

Le Cordon Bleu Limited

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 00408009



Le Cordon Bleu Limited

Company Information

| | |
|----------------------------|---|
| Directors | A A M F Cointreau Le Cordon Bleu International BV |
| 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

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Le Cordon Bleu Limited

Group Strategic Report For the Year Ended 31 December 2020

Introduction

The directors present their strategic report for the group headed by Le Cordon Bleu Limited for the year ended 31 December 2020.

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) 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 is also being jointly delivered with Birkbeck with the first cohort having started 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. The success of this programme had led to the development of the Diploma in Patisserie Innovation and Wellness.

The company, through its subsidiary Gastronomist Limited, has acquired a lease at 85 Fleet Street to develop a high end restaurant, café and courses for private individuals and corporates. The facility will open, COVID-19 restrictions permitting, in the autumn of 2021. The facility will also enable students to gain some practical understanding of an operating hospitality business.

Le Cordon Bleu Limited

Group Strategic Report (continued) For the Year Ended 31 December 2020

Performance

The performance of the group has been significantly affected by COVID-19 and the results reflect the impact of Government imposed lockdowns, restrictions on travel and social distancing rules within the training facility. The directors remain confident on the prospects for the group given the strong student numbers prior to the pandemic and the continued level of student enquiries. Trading results are expected to improve as COVID-19 related restrictions are eased.

The pandemic has created significant challenges but the group has put in place processes and procedures to mitigate as far as possible the financial effects. The Consolidated Statement of Comprehensive Income is set out on page 11 and shows turnover for the year of £5,612k (2019: £9,029k) and a post-tax loss of £1,699k (2019: profit of £92k).

Turnover has decreased by 37.8% compared to prior year primarily due to the loss of one term's revenue following the Government imposed lockdown in March 2020 and the subsequent uncertainty surrounding COVID-19 related travel restrictions. The directors note that the group was trading ahead of 2019 levels pre-COVID-19 which supports their view that post-COVID-19 the group should return to growth.

The loss has adversely the group's balance sheet. However, the group still has net current assets of £1,175k (2019: £4,149k) and cash balance of £2,303k (2019: £4,593k) and remains well placed to move forward as COVID-19 restrictions ease.

Financial key performance indicators

| | 2020 | 2019 |
|---|---------|-------|
| Turnover from operations (£'000) | 5,612 | 9,029 |
| Net result from continuing operations (£'000) | (1,699) | 92 |

The net loss reflects the fixed costs of the business such as rent and rates. The directors have, with management, introduced heightened cash and cost monitoring actions, including the deferral of certain rent and loan repayments to related undertakings and the take up of some of the financial support made available by the Government to aid businesses during this time, with £367,139 received under the Coronavirus Job Retention Scheme. As a result, while turnover has decreased by £3,417k the net result has only reduced by £1,792k.

Le Cordon Bleu Limited

Group Strategic Report (continued) For the Year Ended 31 December 2020

Principal risks and uncertainties

The principal risk and uncertainty facing the group is the impact on COVID-19. The measures, such as lockdowns and social distancing, introduced by the UK Government and travel restrictions imposed by Governments across the world create uncertainty. The directors are pleased to note that many prospective students remain interested in starting or concluding their studies as the restrictions are eased.

The UK market remains complex and competitive and the group 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 group. However, the group 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.

Le Cordon Bleu Limited was admitted to the register of the Office for Students in 2019. 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 is subject to regular inspection from the British Accreditation Council, holds accreditation from NCFE (a national education awarding organisation) and a number of its courses are credit-rated on the Scottish Credit and Qualifications Framework through the Scottish Qualifications Authority.

Another challenge for the group will be the change in the visa requirements for EU students following Brexit. The group 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 group requires full payment of course fees prior to the start of the course which significantly reduces the risk of bad debts.

The group 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 continue to be reworked in response to the impact on the business of the spread of COVID-19 and the group continues to take steps to mitigate costs and cash outflows during this period of uncertainty.

The group 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.

This report was approved by the board on 27/07/2021 and signed on its behalf.

A A M F Cointreau
Director


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Le Cordon Bleu Limited

Directors' Report For the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company during the year was the operation of the Le Cordon Bleu Culinary Arts Institute in London, providing training in cookery and related products and services. The group carries out the same activities in Shanghai, China, through an associated undertaking and is in the process of setting up a restaurant in London through the company's subsidiary, Gastronomist Limited.

