

EF Education Limited

Report and Financial Statements

Year Ended

30 September 2017

Company Number 02622248



EF Education Limited

Report and financial statements for the year ended 30 September 2017

Contents

Page:

- 3** **Report of the directors**
 - 5** **Independent auditor's report**
 - 8** **Statement of income and retained earnings**
 - 9** **Statement of financial position**
 - 10** **Notes forming part of the financial statements**
-

Directors

Mr Alberto Radaelli
Mr Pehr Magnus Karlsson

Secretary and registered office

Mr Pehr Magnus Karlsson, Hill House, 1 Little New Street, London EC4A 3TR, United Kingdom

Company number

02622248

(limited by shares)

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

EF Education Limited

Report of the directors for the year ended 30 September 2017

The directors present their report together with the audited financial statements for the year ended 30 September 2017.

Results

The profit for the year after taxation was £26,703 (2016: profit of £24,322). The directors have declared a dividend of £186,000 to the sole shareholder EF English First B.V.

Principal activities

The principal activity of the company is mainly to provide services to other member companies in connection with foreign language courses.

Directors

The directors of the company during the year were as follows:

Mr Alberto Radaelli
Mr Pehr Magnus Karlsson

Directors' responsibilities

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 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;
- 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.

EF Education Limited

Report of the directors (*continued*) for the year ended 30 September 2017

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The auditors, BDO LLP, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

The report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS102 Section 1A - small entities.

On behalf of the Board



Mr Alberto Radaelli
Director



Mr Pehr Magnus Karlsson
Director

Date: 25/04/2018

Date: 25/04/2018

EF Education Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EF EDUCATION LIMITED

Opinion

We have audited the financial statements of EF Education Limited ("the Company") for the year ended 30 September 2017 which comprise the statement of income and retained earnings, the statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

EF Education Limited

Independent auditor's report (*continued*)

We have nothing to report in this regard

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

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.

EF Education Limited

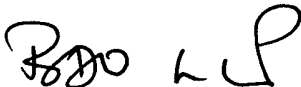
Independent auditor's report (*continued*)

Auditor's responsibilities for the audit of the financial statements

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.

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



Gary Hanson (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 26 April 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

EF Education Limited

Statement of income and retained earnings for the year ended 30 September 2017

<i>Company number 02622248</i>	Note	2017	2016
		£	£
Turnover	3	712,041	675,546
Cost of sales		(678,134)	(643,377)
		<hr/>	<hr/>
Operating profit	4	33,907	32,169
Interest receivable and other income	6	2,243	1,892
Interest payable and similar expenses	6	(2,457)	(2,223)
		<hr/>	<hr/>
Profit before taxation		33,693	31,838
Taxation charge on profit	7	(6,990)	(7,516)
		<hr/>	<hr/>
Profit and total comprehensive income for the financial year		26,703	24,322
		<hr/>	<hr/>
Retained earnings at 1 October		199,046	174,724
		<hr/>	<hr/>
Dividend paid		(186,000)	-
Retained earnings at 30 September		39,749	199,046
		<hr/>	<hr/>

The results stated above are derived from continuing activities.

The notes on pages 10 to 17 form part of these financial statements.

EF Education Limited

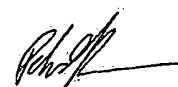
Statement of financial position for the year ended 30 September 2017

Company number 02622248	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	8		3,459		2,402
Current assets					
Debtors					
- due within one year	9, 11	47,857		229,496	
- due after more than one year	9	16,763		16,763	
Cash at bank and in hand		19,798		15,818	
		<u>84,417</u>		<u>262,077</u>	
Creditors: amounts falling due within one year	10	<u>(47,627)</u>		<u>(64,933)</u>	
Net current assets			<u>36,790</u>		<u>197,144</u>
Total assets less current liabilities			<u>40,249</u>		<u>199,546</u>
Capital and reserves					
Called up share capital	12		500		500
Retained earnings	13		<u>39,749</u>		<u>199,046</u>
Shareholder's funds			<u>40,249</u>		<u>199,546</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS102 Section 1A - small entities.

