

**NELSON COLLEGE LONDON LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

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Nelson College London Limited
Directors' Report and Financial Statements
For The Year Ended 31 July 2018

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Nelson College London Limited
Company Information
For The Year Ended 31 July 2018

Directors	Mr Athiqul Islam Mr Mohammed Nazim Uddin Mr Shirajul Islam Ms Coral Eileen Flanagan (Hill) (appointed 06.09.2018)
Company Number	05301926
Registered Office	106 Olympic House Clements Road Ilford Essex IG1 1BA
Accountants	SKZ Consulting Ltd <i>Chartered Certified Accountants</i> Olympic House 28-42 Clement Road, Ilford Essex IG1 1BA
Auditors	<i>Accountax Consultants UK Limited</i> Chartered Certified Accountants & Registered Auditors The Basement, Goodmayes House 45-49 Goodmayes Road Ilford Essex IG3 9UF

Nelson College London Ltd
Company No. 05301926
Strategic Report For The Year Ended 31 July 2018

The directors present their strategic report for the year ended 31 July 2018.

Principal Activity

Nelson College London (NCL) is an independent college of higher education specialising in business and hospitality management. The College currently offers HND programmes in Business and Hospitality Management, validated by Messrs Pearson and Foundation degrees and BA one-year “top-up” programmes validated by London Metropolitan University.

Review of Business

The Board of Directors of the College is delighted to report that the College’s financial performance remains strong and that it is in a financially sustainable position. Our financial strength gives security to the students and enables us to continue our programme of capital investment. The demand for our courses has remained strong from UK domiciled students from a wide range of backgrounds. The overall team have worked very hard to help us to achieve our mission to widen access to higher education to people from a diverse range of backgrounds, transforming lives through knowledge and skills so as to enable them to prosper in their careers.

The Higher Education and Research Act 2017, mandated the establishment of the Office for Students (OfS) as an independent regulator of higher education in England. In order to continue providing educational services as a provider designated for student support by the Secretary of State and regulated by the Department for Education (DfE), the College was required to register with the Office for Students (OfS).

The Directors are pleased to report that the College is now registered with the Office for Students (OfS) in an Approved (Fee Cap) category. The approval of Approved (Fee Cap) is a strategic success which will enable the College to achieve its future ambitions and growth. The OfS regulations required the College to have an approved Access and Participation Plan and a Student Protection Plan in place. The Access and Participation Plan sets out ways in which the College will improve equality of opportunity for underrepresented groups to access, succeed and progress from higher education. The Student Protection Plan sets out student’s expectations from the college and provides them protection if the College has failed to meet its obligations. The College has published its approved Access and Participation Plan 2019-20 and Students protection Plans on its website and will be working towards achieving the targets set within.

From the academic year 2019-20, the College will not be subject to a Student Number Control (SNC) which is currently imposed by the Department for Education. As a result, the College will see growth in number of students recruited from the academic year 2019-20 in its designated courses. Currently the College has no students from outside the EEA, and has no plans to recruit non-EEA students. However, the College could recruit non-EEA students as it enjoys a Tier 4 Sponsor status (previously known as Highly Trusted status) granted by the UK Home Office and so could sponsor visa applications from non-EEA students should it wish.

	2018	2017
Home and EU Students	960	966
Non-EU students	-	-

During the year under review, the college no longer qualifies as a small company, whereby its average number of employees have increased to more than 50 and balance sheet total remains in excess of £5.1 million. This resulted in the college preparing medium size company accounts in compliance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Governance and Management

The College undertook a self-assessment of the adequacy and effectiveness of its management and governance arrangements with a view to ensure the College governance framework and governing documents uphold the public interest governance principles. The College has strengthened its governing body by making changes to membership and terms of reference of the governing body and its committees. We have modified our governing documents including the Articles of Association to reflect the public interest governance principles. The revised memorandum and articles of association were adopted by the College on 14 May 2018. The Memorandum and Articles of Association along with the terms of references for various committees/boards provide suitable frameworks to uphold the principles.

The College Principal, Professor Geoffrey Alderman, has completed a comprehensive review of our academic policies and the operation of the Academic Board, which he now chairs. The Principal manages strategic and operational oversight of all the College’s operations through the Principal’s Executive Group which constitutes a forum for regular meetings of the College’s senior management team.