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 loss for the year, after taxation, amounted to £1,699,215 (2019 - profit of £92,294).

The directors do not recommend the payment of a dividend (2019 - £Nil).

Directors

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

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

Subsequent events and going concern

Subsequent to the year end, COVID-19 has continued to impact the ability of the company to deliver the culinary and hospitality courses as planned and the start date for Term 1 was delayed to March. However, with lockdown restrictions in the UK now eased and the vaccination programme progressing well, the group is able to plan to run a full programme of courses going forward and open its restaurant in Autumn 2021. Although travel restrictions remain in place which adversely impacts the number of overseas students currently able to attend courses, student booking numbers are increasing and enquiry levels remain strong.

Based on current forecasts, which have been sensitised to take ongoing COVID-19 uncertainty into account, alongside an undertaking of continued financial support received from the ultimate parent company, the directors are of the opinion that the group and company will be able to 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.

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 and the group'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 and the group's auditor is aware of that information.

Le Cordon Bleu Limited

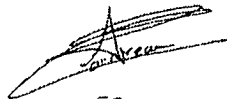
Directors' Report (continued) For the Year Ended 31 December 2020

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 27/07/2021 and signed on its behalf.

A A M F Cointreau
Director


ES

Le Cordon Bleu Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2020

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 group and company 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 the group and of the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Le Cordon Bleu Limited ("the parent company") and its subsidiaries ("the group") for the year ended 31 December 2020 which comprise the Consolidated Statement Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group and 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.

Conclusions relating to going concern

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

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

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

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Opinion on other matters required by the Office for Students ("OfS")

In our opinion, in all material respects:

- Funds from whatever source administered by the parent company for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation; and
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The parent company's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.

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 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 directors either intend 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

- We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the entities within the group that were contrary to applicable laws and regulations, including fraud.
- We considered the group's and parent company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law and UK tax legislation, and we considered the extent to which non-compliance might have a significant effect on the group and the parent company financial statements.
- We designed audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of group management and the directors of the parent company as to the risks of non-compliance and any instances thereof.
- We addressed the risk of management override of internal controls, including testing a sample of journal entries based on risk criteria processed during and subsequent to the year and evaluating whether there was evidence of bias in these entries that represented a risk of material misstatement due to fraud.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Le Cordon Bleu Limited

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

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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.

DocuSigned by:

Christopher Wingrave

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Christopher Wingrave (Senior Statutory Auditor)

For and on behalf of **BDO LLP**, Statutory Auditor

Gatwick

United Kingdom

Date: 29 July 2021

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

Le Cordon Bleu Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2020

| | Note | 2020 £ | 2019 £ |
|--|------|--------------------|------------------|
| Turnover | 4 | 5,611,553 | 9,028,945 |
| Gross profit | | 5,611,553 | 9,028,945 |
| Administrative expenses | | (7,687,850) | (8,733,791) |
| Other operating income | 5 | 402,835 | 124,423 |
| Operating (loss)/profit | 6 | (1,673,462) | 419,577 |
| Share of (loss)/profit in associated undertakings | 13 | (114,797) | 88,038 |
| Interest receivable and similar income | 9 | 7,627 | 15,149 |
| Interest payable and expenses | 10 | (316,152) | (338,782) |
| (Loss)/profit before taxation | | (2,096,784) | 183,982 |
| Tax on (loss)/profit | 11 | 397,569 | (91,688) |
| (Loss)/profit for the financial year | | (1,699,215) | 92,294 |
| Currency translation differences | | 8,684 | (9,613) |
| Other comprehensive income for the year | | 8,684 | (9,613) |
| Total comprehensive income for the year | | (1,690,531) | 82,681 |
| (Loss)/profit for the year attributable to: | | | |
| Owners of the parent company | | (1,699,215) | 92,294 |

The notes on pages 18 to 36 form part of these financial statements.

