

Registration number 05181165

ETHAMES GRADUATE SCHOOL LIMITED

Directors' report and financial statements

for the year ended 31 July 2011

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ETHAMES GRADUATE SCHOOL LIMITED

Company information

Directors	Praveen Kumar Pula Susan Hindley Saripalli Prasada Ratna Rakhi
Secretary	Praveen Kumar Pula
Company number	05181165
Registered office	197 Marsh Wall City of London E14 9SG
Auditors	Optima Audit Ltd 41, Skyline Village Limeharbour London E14 9TS

ETHAMES GRADUATE SCHOOL LIMITED

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ETHAMES GRADUATE SCHOOL LIMITED

Directors' report for the year ended 31 July 2011

The directors present their report and the financial statements for the year ended 31 July 2011

Principal activity

The principal activity of the company continues to be that of higher education and training

Directors

The directors who served during the year are as stated below

Praveen Kumar Pula
Susan Hindley
Saripalli Prasada Ratna Rakhi

Review of the Business

The directors are pleased with the increased turnover. The turnover for the year was £11,941,651 (2010-£8,449,382). The company was able to achieve a high turnover due to the high quality education provided by the company, aggressive marketing carried out and examination services provided by its channel partners. The University of Sunderland, after seeing the excellent facilities and the quality of education, has entered into an agreement to take over the company's Marsh Wall Campus as their London Campus with effect from 19th March 2012. This will potentially reduce the turnover in future but the company will be able to sustain its business under the rapid changes in the Government immigration policy in the UK, as our core business is providing higher education to overseas students.

Statement of 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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and 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.

In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ETHAMES GRADUATE SCHOOL LIMITED

**Directors' report
for the year ended 31 July 2011**

Statement as to disclosure of information to Auditors

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

Auditors

Optima Audit Ltd are deemed to be re-appointed under section 487(2) of the Companies Act 2006

This report was approved by the Board on 30th July 2012 and signed on its behalf by



Praveen Kumar Pula
Director

Independent Auditor's Report to the Shareholders of ETHAMES GRADUATE SCHOOL LIMITED

We have audited the financial statements of ETHAMES GRADUATE SCHOOL LIMITED for the year ended 31 July 2011 on pages 5 to 14 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2011 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.

Opinion on other matter prescribed by the Companies Act 2006.

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Shareholders of
ETHAMES GRADUATE SCHOOL LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

**Gurnek Ark (senior statutory auditor)
For and on behalf of Optima Audit Ltd
Chartered Accountants and
Statutory Auditor**

**41, Skylines Village
Limeharbour
London
E14 9TS**

30th July 2012

ETHAMES GRADUATE SCHOOL LIMITED

Profit and loss account for the year ended 31 July 2011

		Continuing operations	
		2011	2010
	Notes	£	£
Turnover	2	11,941,617	8,449,382
Cost of sales		(4,723,598)	(3,163,982)
Gross profit		7,218,019	5,285,400
Administrative expenses		(6,136,262)	(3,863,312)
Other operating income		22,000	12,833
Operating profit	3	1,103,757	1,434,921
Other interest receivable and similar income	5	11,177	23,079
Profit on ordinary activities before taxation		1,114,934	1,458,000
Tax on profit on ordinary activities	7	(303,243)	(420,726)
Profit for the year		811,691	1,037,274

There are no recognised gains or losses other than the profit or loss for the above two financial years

The notes on pages 8 to 14 form an integral part of these financial statements.

ETHAMES GRADUATE SCHOOL LIMITED

Balance sheet as at 31 July 2011

		2011		2010	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		2,583,552		2,519,182
Current assets					
Debtors	9	7,007,100		11,226,645	
Cash at bank and in hand		1,079,536		2,448,673	
		<u>8,086,636</u>		<u>13,675,318</u>	
Creditors: amounts falling due within one year	10	<u>(9,815,938)</u>		<u>(15,975,214)</u>	
Net current liabilities			<u>(1,729,302)</u>		<u>(2,299,896)</u>
Total assets less current liabilities			854,250		219,286
Provisions for liabilities	11		<u>(143,683)</u>		<u>(86,410)</u>
Net assets			<u>710,567</u>		<u>132,876</u>
Capital and reserves					
Called up share capital	13		10,000		10,000
Profit and loss account			700,567		122,876
Shareholders' funds	14		<u>710,567</u>		<u>132,876</u>

The financial statements were approved by the Board on 30th July 2012 and signed on its behalf by



Praveen Kumar Pula
Director

Registration number 05181165

The notes on pages 8 to 14 form an integral part of these financial statements.

