/09/2018

Statement of changes in equity

For the year ended 31 December 2016

	Called-up share capital	Share premium	Profit	Total Equity
At 1 January 2016	50,000	250,000	4,880,970	5,180,970
Profit for the financial period	-	-	4,697,480	4,697,480
Equity dividends paid (note 12)	-	-	(3,700,000)	(3,700,000)
At 31 December 2016	50,000	250,000	5,878,450	6,178,450

For the year ended 31 December 2017

	Called-up share capital	Share premium	Profit	Total Equity
At 1 January 2017	50,000	250,000	5,878,450	6,178,450
Profit for the financial period	-	-	5,966,293	5,966,293
Equity dividends paid (note 12)	-	-	(2,000,000)	(2,000,000)
At 31 December 2017	50,000	250,000	9,844,743	10,144,743

Cash Flow statement

For the year ended 31 December 2017

Amounts in £000

	2017	2016
Cash Flows used in operating activities		
Profit for the financial year before tax	5,785	5,869
Depreciation on property, plant and equipment	292	139
Movements in deferred revenue	978	924
Finance income	(688)	(635)
Finance costs	22	71
Change in working capital	79	71
	6,468	6,439
Interest received	14	32
Interest paid	(43)	(75)
Income tax paid	(1,147)	(820)
Net cash generated used in operating activities	5,292	5,576
Cash Flows used in investing activities		
Purchase of property, plant and equipment	(1,379)	(572)
Acquisition of a subsidiary, net of cash required	(606)	-
Net cash used in investing activities	(1,985)	(572)
Cash Flows used in financing activities		
Proceeds from borrowings	592	-
Repayment of borrowings	(1,774)	(1,971)
Payment of finance lease liabilities	-	(10)
Capital contribution	-	-
Other (payment to pension fund)	(2,000)	(3,700)
Net cash used in financing activities	(3,182)	(5,681)
Net (decrease) in cash and cash equivalents	125	(677)
Net foreign exchange differences	(317)	(1,195)
Cash and cash equivalents at the beginning of the year	1,656	3,528
Cash and cash equivalents at the end of the year	1,464	1,656

Notes to the financial statements

For the year ended 31 December 2017

1. Accounting policies

1.1 Statement of compliance

Istituto Marangoni Limited is a limited liability company incorporated in England. The Registered office is 22-24 Ely Place, London EC1N 6TE, 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 year ended 31 December 2017.

1.2 Basis of preparation

The financial statements of the company were approved for issue by the Board of Directors on 24th September 2018. 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 uncertainly

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from 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 year ended 31 December 2017

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 year, 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 mount.

Dividends

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

Notes to the financial statements

For the year ended 31 December 2017

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 year ended 31 December 2017

2. 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.

3. Operating Profit

The operating profit is stated after charging and crediting:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
owned by the company	292,319	122,983
Held under finance lease	-	15,681
Auditors' remuneration	24,649	22,229
Net (loss)/profit on foreign exchange transactions	(330,925)	(1,346,020)
Rent building	1,168,480	1,230,795
	1,154,523	45,668

During the year, no director received any emoluments (2016 - £NIL). The directors were remunerated by other group undertakings.

4. Net Interest

	2017	2016
	£	£
Interest receivable and similar income	8,861	33,056
Interest receivable on intercompany loan	678,868	601,489
	687,729	634,545
Interest payable and similar expenses	-	(45,495)
Interest payable on financial lease	-	(413)
	-	(45,908)

Notes to the financial statements

For the year ended 31 December 2017

5. Tax on profit on ordinary activities

	2017	2016
	£	£
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	1,077,153	1,141,262
Adjustments in respect of prior periods - corporation tax	(1,295,154)	540
	(218,001)	1,141,802
Group taxation relief	-	-
Total current tax	(218,001)	1,141,802
Deferred tax (see note 9)		
Origination and reversal of timing differences	36,676	30,081
Tax on profit on ordinary activities	(181,325)	1,171,883

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:

	2017	2016
	£	£
Profit on ordinary activities before tax	5,784,968	5,869,363
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	1,113,606	1,173,873
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,212	4,448
Capital allowances for year in excess of depreciation	(38,512)	(33,836)
Adjustments to tax charge in respect of prior periods	(1,295,154)	540
Group relief - no payment made	(2,153)	(3,223)
Current tax charge for the year (see note above)	(218,001)	1,141,802

