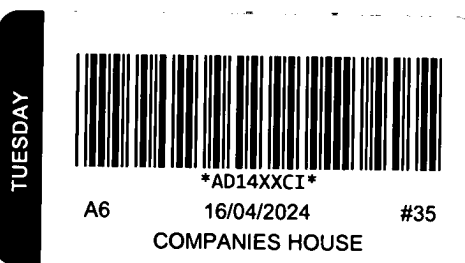


Company Registration No. 01448840 (England and Wales)

**KENSINGTON PARK SCHOOL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**



KENSINGTON PARK SCHOOL LIMITED

COMPANY INFORMATION

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Directors	H Wu X Xia (Appointed 17 April 2023)
Secretary	Foot Anstey Secretarial Limited
Company number	01448840
Registered office	59 Queen's Gate South Kensington London SW7 5JP
Auditor	Baxter & Co Lynwood House Crofton Road Orpington Kent BR6 8QE
Bankers	Lloyds Bank Plc 25 Gresham Street London EC2M 4RB

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# KENSINGTON PARK SCHOOL LIMITED

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# KENSINGTON PARK SCHOOL LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 AUGUST 2022

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The directors present the strategic report for the year ended 31 August 2022.

#### Activities

The principal activity of the company in the year under review was the ownership and management of schools and the supply of education services within the United Kingdom. The company aims to provide an excellent all-round education for boys and girls from 11-18 years old, which includes a varied curriculum while ensuring to the highest standards of student welfare, plus a wide programme of varied sporting, artistic and extra-curricular activities.

#### Review of the business

2022 proved to be a recovering year for KPS. Despite teachers and students were able to return to the classrooms, the long-term post-effect from COVID-19 became the major challenge. The School focused on resuming all activities and teaching resources to pre-COVID period, whilst addressing students' behavioural issues and promoting their physical and mental wellbeing. The School also invested more on teachers' mental health and wellbeing.

Despite the increased logistical and financial pressures on KPS, the school managed to meet its annual targets for another year.

KPS's Easter Revision and Summer Courses finally resumed after being suspended for two summers due to COVID-19. It was proven that courses were still popular and in high demand, and all places had been sold with positive feedback.

The share capital of KPS was transferred from Astrum Education Limited, to the ultimate parent company, Star Education Investment Limited in 2022. Subsequently, it was decided that Astrum Education Group Limited, Astrum Education Limited, Chelsea Independent College Limited & Duff-Miller and Company (London Tutors) Limited be placed into voluntary liquidation. The leases of Princess Beatrice House (the boarding house) and 59 Queen's Gate (KPS 6th form building) were assigned to KPS from Astrum Education Limited and Chelsea Independent College Limited respectively. All head office staff were also TUPEd across to KPS to enable the continued smooth running of operations.

The current structure is clear and encouraging. The Board of Directors are able to effectively plan and make strategic decisions with a more linear structure compared to the structure previously in place. With the facilities in the school remaining unchanged, KPS continues to be committed to providing students with the best quality of teaching and learning environments under the same ethos and aims as previously outlined.

The impact in schools of COVID-19 remains significant. This is especially prevalent when assessing student and staff needs in respect of mental health and wellbeing, following periods of lockdowns. The school are working hard to ensure that students and staff are provided with the best facilities to support them when they need it. The nationwide strikes from different professions also affect the School's operation significantly; especially the more and more frequent rail and tube strikes. Despite the teachers' strikes taking place in other schools, KPS maintained operationally open throughout the year with the support from all teachers, support staff and the management team.

The issues in respect of the cost of living, rising energy prices and the Russian-Ukraine war and the impact these issues have on the business are also considered by the Directors regularly. The impact of such issues is continuously monitored and forecasts and budgets are updated where necessary to reflect these issues.

Whilst growth of the business was initially slowed by COVID-19, business looks promising going forward. New student numbers are growing year-on-year and the school is becoming increasingly popular following a period of marketing. In light of this growth, the Board have initiated discussions on better shaping the quality of education, including further investment on staffing, facilities and teaching resources.

The Board of Directors are looking forward to the future of the school and the continued growth it is aiming for.

#### Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

# KENSINGTON PARK SCHOOL LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2022**

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### Principal risks and uncertainties

#### Educational and Legislative Risk

Changes to examination systems for A level and GCSE will cause fluctuations in the year-on-year demand from students for courses offered by sixth form colleges. Other factors such as university entry requirements and low birth rate in central London can also alter the number of students looking for places. The company has managed this risk by broadening the base of its intake, both from UK and overseas, across those students looking to complete whole GCSE and A Level programmes. With the decline in the retake market in the UK, and lower numbers of international students coming into Britain, the company will now look to manage this risk by the changes described under Future Developments.

#### Economic and Competitive Risk

Changes in economic conditions in the core countries from which the colleges attract students, including the UK, can affect the affordability of an independent college education programme to prospective fee payers. In addition, with the proposal of charging VAT on school fees will further increase the financial pressure on some of the fee payers. Overseas markets carry specific risks related to movements in exchange rates, and other factors including changes to rules related to entry requirements and academic progression for students, and increased provision of in country educational courses as an alternative to a UK based education. The new strategy of the company will reduce its exposure to these risks as the colleges become increasingly sought after and more selective in their approach.

#### Brexit

The company does not expect the United Kingdom's departure from the European Union to impact business significantly. Students from the European Union made up of 38% of the total student body in the year to 31 August 2022. It is expected that the United Kingdom will remain an attractive educational destination and that the numbers of students from the European Union will not reduce to any great extent. The School does not purchase significant goods and services from the European Union except for marketing and sales services from the international search and social media companies, whose operations are carried out from UK and other non-EU countries.

#### Reputational Risk

Reputational risk is a key consideration for the company, which is monitored on a regular basis by an active and engaged KPS Advisory Board Members. Colleges and other educational establishments are increasingly being looked at to provide early concerns related to the safeguarding and promotion of welfare of their students. The college and boarding facilities all have well established safe-guarding procedures in place, and handbooks and policies are kept up to date and distributed to all staff and students. Through its centralised operating system, the company also monitors key areas such as attendance, exam performance against expectation and has separate processes for measurement of quality of teaching.

#### Liquidity and Cash Flow Risk

In order to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long term and short-term debt finance. The company's banking facilities comprise a combination of parent company loans and bank overdraft facilities.

The company's principal financial assets are bank balances and cash, and trade and other receivables.

The company's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The company has hedged its exposure to interest rate rises, which would otherwise pose a risk to the business.

# KENSINGTON PARK SCHOOL LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2022**

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### Going concern and liquidity:

#### Forecasting:

Forecasts have been revisited in the light of the current circumstances. A number of sensitivity analysis and stress testing evaluations have been conducted on the overall business.

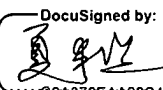
Included in the forecasting is a rolling cash forecast, which helps the company and Group project forward when cash is required.

#### Financing:

The company is financed in two ways - by collecting school fees from parents and receiving additional cash injection from the shareholders. By working together with the shareholder management team, they are aware in advance for any cash requirement.

Although it is not certain that these efforts will be successful, the Board of Directors has determined that the actions that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial reporting on a going concern basis.

On behalf of the board

DocuSigned by:  
  
C2A870EA-A22C4C8.....  
X Xia  
Director  
11 April 2024

# KENSINGTON PARK SCHOOL LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2022

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The directors present their annual report and financial statements for the year ended 31 August 2022.

#### Principal activities

The principal activity of the company continued to be that of an independent school for boys and girls aged 11 to 18.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

L Chen	(Resigned 16 February 2023)
Y Hao	(Resigned 24 January 2022)
H Wu	
Z Wu	(Resigned 27 April 2023)
X Xia	(Appointed 17 April 2023)
G Yang	(Appointed 16 February 2023 and resigned 4 May 2023)

#### Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Donations

The company did not make any political or charitable donations during the year.

#### Going concern

The financial statements have been prepared on a going concern basis. In considering whether this is appropriate, the directors have taken into account that the company is part of the wider Star Education Investment Group. At Group level, the directors have reviewed the latest cash forecasts of future revenue and cash projections. It is clear over the next 12 to 24 months that the Group is dependent upon ongoing financial support from Shanghai Ten Springs Enterprise Management Consulting Co., Ltd (Ten Springs), the ultimate controlling entity. This support is needed until student numbers increase sufficiently to cover the running costs of the business. Ten Springs have confirmed their ongoing financial support and agreed to fund the shortfall highlighted by the forecasts over the next 2 years.

