

ISTITUTO MARANGONI LIMITED

Registered No. 04551096

ISTITUTO MARANGONI LIMITED

Report and Financial Statements

For the year ended 31 December 2018

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Company Information

Registered No. 04551096

Directors

S Krnic
R Riccio
C Gorse
Prof M Hunt
Prof D Vaughan
G Arnold

Secretary

M Dellacasa

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
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Directors' report

The directors present their report and the financial statements for the year ended 31 December 2018.

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 £5,130,905 (2017: £5,966,293). During 2018 a dividend of £4,000,000 (2017: £2,000,000) was approved by the directors.

Directors

The directors who served the company during the year were:

R Appado (resigned 7 May 2018)
S Krnic
R Riccio
C Gorse (appointed 7 May 2018)

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 2018.

Disclosure of information to auditors

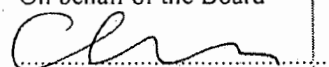
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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: 27/9/18

Strategic Report

Financial performance review

	2018	2017	Change
	£	£	%
Turnover	13,760,204	12,236,849	12%
Operating Profit	5,630,194	5,097,239	10%
Profit after tax	5,130,905	5,966,293	-14%

For the financial year ended 31 December 2018, turnover increased by 12% to £13,760,204. 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 10% increase compared to 2017. This is in line with the increase in number of students and the yearly increase in the student fees.

Principal risks and uncertainties

Liquidity risks

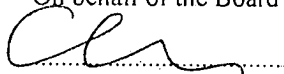
Istituto Marangoni Limited remains in a healthy financial position, with adequate funding available, and so the liquidity risk to the company is considered to be minimal.

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: 27/9/19

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 year ended 31 December 2018 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 Opinion

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 2018 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

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

27 September 2019

Profit and loss account
For the year ended 31 December 2018

	Note	2018 £	2017 £
<i>Turnover</i>		13,760,204	12,236,849
Cost of sales		(3,620,849)	(3,155,153)
<i>Gross Profit</i>		10,139,355	9,081,696
Administrative expenses		(4,509,161)	(3,984,457)
<i>Operating Profit</i>	2	5,630,194	5,097,239
Interest receivable and similar income	3	769,797	687,729
<i>Profit on ordinary activities before taxation</i>		6,399,991	5,784,968
Tax on profit on ordinary activities	4	(1,269,086)	181,325
<i>Profit for the financial period</i>		5,130,905	5,966,293

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.

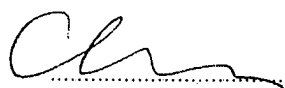
Balance sheet

at 31 December 2018

	Note	2018		2017	
		£	£	£	£
Non-current assets					
Fixed assets					
Tangible assets	5		1,685,676		1,719,236
Investments			<u>743,207</u>		<u>606,354</u>
			<u>2,428,883</u>		<u>2,325,590</u>
Current assets					
Debtors amounts falling due within one year	6	7,982,207		7,695,738	
Debtors amounts falling due after more than one year	6	10,476,612		9,832,685	
Cash at bank and in hand		<u>6,436,176</u>		<u>1,463,558</u>	
		24,894,995		18,991,981	
Creditors amounts falling due within one year	7	<u>16,046,096</u>		<u>11,170,694</u>	
Net current assets			<u>8,848,899</u>		<u>7,821,287</u>
Total assets less current liabilities			<u>11,277,782</u>		<u>10,146,877</u>
Creditors amounts falling due after more than one year	7		<u>2,134</u>		<u>2,134</u>
Net assets			<u>11,275,648</u>		<u>10,144,743</u>
Capital and Reserves					
Called up share capital	9		50,000		50,000
Share premium account	10		250,000		250,000
Profit and loss account	10		<u>10,975,648</u>		<u>9,844,743</u>
Shareholders' Funds			<u>11,275,648</u>		<u>10,144,743</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: 27/9/19

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 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

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 12)	-	-	(4,000,000)	(4,000,000)
At 31 December 2018	50,000	250,000	10,975,648	11,275,648

