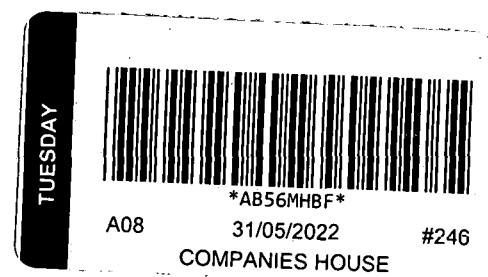


# **Global Education Management Systems Limited**

Report and Financial Statements  
Year Ended  
31 August 2021

Company Number 04742550



# Global Education Management Systems Limited

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# Global Education Management Systems Limited

## Company Information

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<b>Directors</b>	J S Varkey
<b>Secretary</b>	M&R Secretarial Services Limited
<b>Company number</b>	04742550
<b>Registered office</b>	Botanic House 100 Hills Road Cambridge CB2 1PH
<b>Auditor</b>	Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP

# Global Education Management Systems Limited

## Strategic report for the year ended 31 August 2021

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The Director presents his Strategic report for the year ended 31 August 2021.

### Principal activities

The Group's principal activity during the year continued to be the provision of educational services to children up to the age of 18. The Group now consists of three schools in the UK; the Hampshire School Chelsea, Sherfield School and Webber Independent School. Each school is uniquely positioned in their market.

### Performance and position

The Sherfield School senior leadership team continued to invest in staff both teaching and non-teaching and facilities. The market analysis in the 10 year plan also demonstrates that the school offers good value for money, at lower end of the price point for both preparatory and senior school. Amongst the nine independent schools that parents consider as the closest alternative to Sherfield. Sherfield is the only one that offers an all through co-educational provision or boarding facilities for preparatory pupils. The advance well furnished boarding house has attracted interest from international students for full boarding and from the local community for "flexi-board" adding to the overall offer of the school.

Webber has increased its enrolment numbers with continues improvement in quality of education, its use of locally targeted marketing and is continuing to gain momentum in growth and spreading its reputation for its badminton and STEM curriculum.

Hampshire School is working to increase student enrolment in order to achieve better financial results. Key changes were made which are transforming the image of school from an educational institute to a community. These changes were instrumental in driving the management expectations, to achieve the strategic, financial and non-financial targets. The focus remains the recruitment of students from the local and international base.

The key performance indicators during the period were as follows:

	2021 £000	2020 £000
Revenue	11,369	10,167
Group loss before tax	(4,108)	(10,266)
Loss after tax	(4,108)	(10,266)
Equity shareholders' deficit	(112,509)	(108,401)
Average pupil numbers	737	735

The Group's Key Performance Indicators are pupil number and turnover. The number of students remained consistent in both the years. The Group's turnover for the year (£11.4 million, 2020: £10.1 million) increased by 12% due to more full time students. To assist families during the COVID period, the Group did not raise tuition fees during the year.

The management team are in the process of developing a balanced scorecard for measuring the financial and non-financial performance that will assist in driving improvement in operations and educational standards. The schools are moving towards an efficient operating model that leads to value for money and quality education, and move closer towards achieving its goals.

# Global Education Management Systems Limited

## Strategic report

for the year ended 31 August 2021 (continued)

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### Future Developments

The schools are currently below capacity, and the aim is for pupil numbers to continue to grow as the profile of the schools rises and we employ a more targeted marketing and enrolment strategy.

The Bellevue Group, a related company has taken over the day to day management of the schools, the management team are more commercially aware and in the process of building a strategic model for the schools that will assist it in managing risks, uncertainties and maximising opportunities. With this, the Group has made significant improvement in the educational facilities for the students, education provision, student numbers, reduction in discounts related to COVID and controlling the administrative expenses by centralising the material ones.

### Principal risks and uncertainties

The three schools in the portfolio face different levels of risk and uncertainty in their local markets; The Hampshire School Chelsea has a highly temporary cohort. International students remain at the school for an average of only 2-3 years. Sheffield School is located in the South East of England where independent schools are a popular choice and where it has to compete with 124 other independent schools and 350 "good to outstanding schools" in Hampshire. Webbers local market has continued to gain traction with the relocation of large companies. In common with many independent schools, the schools face risks in attracting and retaining pupils due to the macroeconomic factors that may impact on parents' ability to pay tuition fees.

In common with many independent schools, the Group is facing risks in attracting new pupils and retaining existing pupils due to difficulties parents have faced following the Covid 19 outbreak, Brexit and recession. All these factors have impacted Parents ability to pay the cost of a privately funded education. The Group has not increased the tuition fee during the year to support the parents during COVID period. The Group is mitigating the impact of increase in administrative cost by centralising the procurement of material spend. The Group is making continuous efforts to ensure that each school continues to be attractive to prospective and existing parents, and this is achieved through a mix of having a competitive fee structure, educational training and performance monitoring of the teaching staff, on-going investment in the school infrastructure and the facilities available to pupils, and continued monitoring of the pupil performance to ensure the needs of both parents and their children are ultimately met.

### Financial instrument risks

The Group's principal financial instrument comprise, bank loans and intragroups loans. The main purpose of these instruments is to raise funds for and facilitate the Group's operations. Due to the nature of financial instruments used by the Group, there is no exposure to price risk. The Group's approach to managing other risks applicable to the financial instruments concerned is shown below.

Liquidity risk is managed by maintaining a balance sufficient to meet the funds required for the Group's operations. Funding is partially provided by bank loans, but principally by loans from a company under common control. Credit risk is principally managed by requiring parents to pay school fees in advance.