Le Cordon Bleu Limited

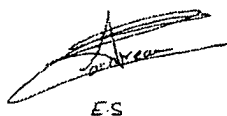
Registered number:00408009

Consolidated Statement of Financial Position As at 31 December 2020

| | Note | 2020 £ | 2019 £ |
|---|------|---------------------------|-----------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 7,260,225 | 6,498,187 |
| Investments | 13 | 184,498 | 290,611 |
| | | <u>7,444,723</u> | <u>6,788,798</u> |
| Current assets | | | |
| Stocks | 14 | 265,802 | 120,457 |
| Debtors: amounts falling due within one year | 15 | 1,224,360 | 1,203,727 |
| Cash at bank and in hand | 16 | 2,303,403 | 4,592,884 |
| | | <u>3,793,565</u> | <u>5,917,068</u> |
| Creditors: amounts falling due within one year | 17 | (2,618,972) | (1,768,283) |
| Net current assets | | <u>1,174,593</u> | <u>4,148,785</u> |
| Total assets less current liabilities | | <u>8,619,316</u> | <u>10,937,583</u> |
| Creditors: amounts falling due after more than one year | 18 | (5,240,825) | (5,351,159) |
| Provisions for liabilities | | | |
| Deferred taxation | 20 | - | (98,713) |
| Deferred income | | <u>(4,716,289)</u> | <u>(5,134,978)</u> |
| Net (liabilities)/assets | | <u><u>(1,337,798)</u></u> | <u><u>352,733</u></u> |
| Capital and reserves | | | |
| Called up share capital | 21 | 873,807 | 873,807 |
| Share premium account | 22 | 1,109,621 | 1,109,621 |
| Profit and loss account | 22 | (3,321,226) | (1,630,695) |
| | | <u><u>(1,337,798)</u></u> | <u><u>352,733</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
27/07/2021

A A M F Cointreau
Director



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The notes on pages 18 to 36 form part of these financial statements.

Le Cordon Bleu Limited

Registered number:00408009

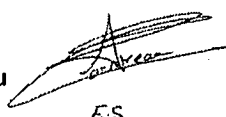
Company Statement of Financial Position As at 31 December 2020

| | Note | 2020 £ | 2019 £ |
|---|------|---------------------------|-----------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 5,055,145 | 5,554,485 |
| Investments | 13 | 155,422 | 155,422 |
| | | <u>5,210,567</u> | <u>5,709,907</u> |
| Current assets | | | |
| Stocks | 14 | 142,659 | 120,457 |
| Debtors: amounts falling due within one year | 15 | 3,856,117 | 2,247,303 |
| Cash at bank and in hand | 16 | 2,232,840 | 4,562,002 |
| | | <u>6,231,616</u> | <u>6,929,762</u> |
| Creditors: amounts falling due within one year | 17 | (2,487,870) | (1,745,933) |
| Net current assets | | <u>3,743,746</u> | <u>5,183,829</u> |
| Total assets less current liabilities | | <u>8,954,313</u> | <u>10,893,736</u> |
| Creditors: amounts falling due after more than one year | 18 | (5,240,825) | (5,351,159) |
| Provisions for liabilities | | | |
| Deferred taxation | 20 | (2,940) | (98,713) |
| Deferred income | | <u>(4,716,289)</u> | <u>(5,134,978)</u> |
| Net (liabilities)/assets | | <u><u>(1,005,741)</u></u> | <u><u>308,886</u></u> |
| Capital and reserves | | | |
| Called up share capital | 21 | 873,807 | 873,807 |
| Share premium account | 22 | 1,109,621 | 1,109,621 |
| Profit and loss account | 22 | (2,989,169) | (1,674,542) |
| | | <u><u>(1,005,741)</u></u> | <u><u>308,886</u></u> |

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The loss after tax of the company was £1,314,627 (2019: profit of £95,698).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27/07/2021

A A M F Cointreau
Director



ES

The notes on pages 18 to 36 form part of these financial statements.

Le Cordon Bleu Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2020

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|----------------------------|--------------------|
| | £ | £ | £ | £ |
| At 1 January 2020 | 873,807 | 1,109,621 | (1,630,695) | 352,733 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (1,699,215) | (1,699,215) |
| Currency translation differences | - | - | 8,684 | 8,684 |
| Total comprehensive income for the year | - | - | (1,690,531) | (1,690,531) |
| At 31 December 2020 | 873,807 | 1,109,621 | (3,321,226) | (1,337,798) |

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2019

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|----------------------------|----------------|
| | £ | £ | £ | £ |
| At 1 January 2019 | 873,807 | 1,109,621 | (1,713,376) | 270,052 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 92,294 | 92,294 |
| Currency translation differences | - | - | (9,613) | (9,613) |
| Total comprehensive income for the year | - | - | 82,681 | 82,681 |
| At 31 December 2019 | 873,807 | 1,109,621 | (1,630,695) | 352,733 |

The notes on pages 18 to 36 form part of these financial statements.