Cash Flow statement

For the year ended 31 December 2018

Amounts in £000

	2018	2017
Cash Flows used in operating activities		
Profit for the financial year before tax	6,400	5,785
Depreciation on property, plant and equipment	463	292
Movements in deferred revenue	733	978
Finance income	(771)	(688)
Finance costs		22
Change in working capital	(339)	79
	6,486	6,468
Interest received		14
Interest paid		(43)
Income tax paid	(864)	(1,147)
Net cash generated used in operating activities	5,622	5,292
Cash Flows used in investing activities		
Purchase of property, plant and equipment	(430)	(1,379)
<i>Acquisition of a subsidiary, net of cash required</i>	(137)	(606)
Net cash used in investing activities	(567)	(1,985)
Cash Flows used in financing activities		
Proceeds from borrowings	-	592
Repayment of borrowings	(250)	(1,774)
Other (payment to pension fund)	-	(2,000)
Net cash used in financing activities	(250)	(3,182)
Net (decrease) in cash and cash equivalents	4,805	125
Net foreign exchange differences	167	(317)
Cash and cash equivalents at the beginning of the year	1,464	1,656
Cash and cash equivalents at the end of the year	6,436	1,464

Notes to the financial statements

For the year ended 31 December 2018

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 2018.

1.2 Basis of preparation

The financial statements of the company were approved for issue by the Board of Directors on 25/09/2019. 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 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 2018

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 amount.

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 2018

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 2018

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:

	2018	2017
	£	£
Depreciation of tangible fixed assets: owned by the company	463,409	292,319
Auditors' remuneration	32,129	24,649
Net (loss)/profit on foreign exchange transactions	(167,092)	(330,925)
Rent building	1,247,494	1,168,480
	<u>1,575,940</u>	<u>1,154,523</u>

During the year, no director received any emoluments (2017 - £NIL). The directors were remunerated by other group undertakings.

3. Net Interest

	2018	2017
	£	£
Interest receivable and similar income	(1,062)	8,861
Interest receivable on intercompany loan	770,859	678,868
	<u>769,797</u>	<u>687,729</u>

Notes to the financial statements

For the year ended 31 December 2018

4. Tax on profit on ordinary activities

	2018	2017
	£	£
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	1,264,660	1,077,153
Adjustments in respect of prior periods - corporation tax	-	(1,295,154)
	<u>1,264,660</u>	<u>(218,001)</u>
Group taxation relief	-	-
Total current tax	<u>1,264,660</u>	<u>(218,001)</u>
Deferred tax (see note 8)		
Origination and reversal of timing differences	4,426	36,676
Tax on profit/ (loss) on ordinary activities	<u>1,269,086</u>	<u>(181,325)</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:

	2018	2017
	£	£
Profit on ordinary activities before tax	<u>6,399,991</u>	<u>5,784,968</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	1,215,998	1,113,606
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,968	4,212
Capital allowances for year in excess of depreciation	-	(38,512)
Adjustments to tax charge in respect of prior periods	43,694	(1,295,154)
Group relief - no payment made	-	(2,153)
Current tax charge/(credit) for the year	<u>1,264,660</u>	<u>(218,001)</u>

Notes to the financial statements

For the year ended 31 December 2018

5. Tangible fixed assets

	L/Term Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Total £
Cost					
At 1 January 2018	2,429,987	93,624	729,218	626,568	3,879,397
Additions	278,226	-	116,520	35,103	429,849
At 31 December 2018	2,708,213	93,624	845,738	661,671	4,309,246
Depreciation					
At 1 January 2018	1,039,411	80,122	469,393	571,235	2,160,161
Charge for the year	327,539	7,753	92,626	35,491	463,409
At 31 December 2018	1,366,950	87,875	562,019	606,726	2,623,570
Carrying value					
At 1 January 2018	1,390,576	13,502	259,825	55,333	1,719,236
At 31 December 2018	1,341,263	5,749	283,719	54,945	1,685,676

