

Le Cordon Bleu Limited

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 00408009

SATURDAY



A9DG29RS

A18

12/09/2020

#168

COMPANIES HOUSE

Le Cordon Bleu Limited

Company Information

Directors	Le Cordon Bleu International BV A A M F Cointreau
Registered number	00408009
Registered office	15 Bloomsbury Square London WC1A 2LS
Independent auditor	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA

Le Cordon Bleu Limited

Contents

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Directors' responsibilities statement	6
Independent auditor's report	7 - 9
Statement of income and retained earnings	10
Statement of financial position	11
Statement of cash flows	12
Notes to the financial statements	13 - 27

Le Cordon Bleu Limited

Strategic Report For the Year Ended 31 December 2019

Business review

Le Cordon Bleu Limited has amongst its primary objectives the development of excellence in training, education and related fields and the enhancement of the reputation of the trade name and trademark "Le Cordon Bleu". The company achieves this objective through disseminating the culinary savoir-faire of the best master chefs in its state of the art facility in Bloomsbury Square, London. It also delivers higher education courses in Restaurant and Hospitality management and nutrition. The company is committed to promoting the highest ethical behaviour of all employees and establishing sound business practices generating sufficient financial returns to allow development of its educational programme, investment in its staff and in its community responsibilities.

Le Cordon Bleu Limited's activities include training and education in the culinary and hospitality management fields. The world famous Le Cordon Bleu academies and institutes of classical French cuisine and patisserie originated in Paris in 1895 and have subsequently expanded into the domain of hospitality education, with establishments opened or in the process of opening in other parts of the world including London, England (1933), North America (1988), Tokyo, Japan (1991), Sydney, Australia (1996), Mexico (1998), Adelaide, Australia (1999, Degree in Restaurant & Hospitality Management), Central America (2000, Degree in Hospitality), USA (2000, Associate Degree in Restaurant Management and 2004 Degree in Hotel and Restaurant Management), Peru (2000, Degree in Hospitality and Culinary), Korea (2002), USA (2004, Degree in Hotel and Restaurant Management), Lebanon (2004, Degree in Hospitality), New Zealand (2006 BA in Culinary Arts), Thailand (2007), Spain (2007), Malaysia (2010), Shanghai, China (2012), Rio de Janeiro, Brazil (2012), Turkey (2012), Taiwan (2012), India (2013), Philippines (2013), Chile (2014), Sao Paulo, Brazil (2016), London (2017, Bachelor of Business Administration) and Beijing, China (2018).

Le Cordon Bleu Limited is committed to innovation and best practice in Gastronomy, Hospitality and Management and honours its commitments through teaching, learning and research conducted in conjunction with the development of products and services. The company has continued to develop new courses and programmes. The first cohort of the BBA Culinary Industry Management, jointly delivered with Birkbeck (University of London) started in September 2018. In addition, a Msc in Culinary Innovation Management has been developed and will also be jointly delivered with Birkbeck with the first cohort currently scheduled to start in September 2020.

The company has also developed an internship programme enabling students to have an opportunity of working in the culinary and hospitality industry to put into practice the skills learnt on its programmes and help support their future careers.

The company has responded to the increased attention in society towards lowering meat consumption and has launched in 2020 its Diploma in Plant-Based Culinary Arts following on from its Diploma in Gastronomy, Nutrition & Food Trends.

Performance

The directors are pleased to report that the company has delivered continues to be profitable during the year despite the general economic uncertainty. The company's Statement of Income and Retained Earnings is set out on page 10 and shows turnover for the year of £9,029k (2018: £9,672k) and a pre-tax profit of £187k (2018: £279k). EBITDA was £1,034k (2018: £1,117k).

Turnover has decreased by 6.6% compared to prior year. The directors feel that this is a satisfactory result given the general political and economic uncertainty as a result of the vote for the UK to leave the EU, which has impacted the number the number of overseas students wanting to commit to a course in the UK at this time.

The company has continued to strengthen its balance sheet. The net asset position in the balance sheet has improved such that at the year-end the company has net current assets of £5.18m (2018: £3.96m) and net assets of £309k (£213k).

Le Cordon Bleu Limited

Strategic Report (continued) For the Year Ended 31 December 2019

Financial key performance indicators

	2019	2018
Turnover from operations (£'000)	9,029	9,672

Revenue growth is key to measuring the success of our business strategies.