Interest risk exposure is minimised through limiting the funding provided by banks and mainly relying on the loans from companies under common control.

# Global Education Management Systems Limited

## Strategic report for the year ended 31 August 2021 (continued)

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### Covid 19

During the year, the schools were open in most of the days and online remote learning days were reduced significantly as compared with last year. The Group was following the instructions by the local government of the countries in which the schools are operating. Accordingly, the Group has continued to provide educational services and collect tuition fees from parents.

During the peak COVID period (lockdown), classroom learning for the Group's schools was suspended to contain the outbreak. The Group launched remote learning in response to lockdown and social distancing measures were enacted. The Group had also opened the schools fully or partially for a few weeks in accordance with the instructions received from the local governments.

### Going concern

The Directors have considered the Group's liquid resources, access to borrowing facilities and the future cash flow forecasts and conclude that these give a reasonable expectation that the Group has adequate resources to continue as a going concern. The Group has also received a financial support confirmation from the Parent Company, if required. Therefore, these financial statements have been prepared on that basis.

On behalf of the Board



J S Varkey  
Director

Date: 30/05/2022

# Global Education Management Systems Limited

## Directors' report for the year ended 31 August 2021

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The Director presents their report together with the audited Group financial statements for the year ended 31 August 2021.

### Directors

The Directors who served the Company during the year were as follows:

J S Varkey

### Results and dividends

The profit for the year is set out in the consolidated income statement on page 11.

### Matters covered in the Strategic report

Disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic report as the Directors consider them to be of strategic importance to the Group.

### Employees

The Group is an equal opportunities employer committed to equal opportunity extending beyond race, gender, ethnic origin, marital status, colour, nationality or disability, to encompass people with different backgrounds and experience.

The Group's policy is to consult and discuss with employees through meetings and general discussion, matters likely to affect employees' interests. Regular communications are used to inform on matters which directly concern them, and which seek to achieve a common awareness on the part of all the employees of the financial and economic factors affecting the Group's performance.

The Group remains committed to the fair treatment of people with disabilities in relation to job applications, training, promotion and career development. Every effort is made to find appropriate alternative jobs for those who are unable to continue in their existing job due to disability.

### 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.

### Auditor

In accordance with the company's articles, a resolution proposing that Moore Kingston Smith LLP be reappointed as auditor of the company

### Approval

This Director's report was approved by order of the Board.



J S Varkey  
Director

Date: 30/05/2022

# Global Education Management Systems Limited

## Director's Responsibilities Statement for the year ended 31 August 2021

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law

Company law requires the Director to prepare financial statements for each financial year. Under that law, the director has elected to prepare the financial statements in accordance with FRS 101 "Reduced Disclosure Framework" ("FRS101") and applicable law for the Parent Company and International Financial Reporting Standards (IFRS) as adopted by the European Union for the Group. Under company law, the Director 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 Group and Parent Company and of the profit or loss

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;
- 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.



# Global Education Management Systems Limited

## Independent Auditor's Report

### To the Members of Global Education Management Systems Limited

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#### Opinion

We have audited the financial statements of Global Education Management Systems Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 August 2021 which comprise the Consolidated income statement, Company income statement, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of changes in equity, Company statement of changes in equity and Consolidated statement of cash flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

#### In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 August 2021 and of the Group's loss and the parent company's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Group and the Parent 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.

#### Material uncertainty in relation to going concern

We draw attention to note 2 of the accounting policies within the financial statements, which indicates that the cash flow forecasts show that in the most likely scenarios, the Group will be dependent on financial support from its Parent Company. There is also uncertainty in relation to the numbers of students that will return to the schools for the Autumn term and this is difficult to predict. A reduction in student numbers would further increase the requirement of support from the Parent Company. These conditions indicate that there is a material uncertainty which may cast significant doubt over the Group and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other information

The Director is responsible for the other information. The other information comprises the information included in the Director's report and financial statements, 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.

# Global Education Management Systems Limited

## Independent Auditor's Report

### To the Members of Global Education Management Systems Limited

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so,

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Director remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of the Director

As explained more fully in the Director's Responsibilities Statement, the Director is 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 Director determines 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 Director is responsible for assessing the Group's and the Parent 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 Director either intends to liquidate the Group or the Parent 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.

**Global Education Management Systems Limited**  
**Independent Auditor's Report**  
**To the Members of Global Education Management Systems Limited**

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As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Use of our report**

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body for our audit work, for this report, or for the opinions we have formed.

*Moore Kingston Smith LLP*

Shivani Kothari (Senior Statutory Auditor)  
for and on behalf of Moore Kingston Smith LLP

Chartered Accountants  
Statutory Auditor

Date: 30 May 2022

# Global Education Management Systems Limited

## Consolidated income statement for the year ended 31 August 2021

	Note	2021 £	2020 £
Revenue	4	11,368,603	10,166,579
Cost of sales		(6,643,961)	(6,454,476)
<b>Gross profit</b>		<b>4,724,642</b>	<b>3,712,103</b>
Other Operating income	4a	681,449	1,347,848
Administrative expenses (excluding depreciation and amortisation)		(6,564,510)	(11,987,646)
Depreciation and Amortisation		(1,893,383)	(2,343,426)
<b>Total administrative expenses</b>		<b>(8,457,893)</b>	<b>(14,331,072)</b>
<b>Operating loss from continuing operations</b>	6	<b>(3,051,802)</b>	<b>(9,271,121)</b>
Finance income/cost	9	(1,056,345)	(994,687)
Exchange differences		-	195
<b>Loss before taxation</b>		<b>(4,108,147)</b>	<b>(10,265,612)</b>
Income tax expenses	10	-	-
<b>Loss for the year</b>		<b>(4,108,147)</b>	<b>(10,265,612)</b>
<b>Total comprehensive loss for the year</b>		<b>(4,108,147)</b>	<b>(10,265,612)</b>

The notes on page 16 to 37 form part of these financial statements.