The directors regularly monitor issues in respect of the cost of living, rising energy prices and the Russian-Ukraine war and the impact these issues have on the business. The impact of such issues is continuously monitored and forecasts and budgets are updated where necessary to reflect these issues.

The directors have considered the group's liquidity and expect that it shall have sufficient cash reserves and support from its controlling parent company in order to meet liabilities as they fall due. The directors have undertaken financial modelling and forecasting to establish the impact of any delays in reopening the schools throughout the group and are satisfied that the group can accommodate such delays. The directors of the company have relied upon the financial support letter in their consideration of going concern and accordingly the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Staff policies

The company favours the principle of equal opportunities in employment and opposes all forms of discrimination. All necessary steps are taken to ensure that individuals are treated equally and fairly and decisions affecting individuals' recruitment, training and career development are based solely on objective, job related criteria. Employment policies do not discriminate between employees or potential employees on the grounds of disability. The company actively involves employees in the development of the business and undertakes to provide information of concern to them that is likely to affect their interests.

# KENSINGTON PARK SCHOOL LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2022**

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### Auditor

The auditor, Baxter & Co, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 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 these financial statements, the directors are required to:

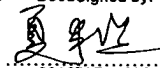
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

DocuSigned by:  
  
C2A870EAA22C4C6...  
X Xia

**Director**

11 April 2024

Date: .....



# KENSINGTON PARK SCHOOL LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KENSINGTON PARK SCHOOL LIMITED

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#### Opinion

We have audited the financial statements of Kensington Park School Limited (the 'company') for the year ended 31 August 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 state of the company's affairs as at 31 August 2022 and of its loss 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### 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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 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 our 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 the directors' report have been prepared in accordance with applicable legal requirements.

# **KENSINGTON PARK SCHOOL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF KENSINGTON PARK SCHOOL LIMITED**

---

#### **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 the 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, 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.

# KENSINGTON PARK SCHOOL LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF KENSINGTON PARK SCHOOL LIMITED

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#### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to company law applicable in England and Wales, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of financial statements such as the Companies Act 2006, tax legislation regarding payroll, VAT and corporation tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating managements controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users, or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures detailed above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# KENSINGTON PARK SCHOOL LIMITED

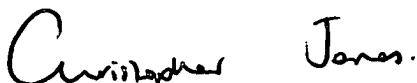
## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF KENSINGTON PARK SCHOOL LIMITED

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#### 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.



**Christopher Jones FCCA (Senior Statutory Auditor)**  
**For and on behalf of Baxter & Co**

Date: 15 April 2024

**Chartered Certified Accountants**  
**Statutory Auditor**

Lynwood House  
Crofton Road  
Orpington  
Kent  
BR6 8QE

**KENSINGTON PARK SCHOOL LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 AUGUST 2022**

	Notes	2022 £	2021 £
<b>Turnover</b>	<b>3</b>	6,871,450	7,971,584
Cost of sales		(3,148,709)	(3,385,389)
<b>Gross profit</b>		3,722,741	4,586,195
Administrative expenses		(4,460,648)	(5,331,246)
Other operating income		-	249,371
<b>Operating loss</b>	<b>4</b>	(737,907)	(495,680)
Interest payable and similar expenses	<b>6</b>	(26,044)	-
Intercompany loan impairment	<b>7</b>	(622,873)	1,298,597
<b>(Loss)/profit before taxation</b>		(1,386,824)	802,917
Tax on (loss)/profit	<b>8</b>	-	-
<b>(Loss)/profit for the financial year</b>		(1,386,824)	802,917

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**KENSINGTON PARK SCHOOL LIMITED****STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

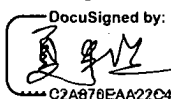

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	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>(Loss)/profit for the year</b>	(1,386,824)	802,917
<b>Other comprehensive income</b>	-	-
	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<u>(1,386,824)</u>	<u>802,917</u>

**KENSINGTON PARK SCHOOL LIMITED****BALANCE SHEET****AS AT 31 AUGUST 2022**

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	9		379,721		892,668
<b>Current assets</b>					
Debtors	10	6,501,897		5,925,479	
Cash at bank and in hand		1,707,953		1,210,795	
		8,209,850		7,136,274	
<b>Creditors: amounts falling due within one year</b>	11	(8,905,247)		(7,983,838)	
<b>Net current liabilities</b>			(695,397)		(847,564)
<b>Total assets less current liabilities</b>			(315,676)		45,104
<b>Creditors: amounts falling due after more than one year</b>	12		(1,026,044)		-
<b>Net (liabilities)/assets</b>			(1,341,720)		45,104
<b>Capital and reserves</b>					
Called up share capital	16		93,000		93,000
Profit and loss reserves			(1,434,720)		(47,896)
<b>Total equity</b>			(1,341,720)		45,104

The financial statements were approved by the board of directors and authorised for issue on ~~11 April 2022~~ and are signed on its behalf by:

DocuSigned by:  
  
 C2A878EAA2204C0.....