Le Cordon Bleu Limited

Company Statement of Changes in Equity For the Year Ended 31 December 2020

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|----------------------------|--------------------|
| | £ | £ | £ | £ |
| At 1 January 2020 | 873,807 | 1,109,621 | (1,674,542) | 308,886 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (1,314,627) | (1,314,627) |
| Total comprehensive income for the year | - | - | (1,314,627) | (1,314,627) |
| At 31 December 2020 | 873,807 | 1,109,621 | (2,989,169) | (1,005,741) |

Company Statement of Changes in Equity For the Year Ended 31 December 2019

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|----------------------------|----------------|
| | £ | £ | £ | £ |
| At 1 January 2019 | 873,807 | 1,109,621 | (1,770,240) | 213,188 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 95,698 | 95,698 |
| Total comprehensive income for the year | - | - | 95,698 | 95,698 |
| At 31 December 2019 | 873,807 | 1,109,621 | (1,674,542) | 308,886 |

The notes on pages 18 to 36 form part of these financial statements.

Le Cordon Bleu Limited

Consolidated Statement of Cash Flows For the Year Ended 31 December 2020

| | 2020 £ | 2019 £ |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| (Loss)/profit for the financial year | (1,699,215) | 92,294 |
| Adjustments for: | | |
| Depreciation of tangible assets | 572,650 | 523,051 |
| Loss on disposal of tangible assets | - | 1,798 |
| Share of operating loss/(profit) in associates | 114,797 | (88,038) |
| Interest paid | 316,152 | 338,782 |
| Interest received | (7,627) | (15,149) |
| Taxation charge | (397,569) | 91,688 |
| Increase in stocks | (145,345) | (12,896) |
| Decrease/(increase) in debtors | 261,517 | (735,682) |
| Increase in creditors | 514,500 | 841,263 |
| Corporation tax paid | (65,794) | (119,190) |
| Net cash flows from operating activities | (535,934) | 917,921 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (1,334,688) | (1,059,105) |
| Interest received | 7,627 | 15,149 |
| Net cash flows from investing activities | (1,327,061) | (1,043,956) |
| Cash flows from financing activities | | |
| Repayment of loans from group undertakings | (110,334) | (220,668) |
| Interest paid | (316,152) | (338,782) |
| Net cash flows from financing activities | (426,486) | (559,450) |

Le Cordon Bleu Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 31 December 2020

| | 2020 £ | 2019 £ |
|---|--------------------|------------------|
| Net (decrease) in cash and cash equivalents | (2,289,481) | (685,485) |
| Cash and cash equivalents at beginning of year | 4,592,884 | 5,278,369 |
| Cash and cash equivalents at the end of year | 2,303,403 | 4,592,884 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 2,303,403 | 4,592,884 |
| | 2,303,403 | 4,592,884 |

The notes on pages 18 to 36 form part of these financial statements.

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

1. General information

Le Cordon Bleu Limited is a private company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on the Company Information page and the nature of the group's and parent company's operations and their principal activities are 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 unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland 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 group management to exercise judgement in applying the group's accounting policies (see note 3).

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

Parent company disclosure exemption

In preparing the separate financial statements of the parent company, advantage has been taken of the following exemptions available to qualifying entities:

- No cash flow statement, net debt reconciliation or financial instrument disclosures have been presented for the parent company; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Associates

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. Any share of losses are only recognised to the extent that they do not reduce the investment balance below zero as the group has no obligations to make payments on behalf of the associate, and any share of subsequent profits shall be accounted for once the unrecognised profits are equal the unrecognised losses. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition. Any unrealised profits and losses from transactions between the group and the associate are eliminated to the extent of the group's interest in the associate.