Nelson College London Ltd
Company No. 05301926
Strategic Report For The Year Ended 31 July 2018

Financial Results

The College generated profit after tax of £1,034k (2017: £873k).

Key financial indicators:

The company's key financial indicators during the year were as follows:

	2018	2017
	£'000	£'000
Total Income	5,813	5,348
Profit before tax	1,292	1,109
Profit before tax as a proportion of total income	22.2%	20.7%

The position of company's business at the end of the year were as follows:

	2018	2017
	£'000	£'000
Total Equity	7,649	6,615
Total Net Current Assets	2,627	1,528

Principal Risks, uncertainties and Financial Risk Management

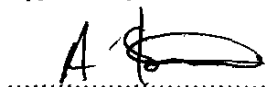
NCL has in place a risk register which is regularly reviewed by the Audit Committee and the Principal's Executive Group. Any changes to existing risks, including the impact, likelihood and mitigating actions are given full consideration and mitigating actions taken as needed. The risk register includes a system of scoring designed to assess the likelihood and impact of the risks identified. Each risk is assigned to a senior officer to 'own' and report on the risk and each is assigned to a committee for further oversight.

We have demonstrated our financial strength and our ability to recruit students and the most significant remaining potential risk concerns unforeseeable and adverse changes to the policy and regulatory environment. Our strongest mitigation against this risk is to perform to the highest expectations, thereby meeting all possible regulatory requirements, and to that end the Principal's primary objective is to continue to improve student attainment.

The College is in a financially strong position in terms of liquidity where it expects to meet able to meet all of its short and long term liabilities that will fall due in the foreseeable future.

We are subject to the decisions and actions of the OfS which could potentially have a fundamental impact, albeit one that would take some time to crystallise. Our financial strength mitigates this risk and enables us to be sure that we could always teach-out our current cohort of students. We also continue to search for opportunities to diversify and expand our portfolio of taught programmes of study.

Approved by the Board and signed by its order by


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Mr Athiqul Islam

Director

26 November 2018

Nelson College London Ltd
Company No. 05301926
Directors' Report For The Year Ended 31 July 2018

The directors present their report and the audited financial statements of the company for the year ended 31 July 2018.

Future Developments

The directors consider the future developments affecting the company to be covered within the 'Review of Business' section of the strategic report on page 2.

Directors

The directors who held office during the year were as follows:

Mr Shirajul Islam

Mr Athiqul Islam

Mr Mohammed Nazim Uddin

The Board of Nelson College London Limited is pleased to announce that Ms. Coral Eileen Flanagan (Hill), has been appointed as a Non-Executive Director, with effect from 06 September 2018.

Financial instruments

Please refer to the 'Principal risks, uncertainties and financial risk management' section of the strategic report on page 3.

Directors' Responsibilities Statement

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable 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 company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained 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.

Going concern

The directors have given this matter careful consideration and are satisfied that NCL has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis continues to be adopted in the preparation of the financial statements.

Nelson College London Ltd
Company No. 05301926
Directors' Report For The Year Ended 31 July 2018

Statement of Disclosure of Information to Auditors

The directors of the company who held office at the date of approval of this annual report confirm that:

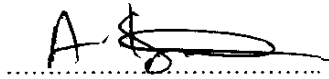
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant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

Each of the directors confirm that, so far as they are aware, at the date of signing these financial statements there is no relevant audit information of which the company's auditors are unaware. They also confirm that they have taken all steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Accountax Consultants UK Limited, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board and signed by its order by


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Mr Athiqul Islam

Director

26 November 2018

**Nelson College London Limited
Independent Auditor's Report
For The Year Ended 31 July 2018**

Opinion

In our opinion, Nelson College London Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise the Profit and Loss Account, Balance Sheet as at 31 July 2018, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities. *With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.* Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of Directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

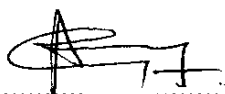
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility



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Ghafour Ahmad (Senior Statutory Auditor)
For and on behalf of Accountax Consultants UK Limited
Chartered Certified Accountant and Registered Auditors
The Basement, Goodmayes House, 45-49 Goodmayes Road
Ilford, IG3 9UF

Nelson College London Limited
Profit and Loss Account
For The Year Ended 31 July 2018