Net margin from continuing operations (%)	1.1	1.7
Net result from continuing operations (£'000)	96	165

Net margin and result (which is based on the post tax performance) provides an indication of the efficiency of Le Cordon Bleu Limited, the level of shareholder return and the success of our business strategies.

Principal risks and uncertainties

The UK market remains complex and competitive and the company has responded to the challenge by providing students with new courses and internship programmes to differentiate itself further from its competitors. In addition, the development of a jointly delivered degree and Master's programmes with Birkbeck (University of London) has provided the company with new products to both enhance its reputation and increase student numbers.

One of the challenges facing all higher education providers is the UK Government's increasing regulatory requirements for non-EU students. This will continue to prove to be a challenge for the company. However, the company through the LCB international network of schools and through experienced international agents has historically demonstrated a strength in securing students from these markets and anticipates doing so in the coming year.

On 18 February 2019 the company was admitted to the register of the Office for Students. This allows the company to continue to be a Tier 4 visa sponsor and is subject to regular review and monitoring by the Quality Assurance Agency for Higher Education. The company holds accreditations from NCFE (a national education awarding organisation) and the British Accreditation Council.

Another challenge for the company will be the continued uncertainty on the visa requirements for EU students following Brexit. The company will monitor developments and invest in any necessary training and systems required to meet any new regulatory requirements for EU nationals looking to study in the UK.

Other key risks include the continued increase in competition with the opening of new academies and cookery schools. These are monitored by the board of directors.

The company requires full payment of course fees prior to the start of the course which significantly reduces the risk of bad debts.

The company monitors its cash flows as part of its regular control procedures. The board considers cash flow projections and ensures that appropriate facilities are available to be drawn upon as necessary. Cash flow forecasts are currently being reworked in response to the impact on the business of the spread of Covid-19 and the company is taking steps to mitigate costs and cash outflows during this period of uncertainty.

The company recognises its obligations to ensure development and retention of staff. This is achieved by ensuring the teaching team have appropriate qualifications and are supported with continual development to ensure they maintain teaching excellence on all courses.

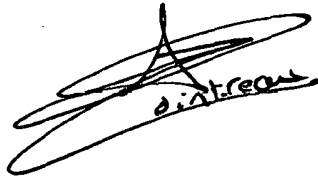
Le Cordon Bleu Limited

Strategic Report (continued) For the Year Ended 31 December 2019

This report was approved by the board on 29 May 2020

and signed on its behalf.

A A M F Cointreau
Director

A handwritten signature in black ink, appearing to read 'A A M F Cointreau', with a large, stylized flourish above it.

Le Cordon Bleu Limited

Directors' Report For the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company during the year was the operation of the Le Cordon Bleu Culinary Art Institute in London, providing training in cookery and related products and services.

Business review

A review of the business performance and its principal risks and uncertainties is set out in the Strategic Report on pages 1 to 3 of these financial statements.

Results and dividends

The profit for the year, after taxation, amounted to £95,698 (2018 - £165,155).

The directors do not recommend the payment of a dividend (2018 - £nil).

Post balance sheet events

Subsequent to the year end, the spread of Covid-19 has impacted the ability of the company to deliver the culinary and hospitality courses as planned. The start date for courses due to commence from April 2020, which have mostly been paid for in advance, was deferred until such a time as the Government and the company considered it safe and appropriate for teaching to resume. The company has developed a blended online and practical teaching programme which allows it to re-commence teaching in June following the recent Government announcement to ease the lockdown.

The company entered this current period of uncertainty with a positive balance sheet, good level of cash reserves and liquidity, as well as continued support from its parent company. Management have since reworked the company's cash flow forecasts for the likely impact of the Covid-19 pandemic, which factor in certain cost mitigating actions, including the take up of some of the financial support made available by the Government to aid businesses during this time. The recent Government announcement to ease the lockdown restrictions has meant the company will look to resume its operations at the end of June 2020 albeit with restricted levels of students.

Having considered all of the above, the directors are of the opinion that in all likelihood the company will be able to weather the impact of Covid-19 and continue as a going concern for the foreseeable future, being a period of at least twelve months from the date of approving these financial statements.