Notes to the financial statements

For the year ended 31 December 2017

6. Tangible fixed assets

	L/Term Leasehold Property	Plant & machinery	Fixtures & fittings	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2017	1,256,086	89,597	568,012	586,449	2,500,144
Additions	1,173,901	4,027	161,206	40,119	1,379,253
At 31 December 2017	2,429,987	93,624	729,218	626,568	3,879,397
Depreciation					
At 1 January 2017	856,497	71,892	401,532	537,921	1,867,842
Charge for the year	182,914	8,230	67,861	33,314	292,319
At 31 December 2017	1,039,411	80,122	469,393	571,235	2,160,161
Carrying value					
At 1 January 2017	399,589	17,705	166,480	45,528	632,302
At 31 December 2017	1,390,576	13,502	259,825	55,333	1,719,236

Notes to the financial statements

For the year ended 31 December 2017

7. Debtors

	2017	2016
	£	£
Due after more than one year		
Other debtors	9,832,685	160,406
	9,832,685	160,406
Due within one year		
Trade debtors	391,761	231,716
Amounts owed by group undertakings	5,687,859	13,089,880
Prepayments	848,131	653,854
Corporation Tax Receivable	767,987	-
	7,695,738	13,975,450

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.

Notes to the financial statements

For the year ended 31 December 2017

8. Creditors

Due within one year	2017	2016
	£	£
Trade creditors	699,438	564,602
Amounts owed to group undertakings	168,348	74,549
Corporation tax	-	597,143
Deferred tax liability (see note 9)	57,982	21,306
Social security and other taxes	212,768	132,187
Dividends payable	303,375	303,375
Accruals	1,194,354	994,257
Deferred income	8,534,427	7,556,589
Other creditors	-	-
	11,170,692	10,244,008

Due after more than one year	2017	2016
	£	£
Other	2,134	2,134
	2,134	2,134

9. Deferred tax

The deferred tax liability is made up as follows:

	2017	2016
	£	£
At beginning of year	(21,306)	8,775
Prior year adjustment	(2,665)	-
Charged during year	(34,011)	(30,081)
(Liability)/Asset at end of the year	(57,982)	(21,306)

Notes to the financial statements

For the year ended 31 December 2017

Deferred tax (continued)

	2017	2016
	£	£
Accelerated capital allowances	(57,982)	(21,306)
	(57,982)	(21,306)

10. Share Capital

	2017	2016
	£	£
Authorised, allotted, called up and fully paid		
50,000 Ordinary Shares of £1each	50,000	50,000

11. Reserves

	Share Premium Account	**Profit and loss account**
	£	£
At 1 January 2017	250,000	5,878,450
Profit for the year	-	5,966,293
Dividends paid on equity capital	-	(2,000,000)
At 31 December 2017	250,000	9,844,743

12. Dividends

	2017	2016
	£	£
Dividends paid on equity capital	2,000,000	3,700,000

Notes to the financial statements

For the year ended 31 December 2017

13. Operating lease commitments

At 31 December 2017 the company had commitments under non-cancellable operating leases as follows:

Building

	2017	2016
	£	£
Amounts payable:		
No later than 1 year	1,247,689	1,467,689
Later than 1 year and no later than 5 years	956,698	2,364,387
Later than 5 years	-	-
	2,204,387	3,832,076

Equipment

	2017	2016
	£	£
Amounts payable:		
No later than 1 year	31,637	17,098
Later than 1 year and no later than 5 years	14,096	15,673
Later than 5 years	-	-
	45,733	32,771

Notes to the financial statements

For the year ended 31 December 2017

14. Staff costs

14.1. Staff costs breakdown

	2017	2016
	£	£
Wages and salaries – Teachers	2,032,163	1,974,741
Wages and salaries- Administration	769,347	658,952
Social security costs	192,446	181,833
Pension costs	11,852	12,401
	3,005,808	2,827,927

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

	No.	*No.*
	2017	2016
Administration	23	22
Teachers	25	21

14.2 Directors' remuneration

During the year, no director received any emoluments (2016 - £NIL). The directors were remunerated by other group undertakings.

Notes to the financial statements

For the year ended 31 December 2017

15. Post balance sheet events

There were no significant post balance sheet events.

16. 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

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