		2018	2017
	Notes	£	£
TURNOVER		5,812,875	5,348,366
Cost of sales		(1,315,682)	(1,219,798)
GROSS PROFIT		4,497,193	4,128,568
Administrative expenses		(3,424,624)	(3,288,626)
Other operating income		254,722	301,144
OPERATING PROFIT	2	1,327,291	1,141,086
Other interest receivable and similar income		377	122
Interest payable and similar charges	6	(35,862)	(32,350)
PROFIT BEFORE TAXATION		1,291,806	1,108,858
Tax on Profit	7	(257,817)	(235,927)
PROFIT AFTER TAXATION BEING PROFIT FOR THE FINANCIAL YEAR		1,033,989	872,931

The notes on pages 13 to 24 form part of these financial statements.

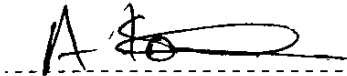
Nelson College London Limited
Balance Sheet
As at 31 July 2018

		2018		2017 (Restated*)	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible Assets	8		2,457,291		2,488,193
Investment property	8		3,744,084		3,744,084
Investments	9		127,200		212,800
			<u>6,328,575</u>		<u>6,445,077</u>
CURRENT ASSETS					
Debtors	10	248,147		81,410	
Cash at bank and in hand		2,765,470		1,859,625	
		<u>3,013,617</u>		<u>1,941,035</u>	
Creditors: Amounts Falling Due Within One Year	11	<u>(386,455)</u>		<u>(413,256)</u>	
NET CURRENT ASSETS (LIABILITIES)			<u>2,627,162</u>		<u>1,527,779</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,955,737</u>		<u>7,972,856</u>
Creditors: Amounts Falling Due After More Than One Year	12		<u>(1,306,813)</u>		<u>(1,357,921)</u>
NET ASSETS			<u><u>7,648,924</u></u>		<u><u>6,614,935</u></u>
CAPITAL AND RESERVES					
Called up share capital	13		136		136
Capital redemption reserve	13		14		14
Profit and Loss Account	13		7,648,774		6,614,785
SHAREHOLDERS' FUNDS			<u><u>7,648,924</u></u>		<u><u>6,614,935</u></u>

*See note 1.17 for the presentation and disclosure changes, no impact on the amounts.

Nelson College London Limited
Balance Sheet (continued)
As at 31 July 2018

On behalf of the board



Mr Athiqul Islam
26/11/2018

The notes on pages 13 to 24 form part of these financial statements.

Nelson College London Limited
Statement of Changes in Equity
For The Year Ended 31 July 2018

	Note	Share Capital	Capital Redemption	Profit and Loss Account	Total
		£	£	£	£
As at 1 August 2016	13	136	14	5,741,854	5,742,004
Profit for the year and total comprehensive income		-	-	872,931	872,931
As at 31 July 2017 and 1 August 2017	13	136	14	6,614,785	6,614,935
Profit for the year and total comprehensive income		-	-	1,033,989	1,033,989
As at 31 July 2018	13	136	14	7,648,774	7,648,924

The notes on pages 13 to 24 form part
of these financial statements.

Nelson College London Ltd
Statement of Cash Flow
For The Year Ended 31 July 2018

		2018	2017
	Note	£	£
Net Cash from operating activities	18	1,249,782	1,530,237
Taxation paid		<u>(235,908)</u>	<u>(241,823)</u>
Net Cash generated from operating activities		1,013,874	1,288,414
Cash flow from investing activities			
Purchase of tangible fixed assets		(24,130)	(460,004)
Investments		<u>-</u>	<u>(57,600)</u>
Net cash used in investing activities		(24,130)	(517,604)
Cash flow from financing activities			
Interest received		377	122
Directors loan account		-	-
Bank loan and overdraft		(48,414)	(46,859)
Interest paid		<u>(35,862)</u>	<u>(32,350)</u>
Net cash used in financing activities		(83,899)	(79,087)
Net increase/ (decrease)/ in cash		905,845	691,723
Cash at bank and in hand at beginning of year		<u>1,859,625</u>	<u>1,167,902</u>
Cash at bank and in hand at end of year		<u>2,765,470</u>	<u>1,859,625</u>

Nelson College London Limited
Notes to the Financial Statements
For The Year Ended 31 July 2018

1. Accounting Policies

1.1. Statement of compliance

The financial statements of Nelson College London Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The financial statements are presented in Sterling (£)

1.2. Basis of Preparation of Financial Statements

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.16.