However, in making this assessment, the directors recognise that it is currently very difficult to assess how the Covid-19 situation will evolve and there is a possibility that teaching, at least in the company's traditional sense, may not be able to resume for an extended period of time. Should the Government re-impose its lockdown restrictions, in a severe downside scenario, with no courses delivered, and therefore no revenue generated over an extended period of time, additional funds would be required within the next twelve months for the company to continue in operation. Such funds would most likely be sought from the company's parent company and/or its bank, both of whom have indicated their present intention to support the business. However, in these unprecedented times there can be no guarantee that they will do so if the lockdown measures are re-introduced or extended over a significant period of time. On this basis there is considered to be a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern. See note 2.3 for further information.

Le Cordon Bleu Limited

Directors' Report (continued) For the Year Ended 31 December 2019

Directors

The directors who served during the year and to the date of this report were:

Le Cordon Bleu International BV
R A M R Cointreau (resigned 31 March 2020)
A A M F Cointreau (appointed 31 March 2020)

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

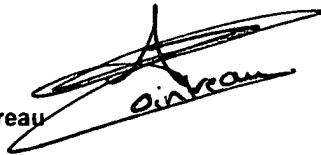
Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 May 2020

and signed on its behalf.

A A M F Cointreau
Director



Le Cordon Bleu Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2019

The directors are responsible for preparing the strategic report, 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 are a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.

Le Cordon Bleu Limited

Independent Auditor's Report to the Members of Le Cordon Bleu Limited

Opinion

We have audited the financial statements of Le Cordon Bleu Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows 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, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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.

Material uncertainty related to going concern

We draw your attention to note 2.3 which indicates the directors considerations of the potential impact of Covid-19 on the company's going concern and that the company may need to raise additional funds to continue in operation. As stated in note 2.3, these events or conditions indicate that a material uncertainty exists which may cast significant doubt over the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Le Cordon Bleu Limited

Independent Auditor's Report to the Members of Le Cordon Bleu Limited (continued)

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.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

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

Le Cordon Bleu Limited

Independent Auditor's Report to the Members of Le Cordon Bleu Limited (continued)

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.

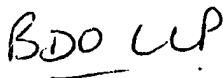
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Wingrave (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom

Date: 29 May 2020

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

Le Cordon Bleu Limited

Statement of Income and Retained Earnings For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	9,028,945	9,672,275
Gross profit		9,028,945	9,672,275
Administrative expenses		(8,642,349)	(9,169,273)
Other operating income	5	124,423	104,089
Operating profit	6	511,019	607,091
Interest receivable and similar income	9	15,149	12,999
Interest payable and expenses	10	(338,782)	(340,952)
Profit before tax		187,386	279,138
Tax on profit	11	(91,688)	(113,983)
Profit after tax		95,698	165,155
Retained earnings at the beginning of the year		(1,770,240)	(1,935,395)
Profit for the year		95,698	165,155
Retained earnings at the end of the year		(1,674,542)	(1,770,240)

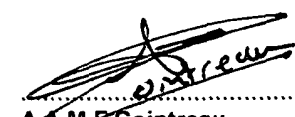
The notes on pages 13 to 27 form part of these financial statements.

Le Cordon Bleu Limited
Registered number:00408009

Statement of Financial Position
As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	5,554,485	5,963,931
Investments	13	155,422	155,322
		<u>5,709,907</u>	<u>6,119,253</u>
Current assets			
Stocks	14	120,457	107,561
Debtors: amounts falling due within one year	15	2,221,418	442,160
Cash at bank and in hand	16	4,562,002	5,278,369
		<u>6,903,877</u>	<u>5,828,090</u>
Creditors: amounts falling due within one year	17	(1,720,048)	(1,867,386)
Net current assets		<u>5,183,829</u>	<u>3,960,704</u>
Total assets less current liabilities		<u>10,893,736</u>	<u>10,079,957</u>
Creditors: amounts falling due after more than one year	18	(5,351,159)	(5,571,827)
Provisions for liabilities			
Deferred tax	19	(98,713)	(102,815)
Deferred income		(5,134,978)	(4,192,127)
Net assets		<u><u>308,886</u></u>	<u><u>213,188</u></u>
Capital and reserves			
Called up share capital	20	873,807	873,807
Share premium account	21	1,109,621	1,109,621
Profit and loss account	21	(1,674,542)	(1,770,240)
		<u><u>308,886</u></u>	<u><u>213,188</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 May 2020.