# Global Education Management Systems Limited

## Company income statement for the year ended 31 August 2021

	Note	2021 £	2020 £
Revenue		44,256	290,240
Cost of sales		(16,754)	(2,977,029)
<b>Gross loss</b>		<b>27,502</b>	<b>(2,686,789)</b>
Administrative expenses		(1,606,180)	(4,372,352)
<b>Total administrative expenses</b>		<b>(1,606,180)</b>	<b>(4,372,352)</b>
Finance Income		(29,636)	-
Exchange differences		-	-
<b>Loss before taxation</b>		<b>(1,608,314)</b>	<b>(7,059,141)</b>
Income tax expenses	10	-	-
<b>Total comprehensive loss for the year</b>		<b>(1,608,314)</b>	<b>(7,059,141)</b>

The notes on page 16 to 37 form part of these financial statements.

# Global Education Management Systems Limited

## Consolidated statement of financial position as at 31 August 2021

	Note	2021 £	2020 £
<b>Non-current assets</b>			
Intangible assets	11	-	791
Right Of Use of Assets	24	13,310,188	14,137,304
Property and equipment	12	14,887,430	15,514,587
		<u>28,197,618</u>	<u>29,652,682</u>
<b>Current assets</b>			
Trade and other receivables	14	26,561,787	27,360,861
Cash at bank		1,501,702	950,585
<b>Total current assets</b>		<u>28,063,489</u>	<u>28,311,446</u>
<b>Total assets</b>		<u><u>56,261,107</u></u>	<u><u>57,964,128</u></u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Called up share capital	18	2,001,000	2,001,000
Retained earnings	19	(114,510,033)	(110,401,886)
<b>Total equity</b>		<u>(112,509,033)</u>	<u>(108,400,886)</u>
<b>Non-current liabilities</b>			
Financial liabilities	16	13,189,976	12,869,303
<b>Total non-current liabilities</b>		<u>13,189,976</u>	<u>12,869,303</u>
<b>Current liabilities</b>			
Trade and other payables	15	153,238,979	151,871,222
Financial liabilities	15/16	2,341,185	1,624,489
<b>Total current liabilities</b>		<u>155,580,164</u>	<u>153,495,711</u>
<b>Total equity and liabilities</b>		<u><u>56,261,107</u></u>	<u><u>57,964,128</u></u>

These financial statements were approved by the board of directors and authorised for issue on



J S Varkey

Director

Date: 30/05/2022

The notes on page 16 to 37 form part of these financial statements.

# Global Education Management Systems Limited

## Company statement of financial position as at 31 August 2021

	Note	2021 £	2020 £
<b>Non-current assets</b>			
Intangible assets	11	-	-
Property and equipment	12	-	91,773
Investments	13	7	7
		<u>7</u>	<u>91,780</u>
<b>Current assets</b>			
Trade and other receivables	14	86,215,495	85,810,686
Cash at bank		432,230	257,025
		<u>86,647,725</u>	<u>86,067,711</u>
<b>Total current assets</b>		<u>86,647,725</u>	<u>86,067,711</u>
<b>Total assets</b>		<u><u>86,647,732</u></u>	<u><u>86,159,491</u></u>
<b>Equity and liabilities</b>			
<b>Called up share capital</b>	18	2,001,000	2,001,000
<b>Retained earnings</b>	19	(64,319,411)	(62,711,097)
		<u>(62,318,411)</u>	<u>(60,710,097)</u>
<b>Total equity</b>		<u>(62,318,411)</u>	<u>(60,710,097)</u>
<b>Non-current liabilities</b>			
Financial liabilities	16	-	-
		<u>-</u>	<u>-</u>
<b>Total non-current liabilities</b>		<u>-</u>	<u>-</u>
<b>Current liabilities</b>			
Trade and other payables	15 & 16	148,966,143	146,869,588
		<u>148,966,143</u>	<u>146,869,588</u>
<b>Total current liabilities</b>		<u>148,966,143</u>	<u>146,869,588</u>
<b>Total equity and liabilities</b>		<u><u>86,647,732</u></u>	<u><u>86,159,491</u></u>

These financial statements were approved by the board of directors and authorised for issue on



J S Varkey  
Director

Date: 30/05/2022

The notes on page 16 to 37 form part of these financial

# Global Education Management Systems Limited

## Consolidated statement of changes in equity for the year ended 31 August 2021

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 September 2020 (as previously stated)	2,001,000	(110,401,886)	(108,400,886)
Total comprehensive loss for the year	-	(4,108,147)	(4,108,147)
<b>At 31 August 2021</b>	<b>2,001,000</b>	<b>(114,510,033)</b>	<b>(112,509,033)</b>
At 1 September 2019 (as previously stated)	2,001,000	(100,136,274)	(98,135,274)
Total comprehensive loss for the year	-	(10,265,612)	(10,265,612)
<b>At 31 August 2020</b>	<b>2,001,000</b>	<b>(110,401,886)</b>	<b>(108,400,886)</b>

The notes on page 16 to 37 form part of these financial statements.