Notes to the financial statements

For the year ended 31 December 2018

6. Debtors

	2018	2017
	£	£
Due after more than one year		
Other debtors	10,476,612	9,832,685
	<u>10,476,612</u>	<u>9,832,685</u>
Due within one year		
Trade debtors	650,336	391,761
Amounts owed by group undertakings	6,243,079	5,687,859
Prepayments	721,211	848,131
Corporation Tax Receivable	367,581	767,987
	<u>7,982,207</u>	<u>7,695,738</u>

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.
- GBP 250,000 to Galileo Global Education UK Limited. 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 2018

7. Creditors

Due within one year	2018	2017
	£	£
Trade creditors	642,851	699,439
Amounts owed to group undertakings	314,400	168,349
Deferred tax liability (see note 8)	62,408	57,982
Social security and other taxes	150,879	212,768
Dividends payable	4,303,375	303,375
Accruals	1,305,077	1,194,354
Deferred income	9,267,106	8,534,427
	<u>16,046,096</u>	<u>11,170,694</u>

Due after more than one year	2018	2017
	£	£
Other	2,134	2,134
	<u>2,134</u>	<u>2,134</u>

8. Deferred tax

The deferred tax liability is made up as follows:

	2018	2017
	£	£
At beginning of year	(57,982)	(21,306)
Prior year adjustment	-	(2,665)
Charged during year	(4,426)	(34,011)
Liability at end of the year	<u>(62,408)</u>	<u>(57,982)</u>

Notes to the financial statements

For the year ended 31 December 2018

Deferred tax (continued)

	2018	2017
	£	£
Accelerated capital allowances	(62,408)	(57,982)
	<u>(62,408)</u>	<u>(57,982)</u>

9. Share Capital

	2018	2017
	£	£
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 2018	250,000	9,844,743
Profit for the year	-	5,130,905
Dividends paid on equity capital	-	(4,000,000)
At 31 December 2018	<u>250,000</u>	<u>10,975,648</u>

11. Dividends

	2018	2017
	£	£
Dividends paid on equity capital	<u>4,000,000</u>	<u>2,000,000</u>

Notes to the financial statements

For the year ended 31 December 2018

12. Operating lease commitments

At 31 December 2018 the company had commitments under non-cancellable operating leases as follows:

Building

	2018	2017
	£	£
Amounts payable:		
No later than 1 year	1,320,693	1,247,689
Later than 1 year and no later than 5 years	5,858,872	956,698
Later than 5 years	8,222,486	-
	<u>15,402,051</u>	<u>2,204,387</u>

Equipment

	2018	2017
	£	£
Amounts payable:		
No later than 1 year	47,256	31,637
Later than 1 year and no later than 5 years	70,884	14,096
Later than 5 years	-	-
	<u>118,140</u>	<u>45,733</u>

Notes to the financial statements

For the year ended 31 December 2018

13. Staff costs

13.1. Staff costs breakdown

	2018	2017
	£	£
Wages and salaries – Teachers	2,067,283	2,032,163
Wages and salaries- Administration	806,578	769,347
Social security costs	181,614	192,446
Pension costs	17,862	11,852
	3,073,337	3,005,808

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

	<i>No.</i>	<i>No.</i>
	2018	2017
Administration	23	22
Teachers	25	21

No staff are paid a basic salary over £100,000 per annum.

Emoluments of school director and director of education

	2018	2017
	£	£
Basic pay	170,009	167,510
Performance related pay	24,165	56,581
Pension contributions	4,705	4,104
	198,879	228,195

The salary budget is reviewed on a yearly basis by our School Director, together with the Finance Manager and Head of Finance.

The School is working on a salary pay scale benchmarking project with an external consultant to ensure salaries are aligned with the UK and higher education market.

Notes to the financial statements

For the year ended 31 December 2018.

Staff costs (continued)

Pay Ratio

The ratio of the school director to the median pay of staff

	2018	2017
Basic Salary	3.1	3.3
Total Remuneration	3.8	5.5

13.2 Directors' remuneration

During the year, no director received any emoluments (2017 - £NIL). The directors were remunerated by other group undertakings.

Notes to the financial statements

For the year ended 31 December 2018

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

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 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.