2.3 Going concern

At 31 December 2020, the group statement of financial position showed a net liability position of £1,337,798. This amount is stated after the inclusion of a long-term loan amounting to £5,461,493 due to the ultimate parent company, which is being repaid in quarterly instalments of £55,167, and available cash of £2,303,403. The group reported a loss in the year, which is attributed to the impact that the COVID-19 pandemic had on its ability to deliver certain culinary and hospitality courses as originally planned and on the number of students able to attend courses. It also led to the deferral of the opening of the group's new restaurant operation. In response, the directors and management introduced heightened cash and cost monitoring actions, including the deferral of certain rent and loan repayments to related undertakings and the take up of some of the financial support made available by the Government to aid businesses during this time.

Since the year end date, lockdown restrictions in the UK have eased and the vaccination programme has progressed well. The group is therefore able to plan to run a full programme of courses going forward and open its restaurant in Autumn 2021. Although travel restrictions remain in place which adversely impacts the number of overseas students currently able to attend courses, student booking numbers are increasing and enquiry levels remain strong.

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.3 Going concern (continued)

Based on current forecasts, which have been sensitised to take ongoing COVID-19 uncertainty into account, alongside an undertaking of continued financial support received from the ultimate parent company, the directors are of the opinion that the group and company will have sufficient cash flows to enable them to satisfy their 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 group and company.

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

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 Consolidated Statement of Comprehensive Income when the fees are earned, which in the case of tuition fees is when courses are delivered. Fees for services not provided in the financial year are credited to deferred income. Merchandise and café sales are recognised when the goods are transferred to the customer.

2.6 Operating leases: the group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income 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 2020

2. Accounting policies (continued)

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.9 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.

2.10 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income 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 group in independently administered funds.

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Tangible fixed assets

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

Depreciation is provided on the following basis:

| | |
|---------------------------------|---------------------------------------|
| Leasehold property improvements | - 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 |

2.13 Valuation of investments

In the company's individual accounts, investments in subsidiaries and associates are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.14 Stocks

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

2.15 Financial instruments

With the exception of immaterial fixed asset investments the group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, 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 trade debtors and creditors, 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 debtors and creditors, 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 Consolidated Statement of Comprehensive Income.

2.16 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.17 Debtors

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

2.18 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 Consolidated 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 group's cash management.

2.19 Creditors

Short term creditors are measured at the transaction price.

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

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

The group 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 group'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

| | 2020 £ | 2019 £ |
|-------------------------------------|-----------|-----------|
| Other operating income | 35,696 | 124,423 |
| Government grants - furlough income | 367,139 | - |

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 2020

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Depreciation of tangible fixed assets | 572,650 | 523,051 |
| Fees payable to the group's auditor for the audit of the group's annual accounts | 28,000 | 23,000 |
| Fees payable to the group's auditor for the audit of subsidiary | 5,000 | 5,000 |
| Fees payable to the group's auditor in respect of non-audit services | 24,665 | 7,590 |
| Exchange differences | 8,184 | 1,758 |
| Other operating lease rentals | 732,208 | 734,396 |

7. Employees

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

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|-------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Wages and salaries | 2,349,650 | 2,488,633 | 2,192,715 | 2,488,633 |
| Social security costs | 241,262 | 259,830 | 229,823 | 259,830 |
| Cost of defined contribution scheme | 64,813 | 61,768 | 61,181 | 61,768 |
| | <u>2,655,725</u> | <u>2,810,231</u> | <u>2,483,719</u> | <u>2,810,231</u> |

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

| | Group 2020 No. | Group 2019 No. | Company 2020 No. | Company 2019 No. |
|----------------------|----------------------|----------------------|------------------------|------------------------|
| School operation | 26 | 27 | 26 | 27 |
| Restaurant operation | 11 | 6 | 5 | 6 |
| Academic | 4 | 4 | 4 | 4 |
| Marketing | 16 | 14 | 15 | 14 |
| Finance | 12 | 12 | 11 | 12 |
| | <u>69</u> | <u>63</u> | <u>61</u> | <u>63</u> |

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

8. Directors' remuneration

| | 2020 £ | 2019 £ |
|---|---------------|---------------|
| Directors' emoluments | 64,630 | 72,108 |
| Company contributions to defined contribution pension schemes | 1,950 | 5,162 |
| | <u>66,580</u> | <u>77,270</u> |