# Global Education Management Systems Limited

## Company statement of changes in equity for the year ended 31 August 2021

	Share capital £	Retained earnings £	Total equity £
At 1 September 2020 (as previously stated)	2,001,000	(62,711,097)	(60,710,097)
Total comprehensive loss for the year	-	(1,608,314)	(1,608,314)
<b>At 31 August 2021</b>	<b>2,001,000</b>	<b>(64,319,411)</b>	<b>(62,318,411)</b>
At 1 September 2019 (as previously stated)	2,001,000	(55,651,956)	(53,650,956)
Total comprehensive loss for the year	-	(7,059,141)	(7,059,141)
<b>At 31 August 2020</b>	<b>2,001,000</b>	<b>(62,711,097)</b>	<b>(60,710,097)</b>

The notes on page 16 to 37 form part of these financial statements.

# Global Education Management Systems Limited

## Consolidated statement of cash flows for the year ended 31 August 2021

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Loss for the year	(4,108,147)	(10,265,612)
Adjustments for:		
Cash flows from operating activities		
Depreciation/amortisation	1,893,383	853,979
Interest expense	1,056,345	994,691
Interest receivable	0	(4)
Decrease in trade and other receivables	799,074	4,461,454
(Decrease)/increase in trade and other payables	597,551	1,496,469
<b>Cash used in operating activities</b>	<b>238,206</b>	<b>(2,459,023)</b>
Interest paid	(1,056,345)	(994,691)
<b>Net cash used in operating activities</b>	<b>(818,139)</b>	<b>(3,453,714)</b>
<b>Cash flows from investing activities</b>		
Payments to acquire property and equipment	(539,372)	(356,438)
Payments to acquire intangible assets	-	-965
Loss on disposal of property and equipment	0	626,997
Loss on disposal of intangible fixed assets	101,052	0
Interest received	0	4
<b>Net cash used in investing activities</b>	<b>(438,320)</b>	<b>269,598</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	0	(10,622)
Proceeds from related party borrowings	1,807,575	2,774,498
<b>Net cash generated from financing activities</b>	<b>1,807,575</b>	<b>2,763,876</b>
<b>Net cash inflow in the year</b>	<b>551,116</b>	<b>(420,240)</b>
Cash at the beginning of the year	950,585	1,370,825
<b>Cash at the end of the year</b>	<b>1,501,702</b>	<b>950,585</b>

The notes on page 16 to 37 form part of these financial statements.

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021

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### 1. General information

Global Education Management Systems Limited is a private company, limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Contents and Company information page and the nature of Group's operations and principal activities is stated in the Strategic report.

### 2. Accounting policies

#### Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are presented in pound sterling, which is also the Group's functional currency.

The consolidated financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 as applicable to companies reporting under IFRS. These accounts have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and certain financial instruments.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect is disclosed in note 3.

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain properties and financial instruments.

#### Financial reporting standard 101 - reduced disclosure exemptions

In preparing these financial statements the Parent Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, in respect of the Parent Company these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of Global Education Management Systems

#### Group financial statements

The Group's financial statements include the results of the Company and its subsidiaries. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights; The results of subsidiaries are included in the Group income statement from the date of acquisition, or in the case of disposals, up to the effective date of disposal. Intercompany transactions and balances between Group entities are eliminated upon consolidation.

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

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### Principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

### Going concern

The Directors have considered the company's and group's liquid resources, access to borrowing facilities and the future cash flow forecasts and concluded that these give a reasonable expectation that the company and the group has adequate resources to continue as a going concern. They accept that the financial viability of the group is wholly dependent upon the continuing financial support from the Ultimate Parent Company, Varkey Group Limited, and a letter of support has been issued to this effect. In making their assessment the directors considered events, including the impact of Covid-19 pandemic outbreak. The directors utilised the government grants available and reviewed the cost basis for each entity within the group. The directors that the company and the group has sufficient resources to remain operational with continuing support from the Parent Company, for the 12 months from the date of finalising these financial statements and the going concern basis of accounts preparation is appropriate. Therefore, these accounts have been prepared on that basis.

The Group mitigates the risks arising by ensuring that each school continues to be attractive to prospective and existing parents, and this is achieved through a mix of having a competitive fee structure, training and performance monitoring of the teaching staff, on-going investments in the school infrastructure and the facilities available to pupils, and continued monitoring of pupil performance to ensure the needs of both parents and their children are ultimately met.

Management continue to monitor the situation carefully and current projections for the 12 months following the signing of these accounts suggest that the schools will move towards a more profitable position as the growth in pupil numbers is materialised. There is material uncertainty in being able to predict future pupil numbers and therefore the group will continue to be dependent upon the Ultimate Parent company for financial support. Management have considered the ability of the Ultimate parent company to provide this support and are satisfied that on going financing will be provided if required,

Taken all of these conditions into accounts, Management consider that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

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### **Intangible assets**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangible less their residual values over their estimated lives, using the straight-line method. Software costs are amortised over 3 years.

### **Tangible assets**

Property and equipment is stated at cost, net of depreciation and any provision for impairment. Provision is made for depreciation on all classes of assets, other than freehold land, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings - 2% per annum cost  
Fixtures and fittings - 15-33% straight line  
Motor vehicles - 25% reducing balance  
Leasehold buildings - evenly over the lease term

### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call and overdrafts with banks.

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

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### Financial instruments

#### *Financial assets*

The Group and Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group and Company's accounting policy for each category is as follows:

#### *Fair value through profit or loss*

The Group or Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

#### *Amortised Cost*

These assets arise principally from the provision of goods and services to customers (eg trade debtors), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised

#### *Provision for expected credit losses (ECL)-trade and other debtors*

The Group applies a simplified approach in calculating the Expected Credit Losses (ECL) and a full provision is made for any debtors outstanding over 90 days.