X Xia  
 Director

Company registration number 01448840 (England and Wales)

**KENSINGTON PARK SCHOOL LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2022**


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	<b>Share capital</b>	<b>Profit and loss reserves</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 1 September 2020</b>	93,000	(850,813)	(757,813)
<b>Year ended 31 August 2021:</b>			
Profit and total comprehensive income for the year	-	802,917	802,917
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 August 2021</b>	93,000	(47,896)	45,104
<b>Year ended 31 August 2022:</b>			
Loss and total comprehensive income for the year	-	(1,386,824)	(1,386,824)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 August 2022</b>	<u>93,000</u>	<u>(1,434,720)</u>	<u>(1,341,720)</u>



# KENSINGTON PARK SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

---

### 1 Accounting policies

#### Company information

Kensington Park School Limited is a private company limited by shares incorporated in England and Wales. The registered office is 59 Queen's Gate, South Kensington, London, SW7 5JP.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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 £.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Star Education Investment Limited. These consolidated financial statements are available from its registered office, c/o Foot Anstey LLP, 2 Glass Wharf, Bristol, BS2 0FR.

#### Related party exemption

The company is a wholly owned subsidiary of Star Education Investment Limited, a company registered in the UK, and has taken advantage of the exemption conferred by FRS 102 paragraph 33.1A not to disclose transactions with Star Education Investment Limited or other wholly owned subsidiaries within the group.

# KENSINGTON PARK SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

### 1 Accounting policies

(Continued)

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company will have adequate resources and support from its parent company to continue in operational existence over a period greater than 12 months, in line with its strategic plan.

The financial statements have been prepared on a going concern basis. In considering whether this is appropriate, the directors have taken into account that the company is part of the wider Star Education Investment Group. At Group level, the directors have reviewed the latest cash forecasts of future revenue and cash projections. It is clear over the next 12 to 24 months that the Group is dependent upon ongoing financial support from Shanghai Ten Springs Enterprise Management Consulting Co., Ltd (Ten Springs), the ultimate controlling entity. This support is needed until student numbers increase sufficiently to cover the running costs of the business. Ten Springs have confirmed their ongoing financial support and agreed to fund the shortfall highlighted by the forecasts over the next 2 years.

The directors have considered the group's liquidity and expect that it shall have sufficient cash reserves and support from its controlling parent company in order to meet liabilities as they fall due. The directors have undertaken financial modelling and forecasting to establish the impact of any delays in reopening the schools throughout the group and are satisfied that the group can accommodate such delays. The directors of the company have relied upon the financial support letter in their consideration of going concern and accordingly the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Revenue is recognised on provision of educational services.

Turnover comprises fees receivable from the provision of educational services. Fees are credited to turnover as educational and related services are delivered to students. Where an element of the fees relates to services to be provided in subsequent accounting periods, that proportion is accounted for as deferred income and released to turnover when the service has been delivered.

#### 1.4 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:

Leasehold improvements	3 - 7 years SL
Fixtures and fittings	3 - 7 years SL

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.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# KENSINGTON PARK SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

### 1 Accounting policies

(Continued)

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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents 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.

#### 1.7 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.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# KENSINGTON PARK SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

### 1 Accounting policies

(Continued)

#### **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.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 a 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.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **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 creditors, bank loans, loans from fellow group companies and preference shares that 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.8 Equity instruments

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

### 1.9 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

# KENSINGTON PARK SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

### 1 Accounting policies

(Continued)

#### 1.10 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

#### 1.11 Taxation

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

##### **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.

#### 1.12 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.

#### 1.13 Retirement benefits

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

#### 1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.15 Cash flow statement

As the company is a wholly owned subsidiary of Star Education Investment Limited and the cash flows of the company are included in the publicly available consolidated financial statements of Star Education Investment Limited, the company is exempt under the terms of FRS 102 from preparing a cash flow statement.