ETHAMES GRADUATE SCHOOL LIMITED

Cash flow statement for the year ended 31 July 2011

	Notes	2011 £	2010 £
Reconciliation of operating profit to net cash outflow from operating activities			
Operating profit		1,103,757	1,434,921
Depreciation		370,061	336,449
Decrease in debtors		4,219,545	(11,046,518)
(Decrease) in creditors		(6,071,738)	14,205,132
Net cash outflow from operating activities		<u>(378,375)</u>	<u>4,929,984</u>
Cash flow statement			
Net cash outflow from operating activities		(378,375)	4,929,984
Returns on investments and servicing of finance	16	11,177	16,909
Taxation	16	(324,034)	(425,001)
Capital expenditure	16	(434,431)	(2,649,570)
		<u>(1,125,663)</u>	<u>1,872,322</u>
Equity dividends paid		(234,000)	(1,237,000)
Decrease in cash in the year		<u>(1,359,663)</u>	<u>635,322</u>
Reconciliation of net cash flow to movement in net debt (Note 16)			
Decrease in cash in the year		(1,359,663)	635,322
Net funds at 1 August 2010		2,428,149	1,792,827
Net funds at 31 July 2011		<u>1,068,486</u>	<u>2,428,149</u>

The notes on pages 8 to 14 form an integral part of these financial statements

ETHAMES GRADUATE SCHOOL LIMITED

Notes to the financial statements for the year ended 31 July 2011

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

1.2. Turnover

Turnover represents total fees receivable, net of value added tax. Income is recognised evenly over the duration of each course which can be up to three years. Fees invoiced in respect of future accounting periods are included in deferred income.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Straight line over the life of the lease
Plant and machinery	-	20% reducing balance
Fixtures, fittings and equipment	-	10% straight line basis
Motor vehicles	-	25% reducing balance

1.4. Financial Instruments

Financial Instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1.5. Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

1.6. Deferred Taxation

Deferred Tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

	2011 £	2010 £
Operating profit is stated after charging		
Depreciation and other amounts written off tangible assets	370,061	336,577
Auditors' remuneration (Note 4)	5,400	4,800
and after crediting		
Profit on disposal of tangible fixed assets	-	128

ETHAMES GRADUATE SCHOOL LIMITED

Notes to the financial statements for the year ended 31 July 2011

4. Auditors' remuneration

	2011	2010
	£	£
Auditors' remuneration - audit of the financial statements	5,400	4,800

5. Interest receivable and similar income

	2011	2010
	£	£
Bank interest	11,177	16,909
Other interest	-	6,170
	<u>11,177</u>	<u>23,079</u>

6. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were

2011	2010
Number	Number
184	69

Employment costs

	2011	2010
	£	£
Wages and salaries	1,353,689	1,144,650
Social security costs	101,107	89,943
	<u>1,454,796</u>	<u>1,234,593</u>

6.1. Directors' remuneration

	2011	2010
	£	£
Remuneration and other emoluments	<u>73,746</u>	<u>72,375</u>

ETHAMES GRADUATE SCHOOL LIMITED

**Notes to the financial statements
for the year ended 31 July 2011**

7. Tax on profit on ordinary activities

Analysis of charge in period	2011 £	2010 £
Current tax		
UK Corporation tax rate	28% & 26%	28%
UK corporation tax	245,970	334,316
Total current tax charge	<u>245,970</u>	<u>334,316</u>
Deferred tax		
Timing differences, origination and reversal	57,273	86,410
Total deferred tax	<u>57,273</u>	<u>86,410</u>
Tax on profit on ordinary activities	<u>303,243</u>	<u>420,726</u>

8. Tangible fixed assets	Short leasehold property £	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost						
At 1 August 2010	2,138,238	109,384	677,280	12,804	30,000	2,967,706
Additions	285,699	-	148,732	-	-	434,431
At 31 July 2011	<u>2,423,937</u>	<u>109,384</u>	<u>826,012</u>	<u>12,804</u>	<u>30,000</u>	<u>3,402,137</u>
Depreciation						
At 1 August 2010	213,824	-	210,501	11,074	13,125	448,524
Charge for the year	242,394	-	123,102	346	-	
4,219	370,061					
At 31 July 2011	<u>456,218</u>	<u>-</u>	<u>333,603</u>	<u>11,420</u>	<u>17,344</u>	<u>818,585</u>
Net book values						
At 31 July 2011	<u>1,967,719</u>	<u>109,384</u>	<u>492,409</u>	<u>1,384</u>	<u>12,656</u>	<u>2,583,552</u>
At 31 July 2010	<u>1,924,414</u>	<u>109,384</u>	<u>466,779</u>	<u>1,730</u>	<u>16,875</u>	<u>2,519,182</u>