1.3. Going Concern Disclosure

The directors have not identified any material uncertainties related to events or conditions that may cast significant doubt about the company's ability to continue as a going concern.

The company meets its day-to-day working capital requirements through its operating cash flow.

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

1.4. Turnover

Turnover comprises the invoiced value of services supplied by the company.

Revenue is recognised evenly over the duration of the course, and when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transactions will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5. Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold	0% on Cost
Fixtures & Fittings	25% on cost
Computer Equipment	33% on cost

1.6. Investment Properties

Investment properties are accounted for as follows:

- Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.
- Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the profit and loss account accumulated in the profit and loss reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

1.7. Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

i. Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Nelson College London Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 July 2018

1.8. Financial Instruments

i. Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Basic financial liabilities, including trade and other payables and bank loans are classified as debt, 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 receipts discounted at a market rate of interest.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Nelson College London Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 July 2018

1.9. Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other year and 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 end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. The measurement of deferred tax liabilities and asset reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

1.10. Pensions

The company contributes to the National Employment Savings Trust (NEST), which is a defined contribution workplace pension scheme in the United Kingdom. It was set up to facilitate automatic enrolment as part of the government's workplace pension reforms under the Pensions Act 2008.

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

1.11. Other operating income

Other operating income includes rental income and service charges.

Rental income is recognised on a straight line basis over the period of the lease. Service charges are recognised in the accounting period in which the services are rendered.

Nelson College London Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 July 2018

1.12. Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

1.13. Investment in associate

Investment in an associate is held at cost less accumulated impairment losses.

1.14. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

1.15. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.16. Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful economic lives of property, fixtures and fittings and computer equipment

The annual depreciation charge for property, fixtures and fittings and computer equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

1.17. Prior year restatement

The company is holding certain investment properties which are recognised in accordance with Section 12 of FRS 102. It also requires the investment properties to be presented and disclosed separately. This presentation on the balance sheet and disclosure was adjusted during the year, hence impacted the comparatives as these investment properties were included within the tangible assets as Land and Building. This change has no impact on the total amounts of the comparative period.

Nelson College London Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 July 2018

2. Operating Profit

The operating profit is stated after charging:

	2018	2017
	£	£
Directors' remuneration	256,740	236,917
Audit fees	4,800	4,800
Depreciation of tangible fixed assets	55,032	101,769
	<u>256,740</u>	<u>236,917</u>

3. Staff Costs

Staff costs, including directors' remuneration, were as follows:

	2018	2017
	£	£
Wages and salaries	1,471,765	1,265,824
Social security costs	143,747	118,866
Other pension costs	9,396	4,964
	<u>1,624,908</u>	<u>1,389,654</u>

4. Average Number of Employees

Average number of employees, including directors, during the year was as follows:

	2018	2017
Administration	38	35
Academic	17	13
	<u>55</u>	<u>48</u>

5. Directors' remuneration

	2018	2017
	£	£
Emoluments	255,151	236,917
Company contributions to money purchase pension schemes	1,589	948
	<u>256,740</u>	<u>237,865</u>

During the year, retirement benefits were accruing to 3 directors (previous year 3) in respect of money purchase schemes.

Nelson College London Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 July 2018

6. Interest Payable

	2018	2017
	£	£
Bank loans and overdrafts	35,862	32,350
	<u>35,862</u>	<u>32,350</u>

7. Tax on Profit

	Tax Rate		2018	2017
	2018	2017	£	£
UK Corporation Tax	19.0	19.75	257,817	235,927
Total Current Tax Charge			<u>257,817</u>	<u>235,927</u>
Total tax charge for the period			<u>257,817</u>	<u>235,927</u>
			2018	2017
			£	£
Profit before tax			<u>1,291,806</u>	<u>1,108,858</u>
Breakdown of Tax Charge is:				
Tax on profit at 19% (2017:19.7%) (UK standard rate)			245,443	218,445
Depreciation not allowed for tax			10,458	20,048
Expenses not deductible for tax purposes			6,503	5,525
Capital allowances			<u>(4,587)</u>	<u>(7,091)</u>
Total tax charge for the period			<u>257,817</u>	<u>236,927</u>

