

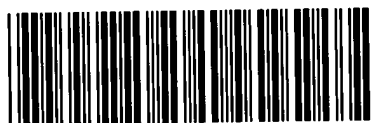
Registered number: 01895361

JUSTIN CRAIG EDUCATION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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JUSTIN CRAIG EDUCATION LIMITED

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JUSTIN CRAIG EDUCATION LIMITED

COMPANY INFORMATION

Directors

N W K Stout
M A McInroy
S H Coles
D Jones
A V A Thick

Registered number

01895361

Registered office

Tytenhanger House
Coursers Road
Colney Heath
St. Albans
Hertfordshire
AL4 0PG

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Portland Building
25 High Street
Crawley
RH10 1BG

Bankers

HSBC Bank plc
60 Queen Victoria Street
London
EC4N 4TR

JUSTIN CRAIG EDUCATION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and the audited financial statements for Justin Craig Education Limited (the "company") for the year ended 31 December 2017. The comparative period for these financial statement is 18 month the period ended 31 December 2016.

Results

The loss for the financial year after tax amounted to £175,630 (2016: £294,565). The net assets in the business were £67,287 at 31 December 2017 (2016: £242,917).

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Directors

The directors who served during the year and up to the date of approval of these financial statements, unless otherwise stated, were:

N W K Stout
M A McInroy
S H Coles
P M Stevens (resigned 23 March 2018)
D Jones
A V A Thick

Going concern

The financial statements have been prepared on a going concern basis, which the directors believe to be appropriate since they have received an undertaking from Kaplan Inc., an intermediate parent undertaking, that it will continue to provide financial support as is required for the company to meet its obligations as they fall due for at least one year after these financial statements are signed.

JUSTIN CRAIG EDUCATION LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disclosure of information to auditors

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 auditors are 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.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Re-appointment of auditors

Pursuant to section 487 of the Companies Act 2006, the auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Small companies

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and the company is exempt from the requirements to prepare a strategic report.

This report was approved by the board on 26 September 2018 and signed on its behalf.



M A McInroy
Director

JUSTIN CRAIG EDUCATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JUSTIN CRAIG EDUCATION LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Justin Craig Education Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JUSTIN CRAIG EDUCATION LIMITED
(CONTINUED)**

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Michael Jones (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
26 September 2018

JUSTIN CRAIG EDUCATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

| | Note | Year ended 31 Dec 2017 £ | Period ended 31 Dec 2016 £ |
|---|------|--------------------------------|----------------------------------|
| Turnover | 4 | 1,613,760 | 1,910,314 |
| Cost of sales | | <u>(805,637)</u> | <u>(854,845)</u> |
| Gross profit | | 808,123 | 1,055,469 |
| Distribution costs | | <u>(228,568)</u> | <u>(241,648)</u> |
| Administrative expenses | | <u>(756,665)</u> | <u>(1,115,084)</u> |
| Operating loss | 5 | (177,110) | (301,263) |
| Interest receivable and similar income | 8 | <u>437</u> | <u>849</u> |
| Loss before taxation | | (176,673) | (300,414) |
| Tax on loss | 9 | <u>1,043</u> | <u>5,849</u> |
| Loss for the financial year/period | | <u>(175,630)</u> | <u>(294,565)</u> |
| Other comprehensive income for the year/period | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the financial year/period | | <u>(175,630)</u> | <u>(294,565)</u> |