ETHAMES GRADUATE SCHOOL LIMITED

Notes to the financial statements for the year ended 31 July 2011

9. Debtors	2011	2010
	£	£
Trade debtors	3,925,904	6,861,665
Deferred Expenditure (Note 17 1)	1,666,667	1,766,667
Other debtors	644,055	610,739
Prepayments and accrued income	770,474	1,987,574
	<u>7,007,100</u>	<u>11,226,645</u>
10. Creditors: amounts falling due within one year	2011	2010
	£	£
Bank overdraft	11,050	20,524
Trade creditors	6,922	11,109
Corporation tax	245,970	334,316
Other taxes and social security costs	17,852	30,020
Directors' accounts	15,991	2,230
Other creditors	14,987	24,692
Accruals and deferred income	9,503,166	15,552,323
	<u>9,815,938</u>	<u>15,975,214</u>
11. Provisions for liabilities		
Deferred taxation (Note 12)		
	£	
At 1 August 2010	86,410	
Movements in the year	57,273	
At 31 July 2011	<u>143,683</u>	
12. Provision for deferred taxation	2011	2010
	£	£
Deferred tax charge in profit and loss account	57,273	86,410
Provision at 31 July 2011	<u>57,273</u>	<u>86,410</u>

ETHAMES GRADUATE SCHOOL LIMITED

Notes to the financial statements for the year ended 31 July 2011

13. Share capital	2011	2010
	£	£
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000
Equity Shares		
10,000 Ordinary shares of £1 each	10,000	10,000
14. Reconciliation of movements in shareholders' funds	2011	2010
	£	£
Profit for the year	811,691	1,037,274
Dividends	(234,000)	(1,237,000)
	577,691	(199,726)
Opening shareholders' funds	132,876	332,602
Closing shareholders' funds	710,567	132,876
15. Gross cash flows	2011	2010
	£	£
Returns on investments and servicing of finance		
Interest received	11,177	16,909
Taxation		
Corporation tax paid	(350,000)	(425,001)
Corporation tax repaid	25,966	-
	(324,034)	(425,001)
Capital expenditure		
Payments to acquire tangible assets	(434,431)	(2,669,570)
Receipts from sales of tangible assets	-	20,000
	(434,431)	(2,649,570)

ETHAMES GRADUATE SCHOOL LIMITED

Notes to the financial statements for the year ended 31 July 2011

16 Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	2,448,673	(1,369,137)	1,079,536
Overdrafts	(20,524)	9,474	(11,050)
	<u>2,428,149</u>	<u>(1,359,663)</u>	<u>1,068,486</u>
Net funds	<u>2,428,149</u>	<u>(1,359,663)</u>	<u>1,068,486</u>

17) Related Party Transactions

17.1 Control

The company was under control of directors Mr Praveen Kumar Pula & Mrs Saripalli Prasada Ratna Rakhi throughout the current and previous year. They are the only share holders of the company and own 50% each, of the issued share capital.

Transactions with related parties

The company has sought services in respect of advertising and promotional, screening and vetting the students and IT support services, from the following companies in which Mr Praveen Kumar Pula & Mrs Saripalli Prasada Ratna Rakhi have controlling interest. These services were on an arms length basis. The balance owed to the company as at 31 July 2011-£1,666,667 (2010-£1,766,667) and £30,098 (2010-nil) are shown under deferred expenditure and other debtors respectively, refer note 9.

	Balance as at 1 August 2010	Services for the year	Payments	Balance as at 31 July 2011
Indo Thames Developers	1,766,667	500,000	(400,000)	1,666,667
PTV Ltd		251,715	(215,715)	
Ethames Technologies Pvt Ltd		136,000	(136,000)	
Ethames Advertising Pvt Ltd		218,826	(218,826)	
Networth Consultants Pvt Ltd		339,164	(339,164)	
Ethames Executive Training Ltd			30,098	30,098

17.2 During the year Susan Hindley, a director of the company, was advanced with a loan of £18,500 and the balance as at 31st July 2011 was £ 13,500, shown under the Other Debtors. Interest is payable on this loan at an agreed rate.

ETHAMES GRADUATE SCHOOL LIMITED

Notes to the financial statements for the year ended 31 July 2011

18) Operating Lease

The Company has entered into Commercial Property leases for two campuses for a period of 10 years in the previous year end and the commitments are as follows,

	2012	2011
Within next 12 months	-	766,266
1-2 years	1,160,892	-
2-5 years	1,741,338	-
Above 5 years	1,741,338	-