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

Nelson College London Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 July 2018

8. Tangible Assets

	Investment Properties	Land & Property	Fixtures & Fittings	Computer Equipment	Total
	£	£	£	£	£
Cost					
As at 1 August 2017 (*Restated)	3,744,084	2,420,837	155,761	430,770	6,751,452
Additions	-	-	5,440	18,690	24,130
As at 31 July 2018	<u>3,744,084</u>	<u>2,420,837</u>	<u>161,201</u>	<u>449,460</u>	<u>6,775,582</u>
Depreciation					
As at 1 August 2017	-	-	107,961	411,214	519,175
Provided during the period	-	-	39,233	15,799	55,032
As at 31 July 2018	<u>-</u>	<u>-</u>	<u>147,194</u>	<u>427,013</u>	<u>574,207</u>
Net Book Value					
As at 31 July 2018	<u>3,744,084</u>	<u>2,420,837</u>	<u>14,007</u>	<u>22,447</u>	<u>6,201,375</u>
As at 1 August 2017 (*Restated)	<u>3,744,084</u>	<u>2,420,837</u>	<u>47,800</u>	<u>19,556</u>	<u>6,232,277</u>

*See note 1.17 for the presentation and disclosure changes, no impact on the amounts.

The investment properties were assessed for fair value by the directors of the company by performing the following steps:

- making enquiries with the local property agents
- reviewing the published official data such as housing pricing index
- taking into consideration the rental yields generated by the properties, and;
- taking into consideration the current economic conditions

Based on the above, the directors conclude that the current carrying value of investment properties reflects the fair value of the investment properties.

9. Investments

	2018	2017
	£	£
Total investments comprise:		
Interest in subsidiaries	-	212,800
Interest in associates	127,200	-
	<u>127,200</u>	<u>212,800</u>

During the year, there was a change of control whereby the interest in subsidiaries held as at the previous year ended 31 July 2017 were reclassified as interest in associate. The transaction did not resulted in any gain or loss.

Below are the details:

Entities	Type of shares held	2018 Proportion held (%)	2017 Proportion held (%)	Country of incorporation	Nature of business	2018 Interest in Entity	2017 Interest in Entity
Nelson London Ventures Limited	Ordinary	47.8%	80%	United Kingdom	Tour operating	Associate	Subsidiary
Nelson College London Investment Limited	Ordinary	48.0%	100%	United Kingdom	Dormant	Associate	Subsidiary

Nelson College London Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 July 2018

9. Investments (continued)

Cost	£
As at 1 August 2017	212,800
Disposals	<u>(85,600)</u>
As at 31 July 2018	<u>127,200</u>
Carrying value	
As at 31 July 2018	<u>127,200</u>
As at 1 August 2017	<u>212,800</u>

	Share of net assets	Loans	Total
	£	£	£
At 1 August 2017	326,711	(126,290)	200,421
Reduction due to change in control (as above)	(131,501)	50,831	(80,670)
Share of profit for the year after taxation	5,263	-	5,263
Share of other comprehensive income	-	-	-
At 31 July 2018	<u>200,473</u>	<u>(75,459)</u>	<u>125,014</u>

The above shows the financial information of Nelson London Ventures Limited and the effects if it was accounted for using the equity method. The carrying value is materially consistent with the above share of the associate, hence based on that and the fact that the entity is profit making, the directors do not believe that the investment is impaired, hence no adjusted is made to the carrying value, which is recognised at cost. In addition, the company also hold interest in Nelson College London Investments Limited but the entity is dormant and has not traded since its incorporation on 21 July 2017, hence no financial information is disclosed.

The company did not prepared consolidated financial statements as it was not a parent of subsidiaries at the year end and in compliance with FRS 102, 9.2, Section 9: Consolidated and Separate Financial Statements, is not required to do so. In the prior year, the company claimed exemption from preparing consolidated accounts due to its being classed as small company.