A.A.M.P. Cointreau
Director

The notes on pages 13 to 27 form part of these financial statements.



Le Cordon Bleu Limited

Statement of Cash Flows For the Year Ended 31 December 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	95,698	165,155
Adjustments for:		
Depreciation of tangible assets	523,051	510,157
Loss on disposal of tangible assets	1,798	-
Interest paid	338,782	340,952
Interest received	(15,149)	(12,999)
Taxation charge	91,688	113,983
(Increase) in stocks	(12,896)	(4,948)
Decrease/(increase) in debtors	92,062	(122,683)
(Increase) in amounts owed by group undertakings	(1,871,320)	(45,231)
Increase/(decrease) in creditors	844,798	(970,657)
(Decrease)/increase in amounts owed to group undertakings	(25,885)	22,879
Corporation tax (paid)	(119,190)	(83,560)
Net cash generated from operating activities	(56,563)	(86,952)
Cash flows from investing activities		
Purchase of tangible fixed assets	(115,403)	(105,390)
Interest received	15,149	12,999
Investment in subsidiary undertaking	(100)	-
Net cash from investing activities	(100,354)	(92,391)
Cash flows from financing activities		
Repayment of loans from group undertakings	(220,668)	(220,668)
Interest paid	(338,782)	(340,952)
Net cash used in financing activities	(559,450)	(561,620)
Net (decrease) in cash and cash equivalents	(716,367)	(740,963)
Cash and cash equivalents at beginning of year	5,278,369	6,019,332
Cash and cash equivalents at the end of year	4,562,002	5,278,369
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,562,002	5,278,369
	4,562,002	5,278,369

The notes on pages 13 to 27 form part of these financial statements.

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

Le Cordon Bleu Limited is a private company incorporated in England and Wales under the Companies Act. It is a company limited by shares. The address of the registered office is given on the Company Information page and the nature of the company's operations and its principal activities is disclosed in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS102") and the Companies Act 2006.

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 the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Le Cordon Bleu International BV as at 31 December 2019 and these financial statements may be obtained from Le Cordon Bleu International BV, Herengracht 28, 1015 BL Amsterdam, The Netherlands.

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.3 Going concern

At 31 December 2019, the company's balance sheet showed a net asset position, with significant net current assets available (including £4.6m of cash). The company reported a profit for the year then ended and was forecasting further profits to be generated in the forthcoming financial year.

Subsequent to the balance sheet date, the spread of Covid-19 has impacted on the ability of the company to deliver culinary and hospitality courses as planned. The start date for courses due to commence from April 2020, which have mostly been paid for in advance, have been deferred until June 2020. Management have taken various actions to mitigate the company's cost base and cash outflows during this period of closure, including the take up of some of the financial support made available by the Government to aid businesses during this time.

Based on revised forecasts that take all of the above factors into account, the directors are of the opinion that in all likelihood the company will have sufficient cash flows to enable it to satisfy its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date of approving these financial statements. As such, they continue to adopt the going concern basis of accounting in preparing the annual financial statements of the company.

However, in making this assessment, the directors recognise that it is currently very difficult to assess how the Covid-19 situation will evolve. As mentioned in the directors' report the company has developed a blended online and practical teaching programme which allows it to re-commence teaching in June. Should the Government re-impose its lockdown restrictions, in a severe downside scenario, with no courses delivered, and therefore no revenue generated over an extended period of time additional funds would be required in the next twelve months for the company to continue in operation. Such funds would most likely be sought from the company's parent company and/or its bank, both of whom have indicated their present intention to support the business. However, in these unprecedented times there can be no guarantee that they will do so if the lockdown measures are re-introduced or extended over a significant period of time. The lack of clarity over how the Covid-19 situation will resolve itself which is dependent on Government action and the resulting potential need for additional funding represents a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

2.4 Exemption from preparing consolidated financial statements

The company is exempt from preparing consolidated financial statements in compliance with the Companies Act 2006 Section 400 on the basis that it is a wholly owned subsidiary of Le Cordon Bleu International BV and its results have been included in the consolidated financial statements of Le Cordon Bleu International BV. These financial statements therefore present information about the company as an individual undertaking and not about its group. The consolidated financial statements of Le Cordon Bleu International BV as at 31 December 2019 may be obtained from Le Cordon Bleu International BV, Herengracht 28, 1015 BL Amsterdam, The Netherlands.

