

NORD ANGLIA EDUCATION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2012

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NORD ANGLIA EDUCATION LIMITED

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NORD ANGLIA EDUCATION LIMITED

COMPANY INFORMATION

Directors	A Kelsey A Fitzmaurice G Halder K Kalliarekos J Hennessy
Company number	02116088
Registered office	The Old Vicarage Market Street Castle Donington Derbyshire DE74 2JB
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Donington Court Pegasus Business Park Castle Donington East Midlands DE74 2UZ

NORD ANGLIA EDUCATION LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2012

The directors present their annual report and the audited financial statements of the company for the year ended 31 August 2012

Principal activities

The principal activities of the company during the year were those of a holding company and a provider of management and support services for learning technology and consultancy services

Business review

Turnover for the financial year was £nil compared to £0 440m for the previous year. Previously turnover for the company has been derived from the Learning Services division of the company. As at 31 August 2011, this division became dormant. The company does raise management charges and licence fees to its subsidiaries, these fees are offset against administrative expenses in the financial statements.

The loss on ordinary activities before interest and tax increased to £43 893m from £14 063m. The directors are satisfied with this loss when taking account of the events which have occurred this year.

The loss on ordinary activities before interest and tax includes an amount of £37 311m (2011 - £nil) relating to the impairment of indirect investments in the Middle East and the UK Learning services division and £2 441m (2011 - £18 553m) in respect of a profit/loss on disposal relating to the company's investment in one of its subsidiaries. This amount was offset by a distribution of an amount equal to £nil (2011 - £18 553m) of debt which Nord Anglia Education Limited owed to the same subsidiary.

Exceptional administrative expenses of £3 428m (2011 - £13 284m income) were incurred in the year and are detailed in note 6.

As shown by the balance sheet on page 10, the company's financial position at the year end in terms of net assets has decreased by £8 024m to £235 944m. Current ratios have increased from 0.50:1 in 2011 to 0.59:1 in 2012.

The company is a subsidiary undertaking of a consolidated group headed by its ultimate UK parent undertaking, Nord Anglia Education (UK) Holdings plc (the "Group"). The directors of Nord Anglia Education Limited and Nord Anglia Education (UK) Holdings plc manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators of the company is not necessary or appropriate for an understanding of the development, performance or position of the business.

The development, performance and position of both the Learning Services Division and Premium Schools division of Nord Anglia Education (UK) Holdings plc, which includes Nord Anglia Education Limited, is discussed in the group's annual report for the year ended 31 August 2012, copies of which can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

On 10 July 2011, the Nord Anglia group announced its intention to relocate its central services function to Hong Kong to support the future expansion of the business. The largest element of the charge relates to the onerous lease cost of the existing head office, along with redundancy costs payable to affected employees.

Further costs were incurred in 2012 as the relocation of the head office to Hong Kong materialised. These costs related mainly to redundancy costs, relocation costs and legal expenses. These costs were offset by the release of the over provision for the onerous lease in 2011 as the company was successful in selling the lease for the head office onto a third party. Costs associated with this relocation are disclosed in note 6, Exceptional expenses.

NORD ANGLIA EDUCATION LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2012 (continued)

Results and dividends

The loss for the financial year, after taxation, amounted to £8 112m (2011 – £2 473m)

The company did not pay an interim dividend during the year (2011 - £nil) The directors do not recommend the payment of a final dividend (2011 - £nil)

Future developments

The company has continued its principal activity throughout the year and the directors expect it to do so for the foreseeable future

Directors

The directors who served during the year and up to the date of signing of the financial statements were

A Kelsey
A Fitzmaurice
K Kalliarekos
J Hennessy
G Halder

Principal risks and uncertainties

The directors of Nord Anglia Education (UK) Holdings plc manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of Nord Anglia Education Limited's business

The principal risks and uncertainties for Nord Anglia Education (UK) Holdings plc, which include those of the company, are discussed in the group's annual report which does not form part of this report

Qualifying third party indemnity provisions

Throughout the year and up to the date of signing of the financial statements a qualifying third party indemnity provision was in place for the directors of the company. This covers liability for the actions of directors and officers of the company and associated costs including legal costs

Financial risk management

The company assesses and manages its potential exposure to financial risks as follows

Price risk

The company is not exposed to commodity price risk as a result of its operations. The company has no exposure to equity securities price risk as it holds no listed or equity investments