During the year retirement benefits were accruing to 1 director (2019 - 1) in respect of defined contribution pension schemes.

| | 2020 £ | 2019 £ |
|-----------------------------|----------------|----------------|
| Head of the Provider | | |
| Salary | 97,375 | 100,486 |
| Pension contributions | 2,921 | 2,666 |
| | <u>100,296</u> | <u>103,152</u> |

9. Interest receivable

| | 2020 £ | 2019 £ |
|---------------------------|--------------|---------------|
| Other interest receivable | 7,627 | 15,149 |
| | <u>7,627</u> | <u>15,149</u> |

10. Interest payable and similar expenses

| | 2020 £ | 2019 £ |
|-------------------------------|----------------|----------------|
| Bank interest payable | 1,059 | 209 |
| Loans from group undertakings | 315,093 | 338,573 |
| | <u>316,152</u> | <u>338,782</u> |

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

11. Taxation

| | 2020 £ | 2019 £ |
|---|------------------|----------------|
| Corporation tax | | |
| Current tax on profits for the year | (95,793) | 95,795 |
| Adjustments in respect of previous periods | (1) | (5) |
| Total current tax | (95,794) | 95,790 |
| Deferred tax | | |
| Origination and reversal of timing differences | (313,388) | (4,106) |
| Adjustment in respect of previous periods | - | 4 |
| Changes to tax rates | 11,613 | - |
| Total deferred tax | (301,775) | (4,102) |
| Taxation on (loss)/profit on ordinary activities | (397,569) | 91,688 |

Factors affecting tax charge for the year

The tax assessed for the year varies from the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

| | 2020 £ | 2019 £ |
|---|------------------|---------------|
| (Loss)/profit on ordinary activities before tax | (2,096,784) | 183,982 |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%) | (398,389) | 34,957 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 487 | 361 |
| Income not taxable for tax purposes | - | (5,016) |
| Fixed asset differences | (28,584) | 60,258 |
| Other timing differences | 21,920 | 646 |
| Changes to tax rates | 11,613 | 483 |
| Recognition of losses brought forward | (4,615) | - |
| Adjustments to tax charge in respect of prior periods | (1) | (1) |
| Total tax charge for the year | (397,569) | 91,688 |

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

11. Taxation (continued)

Factors that may affect future tax charges

A change in the main UK corporation tax rate, announced in the Budget on 3 March 2021, was substantively enacted on 24 May 2021. From 1 April 2023 the main corporation tax rate will increase from 19% to 25% on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. Where the profits of UK group companies fall between £50,000 and £250,000, the lower and upper limits, they will be able to claim an amount of marginal relief providing a gradual increase in the corporation tax rate. This will increase the group's future tax charge accordingly.

12. Tangible fixed assets

Group

| | Leasehold property improvements £ | Kitchen equipment £ | Office equipment and motor vehicles £ | Computer equipment £ | Total £ |
|-----------------------|--|---------------------------|---|----------------------------|------------|
| Cost | | | | | |
| At 1 January 2020 | 8,353,581 | 1,642,333 | 274,448 | 479,962 | 10,750,324 |
| Additions | 263,846 | 704,451 | 333,302 | 33,089 | 1,334,688 |
| At 31 December 2020 | 8,617,427 | 2,346,784 | 607,750 | 513,051 | 12,085,012 |
| Depreciation | | | | | |
| At 1 January 2020 | 2,416,634 | 1,201,726 | 196,603 | 437,174 | 4,252,137 |
| Charge for the year | 337,319 | 170,539 | 33,135 | 31,657 | 572,650 |
| At 31 December 2020 | 2,753,953 | 1,372,265 | 229,738 | 468,831 | 4,824,787 |
| Net book value | | | | | |
| At 31 December 2020 | 5,863,474 | 974,519 | 378,012 | 44,220 | 7,260,225 |
| At 31 December 2019 | 5,936,947 | 440,607 | 77,845 | 42,788 | 6,498,187 |

