Gateway School Limited

Financial Statements

For Filing with Registrar

For the year ended 31 August 2017

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COMPANIES HOUSE

Company Registration No. 06636821 (England and Wales)

Gateway School Limited

Company Information

Directors	Mark Malley Steven Wade
Company number	06636821
Registered office	1 Wolsey Road East Molesey Surrey KT8 9EL
Auditors	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

Gateway School Limited

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Gateway School Limited

Balance Sheet

As at 31 August 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	3		875,000		962,500
Tangible assets	4		744,720		793,956
			1,619,720		1,756,456
***Current* assets**					
Debtors	5	968,267		975,014	
Cash at bank and in hand		41,933		30,063	
		1,010,200		1,005,077	
Creditors: amounts falling due within one year	6	(1,974,262)		(2,484,992)	
Net current liabilities			(964,062)		(1,479,915)
Total assets less current liabilities			655,658		276,541
Provisions for liabilities	7		(13,764)		(21,738)
Net assets			641,894		254,803
Capital and reserves					
Called up share capital	8		1,000		1,000
Profit and loss reserves			640,894		253,803
Total equity			641,894		254,803

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 29 May 18 and are signed on its behalf by:

Mark Malley
Director

Company Registration No. 06636821

1 Accounting policies

Company information

Gateway School Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Wolsey Road, East Molesey, Surrey, KT8 9EL.

1.1 Accounting convention

These financial statements have been prepared in accordance with Section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The company has net current liabilities of £964,062 which includes a loan from its parent company, Bellevue Education Group Limited, of £480,535. Bellevue Education Group Limited has confirmed it will continue to provide financial support as required.

The directors Bellevue Education Group Limited are in negotiations with the group's bankers on the annual renewal of £9m of debt. Whilst these negotiations have not as yet been concluded the company is confident that they will be able to be concluded successfully although there can be no certainty in this respect.

Subsequent to the year end, the group is also in negotiations for a significant increase in its financing facility with a new provider as part of the group's acquisition strategy.

The Directors have considered the company's liquid resources, access to borrowing facilities and the future cash flow forecasts and conclude that that these give a reasonable expectation that the company has adequate resources to continue as a going concern. Therefore, these accounts have been prepared on that basis.

1.3 Turnover

Turnover represents the value of fees charged for educational and other related services delivered to pupils of the school in the accounting year, net of discounts.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years. This term is chosen because the investment is in a durable asset, i.e. school land and buildings, and that we expect the market for the school to continue, at least, for that period of time.

1 Accounting policies **(Continued)**

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Long leasehold buildings	50 years
Building improvements	10 years
Fixtures and fittings	5 years
Motor vehicles	5 years
IT equipment	3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Tax losses are transferred between companies within the group at no charge.

1 Accounting policies **(Continued)**

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 75 (2016: 76).

3 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 September 2016 and 31 August 2017	1,750,000
Amortisation and impairment	
At 1 September 2016	787,500
Amortisation charged for the year	87,500
At 31 August 2017	875,000
Carrying amount	
At 31 August 2017	875,000
At 31 August 2016	962,500

4 *Tangible fixed assets*

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 September 2016	897,355	513,458	1,410,813
Additions	23,405	30,331	53,736
At 31 August 2017	920,760	543,789	1,464,549
Depreciation and impairment			
At 1 September 2016	195,309	421,548	616,857
Depreciation charged in the year	57,089	45,883	102,972
At 31 August 2017	252,398	467,431	719,829
Carrying amount			
At 31 August 2017	668,362	76,358	744,720
At 31 August 2016	702,046	91,910	793,956

5 Debtors

Amounts falling due within one year:	2017 £	2016 £
Trade debtors	2,695	12,734
Amounts due from group undertakings	917,406	918,070
Other debtors	48,166	44,210
	968,267	975,014

6 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	40,622	77,499
Amounts due to group undertakings	1,397,941	1,955,000
Corporation tax	11,480	35,494
Other taxation and social security	33,499	35,722
Other creditors	490,720	381,277
	1,974,262	2,484,992

7 Provisions for liabilities

	2017 £	2016 £
Deferred tax liabilities	13,764	21,738

8 Called up share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.
The senior statutory auditor was Shivani Kothari.
The auditor was Kingston Smith LLP.

10 Contingent liabilities

The company has provided a cross guarantee and debenture for the bank loans of its immediate parent company Bellevue Education Group Limited and its subsidiaries.

In addition, the bank has a legal charge over the leasehold property and assets of the company as security for the bank loans of Bellevue Education Group Limited.

11 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2017	2016
	£	£
Within one year	52,806	53,526
Between two and five years	206,781	203,309
In over five years	650,000	700,000
	909,587	956,835

12 Immediate Parent Undertaking and Ultimate Controlling Party

The immediate parent undertaking is Bellevue Education Group Limited, a company incorporated in England and Wales.

The ultimate parent undertaking of Gateway School Limited is Bellevue Education International Limited, a company incorporated in England and Wales. Bellevue Education International Limited is the smallest and largest group for which consolidated financial statements are prepared and these financial statements are included in those consolidated financial statements. These are available from 1 Wolsey Road, East Molesey KT8 9EL.

The immediate parent and ultimate controlling parties of Bellevue Education International Limited are Mark Malley, Plato One Limited (a company registered in Hong Kong and in which Marwan Naja owns 5.85% of the shares) and Plato Two Limited (a company registered in Hong Kong and in which Marwan Naja owns 6.67% of the shares). Mr Bernhard Lampert controls 100% of the shares of Montelbianco AG, Liechtenstein, which in turn owns 58.5% and 48.17% of the shares in Plato One Limited and Plato Two Limited, respectively.