Credit risk

The company is not exposed to any potential exposure to credit risk. If the nature of the business were to change, it would be ensured that appropriate policies were implemented on credit checks on potential customers and the amount of any exposure to any individual counter party would be subject to a limit

NORD ANGLIA EDUCATION LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2012 (continued)

Financial risk management (continued)

Liquidity risk

Following the acquisition of the entire share capital by Baring Private Equity Asia on 28 August 2008, the group entered into banking facilities provided by a syndicate of bankers led by Credit Suisse (Singapore)

As part of these new banking facilities, the senior dollar debt established on acquisition was legally novated to Nord Anglia Education Limited on 27 November 2008 by its immediate parent company Premier Education (UK) Bidco Limited. The novation of the senior debt was settled by establishing a GBP intercompany loan with Premier Education (UK) Bidco Limited. At the same time, the company also established a US\$ intercompany loan with Premier Education (UK) Bidco Limited equal to the value of the US\$ mezzanine debt which remained in Premier Education (UK) Bidco Limited and offset this by borrowing the GBP equivalent from Premier Education (UK) Bidco Limited.

As a result of this, the exchange rate risk attached to the US dollar loans was transferred from Premier Education (UK) Bidco Limited to Nord Anglia Education Limited. The foreign exchange risk in the company was hedged against the company's investments which are denominated in a number of currencies.

On 31 August 2011, the senior debt was legally novated to the immediate parent company Premier Education (UK) Bidco Limited and the GBP intercompany loan with Premier Education (UK) Bidco Limited was settled.

The company aims to maintain a flexible borrowing structure and monitors its future funding requirements over the medium term such that it can take actions to supplement its operating cash flows to service future debt obligations where appropriate. The group is exposed to liquidity risks which are disclosed in the financial statements of Nord Anglia Education (UK) Holdings plc for the year ended 31 August 2012.

Going concern

The directors have reviewed the latest guidance relating to going concern, and having made all relevant enquiries, have formed a judgement at the date of the approval of the financial statements that the company has adequate resources at its disposal to continue its operations for the foreseeable future, which is considered to be a period of at least 12 months from the date of signing the financial statements.

Charitable and political donations

All charitable and political donations made during the year have been disclosed in the parent company's consolidated financial statements and therefore do not need disclosure within the company's financial statements.

NORD ANGLIA EDUCATION LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2012 (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

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

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

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, the following applies:

- so far as the director is aware there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



G Halder
Director

Date 21 December 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORD ANGLIA EDUCATION LIMITED

We have audited the financial statements of Nord Anglia Education Limited for the year ended 31 August 2012 which comprise the Profit and Loss Account, the Statement of Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2012 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NORD ANGLIA EDUCATION LIMITED (continued)**

Matters on which we are required to report by exception

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

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



David Teager (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

Date 21 December 2012

NORD ANGLIA EDUCATION LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2012**

	Note	2012 £'000	2011 £'000
TURNOVER	2	-	440
Administrative expenses		(5,595)	(9,234)
Exceptional administrative (expenses)/ income	6	(3,428)	13,284
		<hr/>	<hr/>
Total administrative (expenses)/ income		(9,023)	4,050
Impairment of investments	12	(37,311)	-
(Profit)/Loss on disposal of investment	12	2,441	(18,553)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	3	(43,893)	(14,063)
Income from shares in group undertakings		37,054	11,589
Interest receivable and similar income	8	691	10,161
Interest payable and similar charges	9	(634)	(8,989)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,782)	(1,302)
Tax on loss on ordinary activities	10	(1,330)	(1,171)
		<hr/>	<hr/>
LOSS FOR THE FINANCIAL YEAR	21	(8,112)	(2,473)
		<hr/>	<hr/>

All amounts relate to continuing operations

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents

NORD ANGLIA EDUCATION LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 AUGUST 2012**

	Note	2012 £'000	2011 £'000
LOSS FOR THE FINANCIAL YEAR		(8,112)	(2,473)
		(8,112)	(2,473)
Foreign exchange movement on investments	22	-	8,391
TOTAL RECOGNISED (LOSS)/ PROFIT RELATING TO THE YEAR		(8,112)	5,918