# KENSINGTON PARK SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2022

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no material judgements or estimates in preparation of these financial statements.

#### 3 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the company, the ownership and management of schools and colleges in the United Kingdom. An analysis of the company's turnover is as follows:

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Ownership and management of schools and colleges	6,871,450	7,971,584

#### 4 Operating loss

	2022 £	2021 £
Operating loss for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	24,000	-
Depreciation of owned tangible fixed assets	523,848	927,694

The audit fee was borne by the parent undertaking in the prior year.

#### 5 Employees

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

	2022 Number	2021 Number
Teachers and tutors	55	55
Operations and management	8	7
Total	63	62

# KENSINGTON PARK SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

### 5 Employees

(Continued)

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	2,430,509	2,269,550
Social security costs	271,463	260,398
Pension costs	630,284	754,575
	<u>3,332,256</u>	<u>3,284,523</u>

### 6 Interest payable and similar expenses

	2022 £	2021 £
Other interest on financial liabilities	26,044	-
	<u>26,044</u>	<u>-</u>

### 7 Intercompany loan impairment

	2022 £	2021 £
Intercompany loan impairment	(622,873)	1,298,597
	<u>(622,873)</u>	<u>1,298,597</u>

All intercompany balances between Group companies were offset against one another in the year. The ultimate liabilities with Group's owner will be reflected in the consolidated financial statements of Star Education Investment Limited for the year ended 31 August 2022.

### 8 Taxation

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
(Loss)/profit before taxation	(1,386,824)	802,917
	<u>(1,386,824)</u>	<u>802,917</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 0% (2021: 0%)	-	-
	<u>-</u>	<u>-</u>
Taxation charge in the financial statements	-	-
	<u>-</u>	<u>-</u>

# KENSINGTON PARK SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2022

#### 9 Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 September 2021	2,730,755	2,331,994	5,062,749
Additions	-	10,901	10,901
At 31 August 2022	2,730,755	2,342,895	5,073,650
<b>Depreciation and impairment</b>			
At 1 September 2021	2,359,930	1,810,151	4,170,081
Depreciation charged in the year	26,955	496,893	523,848
At 31 August 2022	2,386,885	2,307,044	4,693,929
<b>Carrying amount</b>			
At 31 August 2022	343,870	35,851	379,721
At 31 August 2021	370,825	521,843	892,668

#### 10 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	5,491,324	4,880,591
Other debtors	809,355	811,109
Prepayments and accrued income	201,218	233,779
	6,501,897	5,925,479

#### 11 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Trade creditors		366,380	597,407
Taxation and social security		96,011	63,917
Deferred income	14	7,087,139	6,379,414
Other creditors		1,331,717	852,782
Accruals and deferred income		24,000	90,318
		8,905,247	7,983,838

#### 12 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Other borrowings	13	1,026,044	-



# KENSINGTON PARK SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

### 13 Loans and overdrafts

	2022 £	2021 £
Other loans	1,026,044	-
Payable after one year	1,026,044	-

The company has granted a fixed charge in favour of Lloyds Bank plc over the cash deposits for the bank account.

### 14 Deferred income

	2022 £	2021 £
Other deferred income	7,087,139	6,379,414

### 15 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	630,284	754,575

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 16 Share capital

	2022 Number	2021 Number	2022 £	2021 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary of £1 each	93,000	93,000	93,000	93,000

### 17 Securities

The company has granted a fixed charge in favour of Lloyds Bank plc over the cash deposits for the bank account.

# KENSINGTON PARK SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

### 18 Operating lease commitments

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

	2022 £	2021 £
Within one year	992,589	395,600
Between two and five years	1,350,451	2,430,143
	<u>2,343,040</u>	<u>2,825,743</u>

### 19 Immediate and ultimate parent company

The immediate parent company is Star Education Investment Limited, a company registered in England & Wales. Its registered office is c/o Foot Anstey LLP, 2 Glass Wharf, Bristol, BS2 0FR.

The directors consider Star Education Investment Limited to be the controlling party of the Group. The ultimate parent undertaking is Shanghai Ten Springs Enterprise Management Consulting Co., Ltd, a company incorporated in China.

In accordance with the exemption under Financial Reporting Standard 102, the company does not disclose transactions with companies which are wholly owned within the group and the group prepared consolidated financial statements which are publicly available.