JUSTIN CRAIG EDUCATION LIMITED

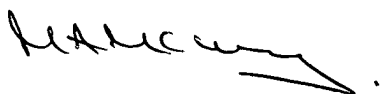
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

| | Note | 31 Dec 2017 £ | 31 Dec 2016 £ |
|--|------|---------------------|---------------------|
| Fixed assets | | | |
| Tangible assets | 10 | <u>3,146</u> | <u>22,506</u> |
| | | 3,146 | 22,506 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 11 | 247,353 | 335,656 |
| Cash at bank and in hand | 12 | <u>298,289</u> | <u>288,671</u> |
| | | 545,642 | 624,327 |
| Creditors: amounts falling due within one year | 13 | <u>(481,501)</u> | <u>(403,916)</u> |
| Net current assets | | <u>64,141</u> | <u>220,411</u> |
| Net assets | | <u>67,287</u> | <u>242,917</u> |
| Capital and reserves | | | |
| Called up share capital | 15 | 100 | 100 |
| Retained earnings | | <u>67,187</u> | <u>242,817</u> |
| Total equity | | <u>67,287</u> | <u>242,917</u> |

The notes on pages 6 to 18 form part of these financial statements.

The financial statements on pages 6 to 18 were approved and authorised for issue by the board and were signed on its behalf on 26 September 2018 by:



M A McInroy
Director

JUSTIN CRAIG EDUCATION LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|---|---------------------------------|---------------------------------|-------------------|
| At 1 July 2015 | 100 | 537,382 | 537,482 |
| Loss for the period | - | (294,565) | (294,565) |
| Total comprehensive expense for the period | - | (294,565) | (294,565) |
| At 31 December 2016 | 100 | 242,817 | 242,917 |

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|---|---------------------------------|---------------------------|-------------------|
| At 1 January 2017 | 100 | 242,817 | 242,917 |
| Loss for the year | - | (175,630) | (175,630) |
| Total comprehensive expense for the year | - | (175,630) | (175,630) |
| At 31 December 2017 | 100 | 67,187 | 67,287 |

JUSTIN CRAIG EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Justin Craig Education Limited ("the company") is a private limited company limited by shares, registered and incorporated in England. The company's registered office is Tyttenhanger House, Coursers Road, Colney Heath, St. Albans, Hertfordshire, AL4 0PG. The activity of the company is the provision of education through short revision courses held at multiple locations throughout the year.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102").

The accounting policies have been applied consistently.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies. These areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following principal accounting policies have been applied in the preparation of these financial statements:

2.2 Going concern

The financial statements have been prepared on a going concern basis, which the directors believe to be appropriate since they have received an undertaking from Kaplan Inc., an intermediate parent undertaking, that it will continue to provide financial support as is required for the company to meet its obligations as they fall due for at least one year after these financial statements are signed.

2.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The company is a qualifying entity as its results are consolidated into the financial statements of Graham Holdings Company, the company's ultimate parent, which are publicly available.

The company has taken advantage of the following exemptions in its individual financial statements:

- (i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- (ii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and the end of the period as required by paragraph 4.12(a)(iv) of FRS 102;
- (iii) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102; and
- (iv) Non-disclosure of transactions or balances with entities that are part of the group or investments of the group qualifying as related parties where 100% of the company's voting rights are controlled within the group. This is a requirement under FRS 102.33.1A.

2.4 Turnover

Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover represents the amount charged for tuition and other services provided. Revenue associated with all transactions is recognised with reference to the stage of completion at the statement of financial position date when the outcome of each transaction can be estimated reliably. Such outcome can be estimated reliably when the following conditions are satisfied; the revenue can be measured reliably, the economic benefits will flow to the company, the stage of completion at the statement of financial position date can be measured reliably and the costs to the company can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

Turnover in the form of fees for tuition and other services, in relation to courses delivered during the year, is recognised evenly over the period of the relevant course. At the statement of financial position date, the company has invoiced all services for the preceding 12 months. Deferred revenue represents amounts invoiced for which the service will be provided in future periods.

2.5 Tangible fixed assets and depreciation

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.

Depreciation is provided on the following basis:

| | | |
|-------------------------------------|---|-----------------------------|
| Fixtures and fittings | - | 33% on cost |
| Office equipment and software costs | - | 33% on cost and 20% on cost |

2.6 Impairment of non-financial assets

At each statement of financial position non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

2.7 Current and deferred taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

2.8 Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

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 payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

(iii) Annual bonus plan

The company operates an annual bonus plan for certain employees. An expense is recognized in the statement of comprehensive income when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

2.9 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2.10 Financial instruments

The company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognized. The impairment reversal is recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is amortised over the period of the facility to which it relates.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 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.