NORD ANGLIA EDUCATION LIMITED

**BALANCE SHEET
AS AT 31 AUGUST 2012
(Registered number 02116088)**

	Note	£'000	2012 £'000	As restated 2011 £'000
FIXED ASSETS				
Tangible assets	11	46		712
Investments	12	262,380		284,514
			262,426	285,226
CURRENT ASSETS				
Debtors	13	32,369		35,639
Cash at bank and in hand		-		25
		32,369		35,664
CREDITORS amounts falling due within one year	14	(54,614)		(71,253)
NET CURRENT LIABILITIES			(22,245)	(35,589)
TOTAL ASSETS LESS CURRENT LIABILITIES			240,181	249,637
CREDITORS: amounts falling due after more than one year	15		(3,758)	(1,013)
Provisions for liabilities	18		(479)	(4,656)
NET ASSETS			235,944	243,968
CAPITAL AND RESERVES				
Called up share capital	20		2,055	2,055
Share premium account	21		125,898	125,898
Revaluation reserve	21		181,602	208,809
Currency translation reserve	21		6,813	5,315
Profit and loss account	21		(80,424)	(98,109)
TOTAL SHAREHOLDERS' FUNDS	22		235,944	243,968

The financial statements on pages 8 to 29 were approved by the board of directors on 21/12/12 and were signed on its behalf by


G Halder
Director

NORD ANGLIA EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis, under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The principal accounting policies are set out below and have been applied consistently throughout the year

The company is a wholly-owned subsidiary of Nord Anglia Education (UK) Holdings plc and is included in the consolidated financial statements of Nord Anglia Education (UK) Holdings plc which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006

The directors have considered the future forecasts and ongoing strategy when assessing the needs of the company and consider the company has adequate resources at its disposal to continue its operations for the foreseeable future

Following a review of the revaluation reserve, it was deemed that the company had on a previous occasion, over released an amount of £3 420m on impairment of revalued investments from the revaluation reserve and has subsequently adjusted for this in the revaluation reserve and the profit and loss account

1.2 Cash flow statement

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group, headed by Nord Anglia Education (UK) Holdings plc, whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with Financial Reporting Standard 1 (revised 1996) 'Cash flow statements'

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase price, less accumulated depreciation and any provision for impairment in value. Tangible fixed assets are depreciated so as to write them off over their anticipated useful lives less their estimated residual values at the following rates

Short leasehold land and buildings	- the unexpired term of the lease on a straight line basis
Fixtures and fittings	- 15% reducing balance / 25% - 33% straight line
Computer equipment	- 20% - 33% straight line

1.4 Investments

The company's investments in its subsidiary undertakings which are denominated in a number of foreign currencies, acted as a foreign currency hedge against the US dollar debts held by the company up until 31 August 2011

Following the novation of all US dollar debts to Premier Education (UK) Bidco Limited as at 31 August 2011, the company ceased to revalue its investments as the hedge was no longer valid

Where it is established that an asset has been impaired, an amount equal to the impairment is charged to the profit and loss in the period of the impairment. In accordance with FRS 11 'Impairment of Fixed Assets and Goodwill', the company performs impairment reviews whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The asset's recoverable amount is the higher of post tax net realisable value and value in use

NORD ANGLIA EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012 (continued)

1. ACCOUNTING POLICIES (continued)

1.5 Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

1.6 Assets held under finance and operating leases

Where assets are financed by leasing agreements and the risks and rewards of ownership are substantially transferred to the group, the assets are treated as if they had been purchased outright and are depreciated over the shorter of the lease term and the useful life of the asset in accordance with the tangible fixed asset policy for that class of asset. The gross amounts of assets which are held under finance leases and similar hire purchase contracts have been included at their fair value in the balance sheet as non-current assets and the obligation to pay future rentals has been shown as a liability. The interest charged on finance leases is charged to the profit and loss account using the sum of the digits method. Rentals applicable to operating leases, where substantially all the benefits and risks of ownership remain with the lessor, are recognised in the profit and loss account using the 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.

1.7 Turnover

Turnover represents the value of services provided during the period and is stated net of sales taxes and discounts.

Services which have been invoiced but not yet provided are included on the balance sheet as deferred income and accounted for within trade creditors and accruals.

1.8 Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

NORD ANGLIA EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012 (continued)

1. ACCOUNTING POLICIES (continued)

1.9 Pensions

The company participates in the Nord Anglia Education group's defined contribution pension schemes. The pension costs charged against loss on ordinary activities before interest are the contributions payable to the scheme in respect of the accounting year.