#### *Intercompany debtors*

The Group recognises an allowance for expected credit losses (ECLs) for receivables from related party balances in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

#### *Financial liabilities*

The Group and Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Group and Company does not have any liabilities held for trading nor does it voluntarily classify any financial liabilities as being at fair value through profit or loss. The Group and Company's accounting policy is as follows:

Trade creditors and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

#### *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

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### Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax Liabilities/(assets) are settled/(recovered).

### Revenue

The Group is in the business of providing educational and educational support services. Revenue from contracts with customers is recognised on completion of the performance obligation at an amount that reflects the consideration to which the Group is entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer. The Group enters into a contract with the customer for providing educational services (primarily tuition fee) and determines the transaction price based on the published school fees less any discount provided. The Group and Company also assess the collectability of contractual amount on periodic basis. The Group recognises the revenue only when it is probable that it will collect the consideration to which it will be entitled in exchange for the services that have been provided.

Government Coronavirus Job Retention grant is recognised in the period in which the expenditure has been incurred and claim made. The income is recognised as other operating income.

The revenue from different contracts with customers is recognised as follows:

Tuition, learning support fees are recognised over the period of time the services are rendered. Registration and admission fees are recognised at a point in time on enrolment to the school. Transportation fees are recognised over the period of time the services are rendered. Sports coaching fees and facility rental are recognised at the point in time the services are rendered. Management fees are recognised over time reflecting the professional support services provided to the school.

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

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The Group considers whether there are other services in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Generally, the Group receives short-term advances from its customers (fee received in advance). Using the practical expedient in IFRS 15, the Group and Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

### Interest receivable

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

### Finance costs

Finance costs are charged to the consolidated 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.

### Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

At inception of the contract, the company assesses whether a contract is, or contains, a lease. It recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

The lease liability is initially measured at the present value of the contractual lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

### Pensions

The Group pays pension contributions into the personal pension schemes of selected employees and directors. Contributions are charged to the income statement as they become payable.

### Share capital

The Company's ordinary shares are classified as equity instruments.

### Retained earnings

All other net gains, losses and transactions with owners (eg dividends) not recognised elsewhere.



# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 3 Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. The following is a summary of the critical accounting estimates that were made in the preparation of these financial statements.

#### a) Useful lives of tangible assets and intangible assets

Depreciation and amortisation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the Group and Company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of property, plant and equipment would reduce accordingly. The carrying amount for intangible assets is included in note 11 and the carrying amount of property, plant and equipment by each class is included in note 12.

#### b) Fixed asset impairment

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs

#### c) Useful lives of tangible assets

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the Group and Company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of tangible assets would reduce

#### d) Expected credit losses

The Group applies a simplified approach in calculating the Expected Credit Losses (ECL) and a full provision is made for any debtors outstanding over 90 days.

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 4 Revenue

All revenue arose from the Group's principal activity being the provision of educational services.

#### *Dissaggregation of revenue - revenue streams*

	2021 £	2020 £
Tuition, learning support fees	11,218,151	9,696,036
Registration and admission fees	45,177	29,121
Transportation fees	105,275	115,740
Sports coaching fees	-	325,681
	<u>11,368,603</u>	<u>10,166,579</u>

#### *Dissaggregation of revenue - timing of transfer of goods and services*

	2021 £	2020 £
Recognised at a point in time	45,177	354,802
Recognised over time	11,323,426	9,811,777
	<u>11,368,603</u>	<u>10,166,579</u>

#### Contract balances

#### Contract liabilities

	2021 £	2020 £
At 1 September	(4,426,808)	(5,078,025)
Amounts included in contract liabilities that were recognised as revenue during the year	4,426,808	5,078,025
Cash received in advance of performance and not recognised as revenue in the year	(2,166,390)	(4,426,808)
At 31 August	<u>(2,166,390)</u>	<u>(4,426,808)</u>

### 4a Other operating income

	2021 £	2020 £
Grant income	340,548	1,022,250
Rental income	87,294	70,150
Other revenue	316,659	319,303
Other revenue - commissions payable	(63,052)	(63,855)
	<u>681,449</u>	<u>1,347,848</u>

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 5 Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor:		
For the audit of the parent undertaking and group financial statements	42,850	79,519
For the audit of the financial statements of the company's subsidiaries	55,900	71,236
	<u>98,750</u>	<u>150,755</u>

### 6 Operating loss

	2021 £	2020 £
This is arrived at after charging:		
Depreciation	782,126	822,417
Amortisation	739	31,564
Operating lease rentals:		
- other	6,791	112,267
	<u>789,656</u>	<u>966,248</u>

### 7 Key management personnel

Key management personnel are defined as directors of the company and remuneration is set out below:

	2021 £	2020 £
Wages and salaries	135,580	135,580
Social security costs	17,494	17,510
Other pension costs	3,600	3,600
	<u>156,674</u>	<u>156,690</u>

During the period pension contributions were paid in respect of one director (2020 - one).

The highest paid director received remuneration in the period of £139,180 (2020 - £139,180).