The financial statements were approved by the Board of Directors and authorised for issue on:


Mr Alberto Radaelli
Director


Mr Pehr Magnus Karlsson
Director

Date: 25/04/2018

Date: 25/04/2018

The notes on pages 10 to 17 form part of these financial statements.

EF Education Limited

Notes forming part of the financial statements for the year ended 30 September 2017

1 Accounting policies

The company is a private company incorporated in England at Hill House, 1 Little New Street, London EC4A 3TR. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland, including the July 2015 Section 1A 'Small Entities' amendments.

Basis of measurement

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying those accounting policies. Further details have been provided in note 2.

The following principal accounting policies have been applied:

Turnover

Turnover represents costs re-charged to group companies in-line with service contract agreements. Turnover is recognised when costs are incurred.

Tangible fixed assets

Tangible fixed assets, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of income and retained earnings during the period in which they are incurred.

Depreciation

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Leasehold improvements	- term of the lease
Computer equipment	- 3 years
Fixtures, fittings, tools and equipment	- 5 years

EF Education Limited

Notes forming part of the financial statements (*continued*) for the year ended 30 September 2017

1 Accounting policies (*continued*)

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the date of the statement financial position, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Leased assets

The company has no assets which are financed by leasing agreements that give rights approximating to ownership ('finance leases').

As such, all leases are treated as operating leases. Their annual rentals are charged to the account of statement of income and retained earnings on a straight-line basis over the term of the lease.

The benefits of lease incentives received on entering into new leases are spread over the lease term.

Cash flow

As a qualifying entity (for the purpose of FRS 102 Section 1A, 'Small Entities'), the company has taken advantage of the reduced disclosure framework exemption from requirement to prepare a statement of cash flows.

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the date of the statement of financial position. Any differences are taken to the statement of income and retained earnings.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the date of statement of financial position and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the date of statement of financial position.

EF Education Limited

Notes forming part of the financial statements (continued) for the year ended 30 September 2017

1 Accounting policies (continued)

Going concern

The directors have prepared the financial statements of EF Education Ltd on a going concern basis.

Financial instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

The company's cash at bank and in hand, amounts due from group undertakings, trade creditors and amounts owed to group companies are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, directors have made the following judgements and estimations:

- The estimate for receivables relates to the recoverability of the balances outstanding at the year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.
- The estimate for payables relates to the liabilities not settled at the year end. A review is performed on an individual creditor basis to consider the probability that the amount will be collected.

3 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

4 Operating profit

	2017 £	2016 £
This is stated after charging:		
Depreciation	1,662	1,698
Operating lease rentals: Plant and equipment	1,579	2,091
Auditor's remuneration: fees payable to company's auditor for audit of financial statements	8,673	9,500

EF Education Limited

Notes forming part of the financial statements (continued) for the year ended 30 September 2017

5 Employees

	2017 Number	2016 Number
The average number of employees (excluding directors) employed by the company during the year was:		
Administrative	11	11

The directors received no remuneration during the year for services to the company (2017: £Nil).

6 Interest (payable)/receivable and similar charges

	2017 £	2016 £
Interest receivable from group undertakings	2,243	1,892
Other interest payable	(2,457)	(2,223)
	(214)	(331)

7 Taxation on profit on ordinary activities

	2017 £	2017 £	2016 £	2016 £
<i>UK Corporation tax</i>				
Current tax on profits for the year	7,227		7,143	
Adjustment in respect of previous periods	-		-	
	7,227		7,143	
<i>Deferred tax</i>				
Origination and reversal of timing differences	(21)		(174)	
Effect of changes in tax rates	(216)		547	
	(237)		373	
	6,990		7,516	

EF Education Limited

Notes forming part of the financial statements (continued) for the year ended 30 September 2017