2.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Finance costs

Finance costs are charged to the 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.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Interest income

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

JUSTIN CRAIG EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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

There are no material judgements or estimates in the preparation of these financial statements.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company, the operation of revision courses. All turnover arose within the United Kingdom.

| | Year ended 31 Dec 2017 | Period ended 31 Dec 2016 |
|--------------|---------------------------|-----------------------------|
| | £ | £ |
| Tuition fees | <u>1,613,760</u> | <u>1,910,314</u> |

5. Operating loss

Operating loss is stated after charging:

| | Year ended 31 Dec 2017 | Period ended 31 Dec 2016 |
|--|---------------------------|-----------------------------|
| | £ | £ |
| Staff costs (note 6) | 1,011,466 | 1,281,860 |
| Depreciation of tangible fixed assets | 21,235 | 43,905 |
| Fees payable to the company's auditors in respect of the audit of the company's financial statements | 10,000 | 5,677 |
| Operating lease rentals | <u>-</u> | <u>-</u> |

6. Employees

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

| | Year ended 31 Dec 2017 | Period ended 31 Dec 2016 |
|-----------------------|---------------------------|-----------------------------|
| | £ | £ |
| Wages and salaries | 940,079 | 1,205,833 |
| Social security costs | 68,158 | 71,395 |
| Other pension costs | 3,229 | 4,632 |
| | <u>1,011,466</u> | <u>1,281,860</u> |

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

| | Year ended 31 Dec 2017 | Period ended 31 Dec 2016 |
|----------------------------------|---------------------------|-----------------------------|
| | No. | No. |
| Administration and support staff | <u>17</u> | <u>16</u> |

JUSTIN CRAIG EDUCATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Directors' remuneration

| | Year ended 31 Dec 2017 £ | Period ended 31 Dec 2016 £ |
|---|---|---|
| Aggregate remuneration | 71,052 | 93,568 |
| Company contributions to defined contribution pension schemes | 568 | 702 |
| | 71,620 | 94,270 |

During the year retirement benefits were accruing to 1 director (2016: 1) in respect of defined contribution pension schemes. The highest paid director received remuneration of £71,052 (2016: £93,568). Mander Portman Woodward Limited, a parent undertaking, also bears the cost of remuneration for the remaining five directors (2016: five). Details of their remuneration can be found in that company's financial statements. It is not possible to make an appropriate apportionment for the element of remuneration which relates to the company.

8. Interest receivable and similar income

| | Year ended 31 Dec 2017 £ | Period ended 31 Dec 2016 £ |
|--------------------------|---|---|
| Bank interest receivable | 437 | 849 |

9. Tax on loss

| | Year ended 31 Dec 2017 £ | Period ended 31 Dec 2016 £ |
|--|---|---|
| Corporation tax | | |
| Current tax on losses for the year/period | - | - |
| Adjustments in respect of previous periods | (1,043) | (5,849) |
| Total current tax | (1,043) | (5,849) |
| Deferred tax | | |
| Origination and reversal of timing differences | - | - |
| Total deferred tax | - | - |
| Tax on loss | (1,043) | (5,849) |

JUSTIN CRAIG EDUCATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Tax on loss (continued)

Factors affecting current and future tax changes

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The tax assessed for the year/period is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

| | Year ended 31 Dec 2017 | Period ended 31 Dec 2016 |
|---|-----------------------------------|-------------------------------------|
| | £ | £ |
| Loss before taxation | (176,673) | (300,414) |
| Loss multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%) | (34,004) | (60,083) |
| Effects of: | | |
| Group relief | 30,370 | 52,016 |
| Impact of tax rate changes | 424 | 8,067 |
| Deferred tax not recognised | 3,210 | - |
| Adjustments in respect of previous periods | (1,043) | (5,849) |
| Total tax credit for the year/period | (1,043) | (5,849) |

The company has not recognised the deferred tax asset on gross losses and other deductions of £79,931 (2016: £76,721) since the directors cannot estimate with reasonable certainty that adequate tax profits will be available in future years to utilise these losses. The company has no other material deferred tax assets or liabilities provided or unprovided at 31 December 2017 (2016: £nil).