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 8 Employees

	2021	2020
Group	£	£
Wages and salaries	7,093,857	7,676,986
Social security costs	696,914	795,454
Other pension costs	680,936	867,548
	<u>8,471,707</u>	<u>9,339,988</u>
Company		
Wages and salaries	956,857	1,520,310
Social security costs	77,682	189,000
Other pension costs	18,286	21,192
Redundancy Costs	17,473	-
	<u>1,070,298</u>	<u>1,730,502</u>
Group	Number	Number
Teaching	176	186
Administration	51	94
	<u>227</u>	<u>280</u>
Company		
Administration	<u>7</u>	<u>9</u>

### 9 Net finance income/(costs)

Group	2021	2020
	£	£
Interest income from group companies	-	4
On overdue PAYE	(25,823)	-
On bank and other loans	(1,030,522)	(994,691)
Net finance income / (costs)	<u>(1,056,345)</u>	<u>(994,687)</u>

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 10 Tax

	Group 2021 £	Group 2020 £
a) Tax on loss		
Corporation tax arising in the year	-	-
b) Reconciliation of the total tax charge		
Loss before tax	(4,108,147)	(10,265,612)
Multiplied by standard rate of corporation tax in the UK of 19% (2020-19%)	(780,548)	(1,950,466)
Effects of:		
Losses carried forward		
Deferred capital allowances, disallowable depreciation	91,996	157,629
Consolidation adjustment not effective for tax	64,283	
Non-deductible expenses	77,587	832,934
Unutilised excess losses carried forward	546,682	959,903
Total tax expense	-	-

### Factors that may affect future tax charges

The UK tax rate will remain at 19% until 1 April 2023 when there will be an increase in UK tax from 19% to 25%. This will affect the calculation of future deferred tax charges.

	2021 £	2020 £
(c) Deferred taxation not recognised		
Decelerated capital allowances	134,291	141,272
Available losses	16,081,497	15,451,160
Unrecognised deferred taxation asset	16,215,788	15,592,432

As at 31 August 2021 the Group had loss of £85m (2020 - £81m) and deferred capital allowances of £0.7m (2019 - £0.7m) available to carry forward against future taxable profits. No deferred taxation asset has been recognised due to the uncertainty of the amount and timing of future profits.

There were no carried forward losses or deferred taxation in the Company.

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 11 Intangible assets

#### Group

	2021 Software £	2020 Software £
<i>Cost</i>		
At 1 September	229,563	228,598
Additions	-	965
Disposals	(94,260)	-
At 31 August	135,303	229,563
<i>Amortisation and impairment</i>		
At 1 September	228,772	197,210
Amortisation charge for the year	791	31,562
Amortisation on disposals (fully depreciated asset)	(94,260)	-
At 31 August	135,303	228,772
<i>Net book value</i>		
Carried forward	-	791
Brought forward	31,388	127,897

#### Company

	2021 Software £	2020 Software £
<i>Cost</i>		
At 1 September	94,110	94,110
Additions	-	-
Disposals	(94,110)	-
At 31 August	-	94,110
<i>Amortisation and impairment</i>		
At 1 September	94,110	75,681
Amortisation charge for the year	-	18,429
Amortisation on disposals (fully depreciated asset)	(94,110)	-
At 31 August	-	94,110
<i>Net book value</i>		
Carried forward	-	-
Brought forward	-	18,429

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 12 Property, plant and

	Freehold land & buildings	Leasehold buildings & improvement	Fixtures fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Group</b>					
<i>Cost or valuation</i>					
At 1 September 2020	9,208,560	13,907,931	6,364,714	18,680	29,499,885
Additions	18,998	75,270	152,474	-	246,742
Disposals	-	(278,592)	(272,559)	-	(551,151)
<b>At 31 August 2021</b>	<b>9,227,558</b>	<b>13,704,609</b>	<b>6,244,629</b>	<b>18,680</b>	<b>29,195,476</b>
<i>Accumulated depreciation</i>					
At 1 September 2020	5,512,960	2,505,981	5,953,290	13,067	13,985,298
Charge in period	94,490	468,098	218,570	2,970	782,128
Disposals	-	(187,569)	(271,809)	-	(459,378)
<b>At 31 August 2021</b>	<b>5,607,450</b>	<b>2,786,508</b>	<b>5,898,051</b>	<b>16,037</b>	<b>14,308,046</b>
<i>Net book value</i>					
At 31 August 2021	3,620,108	10,918,101	346,578	2,643	14,887,430
At 31 August 2020	3,695,600	11,401,950	411,424	5,613	15,514,587

### 12 Property, plant and equipment (continued)

	Leasehold buildings & improvement	Fixtures fittings & equipment	Assets under construction	Total
	£	£	£	£
<b>Company</b>				
<i>Cost or valuation</i>				
At 1 September 2020	278,592	272,559	-	551,151
Additions	-	-	-	-
Transfer between assets	(278,592)	(272,559)	-	(551,151)
<b>At 31 August 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Accumulated depreciation</i>				
At 1 September 2020	187,569	271,809	-	459,378
Charge in period	-	-	-	-
Eliminated on Disposal	(187,569)	(271,809)	-	(459,378)
<b>At 31 August 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net book value</i>				
At 31 August 2021	-	-	-	-
At 31 August 2020	91,023	750	-	91,773

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

	Leasehold buildings & improvement	Fixtures fittings & equipment	Assets under construction	Total
	£	£	£	£
<b>Company</b>				
<i>Cost or valuation</i>				
At 1 September 2019	278,592	270,897	-	549,289
Additions	-	1,862	-	1,862
Transfer between assets	-	-	-	-
At 31 August 2020	278,592	272,559	-	551,151
<i>Accumulated depreciation</i>				
At 1 September 2019	182,751	234,293	-	417,044
Charge in period	4,818	37,516	-	42,334
Transfer between assets	-	-	-	-
At 31 August 2020	187,569	271,809	-	459,378
<i>Net book value</i>				
At 31 August 2020	91,023	750	-	91,773
At 31 August 2019	95,841	36,404	-	132,245



# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 13 Investments in subsidiary undertakings

Company	£
Cost	
At 31 August 2020 and 31 August 2021	7

The Company's subsidiaries are:

Direct holdings	Principal activity	Class of share held	Holding
GEMS Spartacus Limited	Investment holding	Ordinary	100%
GEMS Property Management Limited	Property management	Ordinary	100%
GEMS School Finance Limited	Investment holding	Ordinary	100%
Indirect holdings			
GEMS Schools Limited	Education services	Ordinary	100%
Webber Independent School Limited	Education services	Ordinary	100%
Sherfield School Limited	Education services	Ordinary	100%
Hampshire Schools Limited	Support services	Ordinary	100%
HS Transport Limited	Support services	Ordinary	100%

All the above companies are incorporated in England and Wales and are all registered at Botanic House, 100 Hills Road, Cambridge, CB2 1PH.

14 Trade and other receivables	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade receivables	445,707	2,120,890	-	7,533
Less: provision for impairment	(331,908)	(275,669)	-	-
Trade receivables-net	113,799	1,845,221	-	7,533
Other receivables	204,308	527,603	-	149,569
Due from group companies	-	-	58,189,694	61,382,169
Due from related companies	25,849,642	24,086,655	28,017,602	24,086,655
Directors loan account	11,055	-	-	-
Total financial assets other than cash cash equivalents classified as amortised cost	26,178,804	26,459,479	86,207,296	85,625,926
VAT receivable	-	106,106	-	106,106
Prepayments	382,983	795,276	8,199	78,654
	26,561,787	27,360,861	86,215,495	85,810,686

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

Amounts due from Group and related companies are interest free and repayable on demand.

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

15 Trade and other payables	Group 2021	Group 2020	Company 2021	Company 2020
	£	£	£	£
Trade payables	3,791,902	2,371,202	556,775	1,315,683
Other payables	1,613,656	1,553,372	5,537	81,063
Accruals	(329,420)	127,119	10,884	29,557
Due to group companies	-	-	4,427,510	3,967,879
Due to related companies	142,326,382	140,518,807	142,810,996	140,371,231
Directors loan account	-	1,184,779	-	1,184,779
<b>Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost</b>	<b>147,402,520</b>	<b>145,755,279</b>	<b>147,811,702</b>	<b>146,950,192</b>
Other taxes and social securities	3,670,069	1,689,135	1,135,201	509,396
Deferred income	2,166,390	4,426,808	-	(590,000)
	<b>153,238,979</b>	<b>151,871,222</b>	<b>148,946,903</b>	<b>146,869,588</b>
<b>Lease Liabilities</b>	<b>2,341,185</b>	<b>1,624,489</b>	<b>-</b>	<b>-</b>
	<b>155,580,164</b>	<b>153,495,711</b>	<b>-</b>	<b>-</b>

Amounts due to Group and related companies are interest free and repayable on demand.

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

16 Financial liabilities	Group 2021	Group 2020	Company 2021	Company 2020
	£	£	£	£
<b>Current</b>				
Bank loans	19,240	10,622	19,240	-
<b>Non-current</b>				
Bank loans between one and two	20,216	20,216	-	-
Bank loans between two and five	10,258	10,553	-	-
Bank loans later than five years	-	-	-	-
	<b>49,714</b>	<b>41,391</b>	<b>19,240</b>	<b>-</b>
<b>Lease Liabilities</b>	<b>13,140,262</b>	<b>12,827,912</b>	<b>-</b>	<b>-</b>
	<b>13,189,976</b>	<b>12,869,303</b>	<b>19,240</b>	<b>-</b>

Bank loans are secured by a fixed charge over assets including property of the Group. A cross guarantee and debenture is also in place between the Group companies.

Included in non-current liabilities above are the following amounts repayable by instalments.

The Group has one existing bank loan:

The loan was drawn down in two tranches with the major part being repayable in equal monthly instalments over a period of 20 years between April 2004 and March 2024. Interest is payable at 2% above the bank's base rate per annum. The minor tranche has been repaid in full.

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 17 Financial instruments

#### Risks

The Group's principal financial instruments comprise cash at bank, bank loans, loans from companies under common control, trade payables and trade receivables. The main purpose of these instruments is to raise funds for and facilitate the Group's operations.

Due to the nature of the financial instruments used by the Group, there is no exposure to price risk. The Group's approach to managing other risks applicable to the financial instruments concerned is shown below.

Liquidity risk is managed by maintaining a balance sufficient to meet the funds required for the Group's operations. Funding is partially provided by bank loans, but principally by loans from a company under common control.

Credit risk is principally managed by requiring parents to pay school fees in advance.

Interest risk exposure is minimised through limiting funding provided by banks and mainly relying on the loans from companies under common control.

#### Contractual maturity

The table below summarises the maturity profile of the Group's financial liabilities at 31 August 2021 and 31 August 2020 based on contractual undiscounted payments:

2021	Less than 1 year £	1 to 2 years £	2 to 5 years £	More than 5 years £	Total £
Trade payables	3,791,902				3,791,902
Other payables	1,613,656				1,613,656
Amounts owing to related parties	142,326,382				142,326,382
Bank loans	19,240	20,216	10,258	-	49,714
	<b>147,751,180</b>	<b>20,216</b>	<b>10,258</b>	<b>-</b>	<b>147,781,654</b>
2020	Less than 1 year £	1 to 2 years £	2 to 5 years £	More than 5 years £	Total £
Trade payables	2,371,202				2,371,202
Other payables	1,553,372				1,553,372
Amounts owing to related parties	140,518,807				140,518,807
Bank loans	10,622	20,216	10,553	-	41,391
	<b>144,454,003</b>	<b>20,216</b>	<b>10,553</b>	<b>-</b>	<b>144,484,772</b>

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 17 Financial instruments (continued)

#### *Fair values*

The directors consider that the carrying value of all financial instruments approximates to their fair value.