1.10 Foreign exchange

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denoted in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Exchange gains and losses are recognised in the profit and loss account.

1.11 Share based payments

The company operates a share based payment plan under which the entity receives services from employees in consideration for equity instruments (options). The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed is determined by reference to the fair value of the options granted and estimation of the number of options that expect to vest.

In the year ended 31 August 2011 shares were issued to management and to The Parthenon Group.

Fair value is calculated using the Black Scholes Option Pricing Model, the details of which are disclosed in Note 23.

1.12 Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the group's financial performance. Transactions which may give rise to exceptional items are principally gains or losses on disposal of fixed assets, early termination of debt instruments, restructurings and other significant transactions not expected to occur as part of normal operating activities.

NORD ANGLIA EDUCATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012 (continued)**

2. TURNOVER

The whole of the turnover is attributable to one class of business being the principal activity disclosed in the directors' report

An analysis of turnover by geographic location is as follows

	2012 £'000	2011 £'000
United Kingdom	-	440
	<hr/>	<hr/>
	-	440
	<hr/>	<hr/>

3. LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION

The loss on ordinary activities before interest and tax is stated after charging / (crediting)

	2012 £'000	2011 £'000
Staff costs (note 4)	1,824	6,271
Share based payments (note 23)	88	515
Depreciation of tangible fixed assets		
- owned by the company	246	470
Operating lease rentals		
- land and buildings	228	170
- other	-	-
Hire of plant and machinery	-	1
Loss/ (gain) on foreign exchange	3,259	(3,018)
Loss on disposal of fixed assets	141	-
(Profit) on disposal of investments	-	(210)
	<hr/>	<hr/>

NORD ANGLIA EDUCATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012 (continued)**

4. STAFF COSTS

Staff costs were as follows	2012 £'000	2011 £'000
Wages and salaries	1,229	5,466
Social security costs	335	523
Other pension costs (note 24)	260	282
	<hr/> 1,824	<hr/> 6,271
Share based payments	88	279
	<hr/> 1,912 <hr/>	<hr/> 6,550 <hr/>

The company has recognised an expense of £0 260m (2011 - £0 282m) relating to money purchase pension schemes

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

	2012 Number	2011 Number
Management and administration	42	72
Teaching	-	50
	<hr/> 42 <hr/>	<hr/> 122 <hr/>

5 AUDITORS' REMUNERATION

	2012 £'000	2011 £'000
Fees payable to the company's auditors for the audit of the company's financial statements	8	8
	<hr/> 8 <hr/>	<hr/> 8 <hr/>

NORD ANGLIA EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012 (continued)

6 EXCEPTIONAL ITEMS

	2012 £'000	2011 £'000
Exceptional administrative expenses		
a Amounts owed (to)/ by group undertakings written off/ (back)	3,099	(18,994)
b Profit share buy-out	430	1,488
c Corporate restructure	(445)	3,699
d Acquisition related costs	192	523
e Lease exit costs	152	-
	<hr/> 3,428	<hr/> (13,284)

- a In 2011, the company provided in full against the inter company balances due from subsidiary undertakings it considered not to be recoverable, and recognised any balances subsequently recovered in the profit and loss account. During the year ended 31 August 2011, the company purchased the entire share capital of College Champittet SA from one of its subsidiaries Premier Education Luxco II s a r l for £18 553m. Premier Education Luxco II s a r l was subsequently dissolved and the £18 553m due to that subsidiary was distributed to the company and written back in the financial statements of Nord Anglia Education Limited. A further £0 441m due to other subsidiaries was also written back in the financial statements.

In 2012, the company wrote off £3 099m of debts owed to it by group undertakings that were dissolved during the year.

- b Costs were incurred as a result of the purchase by the company of any past and all future rights under a profit sharing agreement and under an employment profit share agreement between the company, its subsidiary undertaking The British International School Shanghai and a third party.

In 2012, the final deferred consideration for the past and future rights under the profit sharing agreement were incurred for £0 430m.

Additional costs of £1 488m were incurred in 2011 as a result of the company purchasing any past and all future rights under a profit sharing agreement and under an employment profit share agreement in the prior year. Included within this figure was £0 391 of foreign exchange as a result of the difference between the spot rate at the date the payment was made and the average rate at which the charge was originally made to the income statement.