2.5 Revenue

Turnover comprises invoiced tuition fees and the value of merchandise and café sales net of value added tax and discounts. Fees are credited to the Statement of Income and Retained Earnings when the fees are earned. Fees for services not provided in the financial year are credited to deferred income. Merchandise and cafe sales are recognised when the goods are transferred to the customer.

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.6 Tangible fixed assets

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

Long Term Leasehold Property	-	Evenly over the period of the lease
Kitchen Equipment	-	10% per annum straight line
Office equipment	-	20% per annum straight line
Computer equipment	-	33% per annum straight line

2.7 Valuation of investments

Investments in subsidiaries and associates are measured at cost less accumulated impairment.

Investments in unlisted company shares, which have been classified as fixed asset investments as the company intends to hold them on a continuing basis, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

2.9 Operating lease: Lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the period of the lease.

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.10 Financial instruments

With the exception of immaterial fixed asset investments the company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.12 Creditors

Short term creditors are measured at the transaction price.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.14 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings.

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax and is recognised in the Statement of Income and Retained Earnings.

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 income.

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

- 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

2.17 Borrowing costs

All borrowing costs are recognised in the statement of income and retained earnings in the year in which they are incurred.

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions:

Useful lives of property, plant and equipment (see note 12)

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the 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.

Deferred revenue

Courses are paid for by the students upfront and included within deferred income. The balance is then released from deferred income into revenue when the student course takes place. There is a low degree of subjectivity in allocating revenue to the correct period and as a result there is limited estimation uncertainty.

Judgements:

In preparing these financial statements, the key judgement made by the directors has been the appropriateness of the going concern basis of preparation. Further information in this regard is provided in note 2.3.

4. Turnover

The whole of the turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

5. Other operating income

	2019 £	2018 £
Other operating income	124,423	104,089

Other operating income comprises non-refundable deposits on cancelled courses and commission on internal sales to fellow group undertakings.

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	523,051	510,157
Fees payable to the company's auditor for the audit of the company's annual accounts	23,000	22,350
Fees payable to the company's auditor in respect of non-audit services	7,590	6,500
Exchange differences	1,758	10,062
Operating lease rentals	649,560	629,082

7. Employees

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

	2019 £	2018 £
Wages and salaries	2,488,633	2,359,029
Social security costs	259,830	250,721
Cost of defined contribution scheme	61,768	39,062
	2,810,231	2,648,812

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
School Operation	27	25
Restaurant Operation	6	7
Academic	4	4
Marketing	14	15
Finance	12	11
	63	62

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	72,108	71,313
Company contributions to defined contribution pension schemes	2,583	2,579

9. Interest receivable

	2019 £	2018 £
Other interest receivable	15,149	12,999

10. Interest payable and similar expenses

	2019 £	2018 £
Other interest payable	209	770
Loans from group undertaking	338,573	340,182
	338,782	340,952

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	95,795	119,205
Adjustments in respect of previous periods	(5)	(705)
Total current tax	95,790	118,500
Deferred tax		
Origination and reversal of timing differences	(4,106)	(4,517)
Adjustment in respect of previous periods	4	-
Taxation on profit on ordinary activities	91,688	113,983

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	187,386	279,138
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	35,603	53,036
Effects of:		
Expenses not deductible for tax purposes	361	5,259
Income not taxable for tax purposes	(5,016)	-
Fixed asset differences	60,258	55,862
Changes to tax rates	483	531
Adjustments to tax charge in respect of previous periods	(1)	(705)
Total tax charge for the year	91,688	113,983

Factors that may affect future tax charges

There were no factors that may materially affect future tax charges.

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

12. Tangible fixed assets

	Long term leasehold property £	Kitchen equipment £	Office equipment and motor vehicles £	Computer equipment £	Total £
Cost					
At 1 January 2019	7,409,879	1,586,514	254,282	450,503	9,701,178
Additions	-	55,819	30,125	29,459	115,403
Disposals	-	-	(9,959)	-	(9,959)
At 31 December 2019	7,409,879	1,642,333	274,448	479,962	9,806,622
Depreciation					
At 1 January 2019	2,099,485	1,044,521	184,773	408,468	3,737,247
Charge for the year	317,149	157,205	19,991	28,706	523,051
Disposals	-	-	(8,161)	-	(8,161)
At 31 December 2019	2,416,634	1,201,726	196,603	437,174	4,252,137
Net book value					
At 31 December 2019	4,993,245	440,607	77,845	42,788	5,554,485
At 31 December 2018	5,310,394	541,993	69,509	42,035	5,963,931