JUSTIN CRAIG EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

10. Tangible assets

| | Fixtures and fittings £ | Office equipment and software costs £ | Total £ |
|---------------------------------|-------------------------------|--|----------------|
| Cost | | | |
| At 1 January 2017 | 17,320 | 145,795 | 163,115 |
| Additions | - | 1,875 | 1,875 |
| At 31 December 2017 | 17,320 | 147,670 | 164,990 |
| Accumulated depreciation | | | |
| At 1 January 2017 | 14,430 | 126,179 | 140,609 |
| Charge for the year | 2,477 | 18,758 | 21,235 |
| At 31 December 2017 | 16,907 | 144,937 | 161,844 |
| Net book value | | | |
| At 31 December 2017 | 413 | 2,733 | 3,146 |
| At 31 December 2016 | 2,890 | 19,616 | 22,506 |

11. Debtors: amounts falling due within one year

| | 31 Dec 2017 £ | 31 Dec 2016 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 128,426 | 155,802 |
| Amounts owed by group undertakings | 100,625 | 100,625 |
| Prepayments and accrued income | 18,302 | 79,229 |
| | 247,353 | 335,656 |

Amounts owed by group undertakings are unsecured, interest free, and are repayable on demand.

12. Cash at bank and in hand

| | 31 Dec 2017 £ | 31 Dec 2016 £ |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 298,289 | 288,671 |

JUSTIN CRAIG EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

13. Creditors: amounts falling due within one year

| | 31 Dec 2017 | 31 Dec 2016 |
|------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 5,505 | 19,375 |
| Taxation and social security | 77,076 | 60,524 |
| Accruals and deferred income | 398,920 | 324,017 |
| | <u>481,501</u> | <u>403,916</u> |

14. Financial instruments

| | 31 Dec 2017 | 31 Dec 2016 |
|--|----------------|----------------|
| | £ | £ |
| Financial assets that are debt instruments measured at amortised cost | | |
| Trade debtors | 128,426 | 155,802 |
| Amounts owed by group undertakings | 100,625 | 100,625 |
| | <u>229,051</u> | <u>256,427</u> |

Financial liabilities measured at amortised cost

| | | |
|------------------------------|----------------|----------------|
| Trade creditors | 5,505 | 19,375 |
| Taxation and social security | 77,076 | 60,524 |
| Other creditors | 398,920 | 324,017 |
| | <u>481,501</u> | <u>403,916</u> |

15. Called up share capital

| | 31 Dec 2017 | 31 Dec 2016 |
|--|-------------|-------------|
| | £ | £ |
| Allotted and fully paid | | |
| 100 Ordinary shares of £1 each (2016: 100) | <u>100</u> | <u>100</u> |

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

JUSTIN CRAIG EDUCATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. Commitments under operating leases

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

| | 31 Dec 2017 | 31 Dec 2016 |
|-----------------|--------------------|--------------------|
| | £ | £ |
| Within one year | <u>-</u> | <u>31,429</u> |

17. Controlling party

The immediate controlling party is Justin Craig Education Holdings Limited.

The only group in which the results of the company are consolidated is that headed by the ultimate holding company and controlling party, Graham Holdings Company, which is incorporated in the U.S.A. Copies of its consolidated financial statements can be found online at: <http://www.ghco.com/phoenix.zhtml?c=62487pp=irol-reportsannual>.