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

12. Tangible fixed assets (continued)

Company

| | Leasehold property improvements £ | Kitchen equipment £ | Office equipment and motor vehicles £ | Computer equipment £ | Total £ |
|-----------------------|--|---------------------------|---|----------------------------|------------|
| Cost | | | | | |
| At 1 January 2020 | 7,409,879 | 1,642,333 | 274,448 | 479,962 | 9,806,622 |
| Additions | - | 4,762 | 3,140 | 21,897 | 29,799 |
| At 31 December 2020 | 7,409,879 | 1,647,095 | 277,588 | 501,859 | 9,836,421 |
| Depreciation | | | | | |
| At 1 January 2020 | 2,416,634 | 1,201,726 | 196,603 | 437,174 | 4,252,137 |
| Charge for the year | 317,149 | 158,852 | 22,105 | 31,033 | 529,139 |
| At 31 December 2020 | 2,733,783 | 1,360,578 | 218,708 | 468,207 | 4,781,276 |
| Net book value | | | | | |
| At 31 December 2020 | 4,676,096 | 286,517 | 58,880 | 33,652 | 5,055,145 |
| At 31 December 2019 | 4,993,245 | 440,607 | 77,845 | 42,788 | 5,554,485 |

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

13. Fixed asset investments

Group

| | Investments in associates £ | Unlisted investments £ | Total £ |
|----------------------------------|--------------------------------------|------------------------------|------------|
| Cost | | | |
| At 1 January 2020 | 155,230 | 92 | 155,322 |
| At 31 December 2020 | 155,230 | 92 | 155,322 |
| Share of retained profits | | | |
| At 1 January 2020 | 135,289 | - | 135,289 |
| Loss for the year | (114,797) | - | (114,797) |
| Currency translation differences | 8,684 | - | 8,684 |
| At 31 December 2020 | 29,176 | - | 29,176 |
| Net book value | | | |
| At 31 December 2020 | 184,406 | 92 | 184,498 |
| At 31 December 2019 | 290,519 | 92 | 290,611 |

Company

| | Investments in subsidiaries £ | Investments in associates £ | Unlisted investments £ | Total £ |
|-----------------------|--|--------------------------------------|------------------------------|------------|
| Cost | | | | |
| At 1 January 2020 | 100 | 155,230 | 92 | 155,422 |
| At 31 December 2020 | 100 | 155,230 | 92 | 155,422 |
| Net book value | | | | |
| At 31 December 2020 | 100 | 155,230 | 92 | 155,422 |
| At 31 December 2019 | 100 | 155,230 | 92 | 155,422 |

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

13. Fixed asset investments (continued)

The undertakings in which the company's interest at the year end is 20% or more are as follows:

Subsidiary undertakings

| Name | Registered office | Class of shares | Holding |
|----------------------|---|-----------------|---------|
| Gastronomist Limited | 15 Bloomsbury Square, London, United Kingdom | Ordinary | 100% |

Associate undertakings

| Name | Registered office | Class of shares | Holding |
|------------------------------------|---|-----------------|---------|
| LCB Shanghai Culinary Arts Academy | 101, Gui Zhou Road, Huangpu District, Shanghai, China | Ordinary | 49% |

14. Stocks

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|-------------------------------|--------------------|--------------------|----------------------|----------------------|
| Raw materials and consumables | 265,802 | 120,457 | 142,659 | 120,457 |

Stock recognised in administrative expenses during the year as an expense was £125,669 (2019 - £140,835).

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

15. Debtors

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Trade debtors | 183,756 | 27,371 | 183,756 | 27,371 |
| Amounts owed by group undertakings | 221,546 | 82,116 | 3,213,120 | 1,950,502 |
| Other debtors | 266,007 | 375,520 | 123,507 | 29,977 |
| Prepayments and accrued income | 349,989 | 718,720 | 335,734 | 239,453 |
| Deferred taxation (see note 20) | 203,062 | - | - | - |
| | <u>1,224,360</u> | <u>1,203,727</u> | <u>3,856,117</u> | <u>2,247,303</u> |

Included within other debtors is an amount of £142,500 (2019: £Nil) which falls due for payment after more than one year.