7 Taxation on profit on ordinary activities (continued)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	33,693	31,838
Tax on profit on ordinary activities at the standard rate of Corporation tax in the UK of 19.50% (2016: 20.00%)	£ 6,570	£ 6,368
Effects of:		
Non-deductible expenses	385	601
Tax rate differences	35	547
Current tax charge for the year	6,990	7,516

8 Tangible fixed assets

	Leasehold improve- ments £	Computer equipment £	Fixtures fittings and equipment £	Total £
<i>Cost</i>				
at 1 October 2016	19,088	30,646	21,780	71,514
Disposals	-	(11,496)	(283)	(11,779)
at 30 September 2017	19,088	19,150	21,497	59,735
<i>Depreciation</i>				
at 1 October 2016	19,088	28,400	21,624	69,112
Disposals	-	(12,373)	(2,125)	(14,498)
Charge for the year	-	1,291	371	1,662
at 30 September 2017	19,088	17,318	19,870	56,276
<i>Net book value:</i>				
at 30 September 2017	-	1,832	1,627	3,459
at 30 September 2016	-	2,246	156	2,402

EF Education Limited

Notes forming part of the financial statements (continued) for the year ended 30 September 2017

9 Debtors

	2017 £	2016 £
<i>Amounts receivable within one year</i>		
Amounts owed by group undertakings	18,558	198,739
Other debtors	9,526	9,555
Prepayments and accrued income	16,435	18,101
Deferred tax asset (Note 11)	3,338	3,101
	47,857	229,496
<i>Amounts receivable after more than one year</i>		
Other debtors	16,763	16,763
	64,620	246,259

10 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	6,711	2,071
Other creditors	2,985	1,724
Accruals and deferred income	30,589	53,880
Corporation tax payable	7,342	7,258
	47,627	64,933

11 Deferred taxation

The movement in the deferred taxation asset/liability during the year was:

	2017 £	2016 £
<i>Deferred taxation</i>		
Balance at 1 October 2016	3,101	3,474
Credit/charge to account of statement of income and retained earnings (not)	237	(373)
Adjustment in respect of prior years/Other	-	-
	3,338	3,101
Balance at 30 September 2017	3,338	3,101

EF Education Limited

Notes forming part of the financial statements *(continued)* for the year ended 30 September 2017

11 Deferred taxation *(continued)*

	2017	2016
	£	£
Deferred taxation consists of:		
Fixed asset timing differences	3,233	3,017
Short-term timing differences - trading	105	84
	<hr/> 3,338	<hr/> 3,101
	<hr/> <hr/>	<hr/> <hr/>

12 Share capital

	2017	2016
	£	£
<i>Authorised, allotted, called up and fully paid</i>		
500 ordinary shares of £1 each	500	500
	<hr/> <hr/>	<hr/> <hr/>

13 Retained earnings

	Profit and loss account £
At 1 October 2016	199,046
Profit for the financial year	26,703
Dividend paid	(186,000)
	<hr/>
At 30 September 2017	39,749
	<hr/> <hr/>

14 Commitments under operating leases

As at 30 September 2017, the company had total future minimum commitments under non-cancellable operating leases as set out below:

	2017	2016
	£	£
Operating lease commitments which are owed:		
Within one year	44,880	21,517
In two to five years	21,518	-
	<hr/> 66,398	<hr/> 21,517
	<hr/> <hr/>	<hr/> <hr/>

EF Education Limited

**Notes forming part of the financial statements (*continued*)
for the year ended 30 September 2017**

15 Related party transactions

The parent undertaking of the group which includes the company is EF Education Group AG. The consolidated financial statements of EF Education Group AG are registered and publicly available at the Chamber of Commerce based upon the intermediate holding regime. In the opinion of the directors, the ultimate controlling entity is EF Colleges Limited, a company incorporated at Haldenstrasse 4, CH-6006 Lucerne, Switzerland.