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

13. Fixed asset investments

	Investments in subsidiaries £	Investments in associates £	Unlisted investments £	Total £
Cost or valuation				
At 1 January 2019	-	155,230	92	155,322
Additions	100	-	-	100
At 31 December 2019	<u>100</u>	<u>155,230</u>	<u>92</u>	<u>155,422</u>

Subsidiary undertaking

The following was a subsidiary of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Gastronomist Limited	15 Bloomsbury Square, London, United Kingdom	Restaurant operation	Ordinary	100%

Associate undertaking

The following was an associate of the company:

Name	Registered office	Principal activity	Class of shares	Holding
LCB Shanghai Culinary Arts Academy	101, Gui Zhou Road, Huangpu District, Shanghai China	Provision of training in cookery and related products and services	Ordinary	49%

14. Stocks

	2019 £	2018 £
Finished goods	<u>120,457</u>	<u>107,561</u>

Stock recognised in administrative expenses during the year as an expense was £140,835 (2018 - £232,991).

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

15. Debtors

	2019 £	2018 £
Trade debtors	27,371	179,391
Amounts owed by group undertakings	1,924,617	53,297
Other debtors	29,977	34,563
Prepayments and accrued income	239,453	174,909
	<u>2,221,418</u>	<u>442,160</u>

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>4,562,002</u>	<u>5,278,369</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	244,301	316,252
Loans from group undertakings	220,668	220,668
Amounts owed to group undertakings	404,696	430,581
Corporation tax	65,790	89,190
Other taxation and social security	419,647	310,193
Other creditors	134,398	146,234
Accruals and deferred income	230,548	354,268
	<u>1,720,048</u>	<u>1,867,386</u>

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

18. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Loan from group undertaking	5,351,159	5,571,827
	<u>5,351,159</u>	<u>5,571,827</u>

The loan from the group undertaking attracts interest at a rate of LIBOR + 5% per annum and is repayable in quarterly instalments of £55,167. It is due to be fully repaid in 25 years from the date of drawdown.

19. Deferred taxation

	2019 £
At beginning of year	(102,815)
Credit to profit or loss	4,102
At end of year	<u>(98,713)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(101,001)	(104,216)
Short term timing differences	2,288	1,401
	<u>(98,713)</u>	<u>(102,815)</u>

20. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
873,807 (2018 - 873,807) Ordinary shares of £1.00 each	<u>873,807</u>	<u>873,807</u>

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

21. Reserves

The company's reserves are as follows:

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

22. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £59,185 (2018 - £36,483). Contributions totalling £13,462 (2018 - £8,219) were payable to the fund at the reporting date.

23. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	649,560	629,082
Later than 1 year and not later than 5 years	2,598,240	2,516,330
Later than 5 years	7,323,122	7,721,341
	<u>10,570,922</u>	<u>10,866,753</u>

On 5 April 2011, the company entered into a twenty five year lease for land and buildings with annual commitments of £513,447, increasing in line with RPI each year. The minimum lease payments included above are based on rent payments made in the year; future RPI increases have not been forecast for the purposes of this disclosure.

24. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking within that group.

During the year, the company was charged rent of £649,560 (2018 - £629,082) by Provision Pacifico Limited, a company controlled by the ultimate controlling party. At the year end £nil (2018 - £nil) was owed to Provision Pacifico Limited.

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

25. Controlling party

The ultimate parent undertaking of the smallest and largest group of which the company is a member is Le Cordon Bleu International BV, a company incorporated in the Netherlands.

The company is included in the consolidated financial statements of Le Cordon Bleu International BV and those accounts are available from Le Cordon Bleu International BV, Herengracht 28, 1015 BL Amsterdam, The Netherlands.

The ultimate controlling party is Stichting La Fondation André Cointreau, resident in The Netherlands.

26. Subsequent events

As further described in note 2.3, subsequent to the balance sheet date, the spread of Covid-19 has impacted on the ability of the company to deliver culinary and hospitality courses as planned. This has had an adverse impact on the company's revenue and profit generation.