Nelson College London Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 July 2018

10. Debtors

	2018	2017
	£	£
Due within one year		
Trade debtors	64,937	6,376
Prepayments and accrued income	83,972	70,234
Other debtors	94,438	-
	243,347	76,610
Due after more than one year		
Other debtors	4,800	4,800
	4,800	4,800
	248,147	81,410

11. Creditors: Amounts Falling Due Within One Year

	2018	2017
	£	£
Trade creditors	29,811	82,397
Bank loans and overdrafts	49,504	46,810
Corporation tax	257,836	235,927
Other creditors	11,071	8,191
Accruals and deferred income	38,233	39,931
	386,455	413,256

12. Creditors: Amounts Falling Due After More Than One Year

	2018	2017
	£	£
Bank loans	1,306,813	1,357,921

Bank loan is secured against first legal charge over commercial freehold property know as Commercial house, 406-410, Eastern Avenue, Gants Hill, IG2 6NQ and an unlimited debentures incorporating the fixed and floating charge.

Nelson College London Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 July 2018

13. Share Capital and other reserves

		2018	2017
		136	136
	Value	2018	2017
	£	£	£
Allotted, called up and fully paid			
Ordinary A shares	1.000	86	86
Ordinary B shares	1.000	50	50
		136	136

There were no new shares issued during the year. There are two share classes, namely, Ordinary A shares and Ordinary B shares. Both share classes carry equal rights and there are no restrictions on the distribution of dividends and the repayment of capital.

Other reserves

Other reserves consists of the following:

	Capital Redemption £	Profit and Loss Account £
As at 1 August 2016	14	5,741,854
Profit for the year and total comprehensive income	-	872,931
As at 31 July 2017 and 1 August 2017	14	6,614,785
Profit for the year and total comprehensive income	-	1,033,989
As at 31 July 2018	14	7,648,774

Capital redemption reserve: The capital redemption reserve is a non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares.

Profit and loss account: This reserve represents the balance of retained earnings to carry forward. It is fully distributable and shown as part of shareholders' reserves on the balance sheet.

Nelson College London Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 July 2018

14. Financial Instruments

The Company has the following financial instruments:

Financial assets at fair value through profit or loss

	2018	2017
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	64,937	6,376
Other debtors	99,238	4,800
	<u>164,175</u>	<u>11,176</u>

	2018	2017
	£	£
Financial liabilities measured at amortised cost		
Trade creditors	29,811	82,397
Bank loans and overdrafts	1,356,317	1,404,731
Other creditors	11,071	8,191
Accruals	21,500	16,300
	<u>1,418,699</u>	<u>1,511,619</u>

15. Pension Commitments

The company contributes to the National Employment Savings Trust (NEST) for its employees as explained in the accounting policies above.

The amount recognised as an expense for the defined contribution scheme was:

	2018	2017
	£	£
Current year contributions	<u><u>9,396</u></u>	<u><u>4,964</u></u>

16. Related Party Transactions

Transactions with associates

During the year the company received services from Nelson London Ventures Limited of £5,060, which is recognised in administration expenses. At the year-end £70 (2017: Nil) was outstanding and included within trade creditors.

Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2018	2017
	£	£
Salaries and other short-term benefits	330,336	310,066
Post-employment benefits	<u>2,044</u>	<u>1,229</u>
	<u><u>332,380</u></u>	<u><u>311,295</u></u>

Nelson College London Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 July 2018

17. Controlling Party

The company's controlling party is Mrs Subina Mujib by virtue of her ownership of 25.7% of the issued share capital in the company.

18. Notes to the cash flow statement

	2018	2017
	£	£
Profit for the financial year	1,033,989	872,931
Tax on profit on ordinary activities	257,817	235,927
Other interest receivable and similar income	(377)	(122)
Interest payable and similar charges	<u>35,862</u>	<u>32,350</u>
Operating profit	1,327,291	1,141,086
Depreciation	55,032	101,769
Working capital movements		
(Increase)/ Decrease in debtors	(81,138)	243,924
(Decrease)/ Increase in creditors	<u>(51,403)</u>	<u>43,458</u>
	<u>1,249,782</u>	<u>1,530,237</u>

19. General Information

Nelson College London Limited is an independent college of higher education specialising in business and hospitality management. The College currently offers HND programmes in Business and Hospitality Management, validated by Messrs Pearson and Foundation degrees and BA one-year "top-up" programmes validated by London Metropolitan University.

Nelson College London Limited Registered number 05301926 is a limited by shares company incorporated in England & Wales. The Registered Office is 106 Olympic House, Clements Road, Ilford, Essex, IG1 1BA.