16. Cash and cash equivalents

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|--------------------------|--------------------|--------------------|----------------------|----------------------|
| Cash at bank and in hand | <u>2,303,403</u> | <u>4,592,884</u> | <u>2,232,840</u> | <u>4,562,002</u> |

17. Creditors: Amounts falling due within one year

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Trade creditors | 1,286,291 | 266,454 | 1,176,603 | 244,301 |
| Amounts owed to group undertakings | - | 430,581 | 79,325 | 430,581 |
| Loan from group undertaking | 220,668 | 220,668 | 220,668 | 220,668 |
| Corporation tax | - | 65,790 | - | 65,790 |
| Other taxation and social security | 571,142 | 419,647 | 559,028 | 419,647 |
| Other creditors | 225,269 | 134,398 | 225,269 | 134,398 |
| Accruals and deferred income | 315,602 | 230,745 | 226,977 | 230,548 |
| | <u>2,618,972</u> | <u>1,768,283</u> | <u>2,487,870</u> | <u>1,745,933</u> |

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

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

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|-----------------------------|--------------------|--------------------|----------------------|----------------------|
| Loan from group undertaking | <u>5,240,825</u> | <u>5,351,159</u> | <u>5,240,825</u> | <u>5,351,159</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. Financial instruments

During the current and prior year neither the group or the company held financial assets or financial liabilities at fair value through profit or loss.

20. Deferred taxation

Group

| | 2020 £ |
|--|-----------------------|
| Deferred tax liability at beginning of year | (98,713) |
| Credit to profit or loss | 301,775 |
| Deferred tax asset at end of year (see note 15) | <u>203,062</u> |

Company

| | 2020 £ |
|--|-----------------------|
| Deferred tax liability at beginning of year | (98,713) |
| Credit to profit or loss | 95,773 |
| Deferred tax liability at end of year | <u>(2,940)</u> |

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Notes to the Financial Statements For the Year Ended 31 December 2020

20. Deferred taxation (continued)

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|--------------------------------|--------------------|--------------------|----------------------|----------------------|
| Accelerated capital allowances | (112,525) | (101,001) | (112,525) | (101,001) |
| Short term timing differences | 2,604 | 2,288 | 2,604 | 2,288 |
| Losses carried forward | 312,983 | - | 106,981 | - |
| | <u>203,062</u> | <u>(98,713)</u> | <u>(2,940)</u> | <u>(98,713)</u> |

21. Share capital

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Allotted, called up and fully paid | | |
| 873,807 (2019 - 873,807) Ordinary shares of £1.00 each | <u>873,807</u> | <u>873,807</u> |

22. Reserves

The group'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.

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

23. Analysis of net debt

| | At 1 January 2020 £ | Cash flows £ | Other non- cash changes £ | At 31 December 2020 £ |
|--------------------------|------------------------------|--------------------|------------------------------------|--------------------------------|
| Cash at bank and in hand | 4,592,884 | (2,289,481) | - | 2,303,403 |
| Debt due after 1 year | (5,351,159) | - | 110,334 | (5,240,825) |
| Debt due within 1 year | (220,668) | 110,334 | (110,334) | (220,668) |
| | <u>(978,943)</u> | <u>(2,179,147)</u> | <u>-</u> | <u>(3,158,090)</u> |

Non-cash changes relate to the reclassification of amounts now falling due within one year.

24. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £64,813 (2019 - £59,185). Contributions totalling £13,706 (2019 - £13,462) were payable to the fund at the reporting date.

25. Commitments under operating leases

At 31 December 2020 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Not later than 1 year | 664,183 | 934,560 | 664,183 | 649,560 |
| Later than 1 year and not later than 5 years | 4,081,732 | 3,738,240 | 2,656,732 | 2,598,240 |
| Later than 5 years | 12,146,519 | 12,720,163 | 6,821,978 | 7,323,122 |
| | <u>16,892,434</u> | <u>17,392,963</u> | <u>10,142,893</u> | <u>10,570,922</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.

Le Cordon Bleu Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

26. Related party transactions

The group 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 £664,183 (2019 - £649,560) by Provision Pacifico Limited, a company controlled by the ultimate controlling party. At the year end £531,751 (2019 - £Nil) was owed to Provision Pacifico Limited.

Key management personnel are considered to be the directors, whose remuneration is disclosed in note 8.

27. Subsequent events

Subsequent to the year end, COVID-19 has continued to impact the ability of the group to deliver the culinary and hospitality courses as planned. The start date for Term 1 was delayed to March and there remains continued restrictions to travel. However, with the restrictions easing the group is well placed to grow student numbers and revenue.

28. 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.