#### *Capital management*

The Directors consider that the Group's capital consists of share capital, bank loans, other loans and loans from companies under common control, as set out below:

	2021 £	2020 £
Share capital	1,000	1,000
Non-voting shares	2,000,000	2,000,000
Bank loans non-current	30,474	30,769
Bank loans current –	19,240	10,622
Loans from companies under common control	142,326,382	140,518,807
	<u>144,377,096</u>	<u>142,561,198</u>

The Group's capital mix is designed to maintain its liquidity and optimise returns to shareholders.

The Group's Financial instruments can be categorised as follows:

Group	2021 £	2020 £
Financial assets measured at amortised cost	<u>27,680,506</u>	<u>27,410,064</u>
Financial liabilities measured at amortised cost	<u>160,592,496</u>	<u>158,624,582</u>

Financial assets measured at amortised cost comprise of cash at bank and in hand, trade and other receivables and amounts due from group and related companies.

Financial liabilities measured at amortised cost comprise of trade and other payables, amounts due to group and related companies, bank loans and accruals.

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 18 Share capital

	2021	2021	2020	2020
Authorised	£	Number	£	Number
Non-voting shares of £1 each	2,000,000	2,000,000	2,000,000	2,000,000
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u>2,001,000</u>	<u>2,001,000</u>	<u>2,001,000</u>	<u>2,001,000</u>
Allotted, called up and fully paid				
Non-voting shares of £1 each	2,000,000	2,000,000	2,000,000	2,000,000
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u>2,001,000</u>	<u>2,001,000</u>	<u>2,001,000</u>	<u>2,001,000</u>

1,000 ordinary shares are held by Kuranda International Limited and have full voting rights of one vote per share

### 19 Reserves

The following describes the nature and purpose of each reserve within equity:

#### Share capital

Share capital represents the nominal value of shares issued.

#### Non-voting shares

Ordinary shares designated by a written resolution as non-voting shares.

#### Retained earnings

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

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### 20 Related party transactions

The Parent Company has taken advantage of the exemption in FRS101 not to disclose transactions with wholly owned subsidiaries within the group.

At the Statement of Financial Position date Global Education Management Systems Limited was owed £11,055 in the Director's Loan account to J Varkey a Director of the Group (2020 - £1,184,779 owed to the director).

During 2020 the Company took the decision to write off ETOY balance of £Nil (2020 - £4,372,352) as the Company was no longer trading. The write off has been taken to administrative expenses.

The net inter-company group and related companies balances totals £117,645,684 (2020 - £116,432,152). A letter of support is in place from the Varkey group, the ultimate parent company.

Included in the company debtors are the following amounts receivable from direct subsidiaries: £15,812,343 (2020 - £15,804,567) receivable from GEMS School Finance Ltd, £454,391 (2020 - £436,980) receivable from GEMS Property Management UK Ltd, £17,815 (2020 - £12,015) receivable from GEMS Spartacus Ltd.

During the year Global Education Management Systems Limited charged management charges amounting to £44,256 (2020 - £Nil) to Kuranda International Limited a fellow group company.

At the Statement of Financial Position date Kuranda International Limited was owed by the Group £105,016 (2020 - £Nil), the balance is payable on demand.

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 21 Immediate parent undertaking and ultimate controlling party

The Company's immediate parent undertaking is Kuranda International Limited, a Company registered in The British Virgin Islands.

The ultimate controlling party is The Varkey Group, of which Mr Sunny Varkey and his immediate family members are beneficiaries.

The largest and smallest group for which group accounts are drawn up is Varkey Group Limited, a company registered at C/o Tricor Services (BVI) Limited, P.O Box 3340, Road Town, Tortola, British Virgin Islands.

### 22 Leases

The Group has seven leases of properties in the UK.

The Group also leases certain items of plant and equipment. These contain only fixed payments over the lease term.

Some of the leases contain break clauses. At 31 August 2021 the carrying amount of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses because on both dates it was considered reasonably certain that the group would not exercise its right to exercise any right to break the lease.

### 23 Right-of-Use Assets

	Land and buildings	Plant, machinery and motor vehicles	Total
	£	£	£
At 31 August 2020	14,105,927	31,377	14,137,304
Additions	-	292,630	292,630
Disposals	-	(17,780)	(17,780)
Amortisation for the year	(1,050,829)	(59,688)	(1,110,517)
Amortisation eliminated on disposal	-	8,551	8,551
At 31 August 2021	<u>13,055,098</u>	<u>255,090</u>	<u>13,310,188</u>

# Global Education Management Systems Limited

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

Lease liabilities	Land and buildings	Plant, machinery and motor vehicles	Total
	£	£	£
At 31 August 2020	14,416,805	35,595	14,452,400
Additions	-	292,630	292,630
Disposals	-	(14,004)	(14,004)
Interest expense	937,685	15,632	953,317
Repayments	(118,234)	(84,662)	(202,896)
At 31 August 2021	<u>15,236,256</u>	<u>245,191</u>	<u>15,481,447</u>
Repayable within 1 year			2,341,185
Repayable within more than 1 year			<u>13,140,262</u>
			<u>15,481,447</u>