- c On 10 July 2011, the Nord Anglia Education group announced its intention to relocate its central services function to Hong Kong and subsequent to the balance date this proposal was confirmed. The associated restructuring costs of £3 699m relate predominantly to the onerous lease cost of the building currently housing the head office function, along with both statutory and enhanced redundancy costs payable to affected employees.

In 2012, the company successfully sold the lease to a third party for £1 250m, thus releasing a provision of £1 551m. During the year, further costs of £1 106m were incurred as the move to Hong Kong materialised. These related predominantly to further statutory and enhanced redundancy costs, relocation costs and legal expenses.

- d In 2011 Nord Anglia Education group acquired two new subsidiaries to complement its existing portfolio of Premium Schools. The company also contributed to acquisition costs associated with the purchase of the entire share capital of Brighton Education Learning Services SDN BHD, a company that it indirectly owns. This acquisition complements the group's existing portfolio in learning Services whilst at the same time allowing a foothold into the Far East Learning Services market.

In 2012, Nord Anglia Education group acquired a further two subsidiaries to further complement its existing portfolio of Premium Schools. Legal costs of £0 192m were incurred by the company as a result of this.

- e Costs of £0 152m were incurred in relation to the company having to pay further lease dilapidations than previously provided for as a result of exiting premises.

NORD ANGLIA EDUCATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012 (continued)**

7. DIRECTORS' REMUNERATION

	2012 £'000	2011 £'000
Aggregate emoluments	240	953
Contribution to money purchase pension scheme	60	64
Compensation for loss of office	-	195
	300	1,212

	Number	Number
The number of directors accruing benefits under the money purchase pension scheme was	1	2

	2012 £'000	2011 £'000
The emoluments of the highest paid director were		
Aggregate emoluments	136	523
Contribution to money purchase pension scheme	60	39
	196	562

During 2012, the directors relocated to Hong Kong and subsequently were remunerated by another group subsidiary Nord Anglia Education (Hong Kong) Limited. Nord Anglia Education (Hong Kong) Limited has then recharged the company for the time incurred by the Directors as part of the management charge following the relocation.

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £'000	2011 £'000
Interest receivable from group undertakings	691	4,272
Foreign exchange gains recognised on the retranslation of foreign currency borrowings	-	5,889
	691	10,161

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £'000	2011 £'000
On bank loans and overdrafts	323	4,003
Interest payable to other group companies	311	4,207
Amortisation of debt issue costs	-	779
	634	8,989

NORD ANGLIA EDUCATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012 (continued)**

10. TAX ON LOSS ON ORDINARY ACTIVITIES

	2012	2011
	£'000	£'000
Analysis of tax		
Current tax (see note below)		
Overseas tax charge	1,330	1,171
	<hr/>	<hr/>
Total current tax	1,330	1,171
	<hr/>	<hr/>
Deferred tax		
Total deferred tax (see note 19)	-	-
	<hr/>	<hr/>
Tax on loss on ordinary activities	1,330	1,171
	<hr/>	<hr/>

Factors affecting tax charge for the year

The tax assessed for the year is higher (2011 – higher) than the standard rate of corporation tax in the UK of 25 16% (2011 – 27 16%) With effect from 1 April 2012 the UK corporation tax rate changed from 26% to 24% The rate of 25 16% used for the year ended 31 August 2012 (2011 – 27 16%) is calculated on a time apportioned basis for these respective rates

	2012	2011
	£'000	£'000
Loss on ordinary activities before tax	(6,782)	(1,302)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25 16% (2011 – 27 16%)	(1,706)	(354)
	<hr/>	<hr/>
Effects of.		
Overseas tax charge	1,330	1,171
Permanent differences	1,092	2,181
Deferred tax asset not recognised	(61)	1,320
Impairment of investment	9,387	-
Transfer pricing adjustments	611	-
Exempt dividend income	(9,323)	(3,147)
	<hr/>	<hr/>
Current tax for the year	1,330	1,171
	<hr/>	<hr/>

NORD ANGLIA EDUCATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012 (continued)**

10. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

Factors affecting future tax charges

The Budget in March 2012 announced a reduction in the UK corporation tax rate from 26% to 24% effective from 1 April 2012, and a further reduction in the UK corporation tax to 23% effective from 1 April 2013. These changes were substantively enacted in July 2012.

In addition to the changes in rates of corporation tax disclosed above a further change to the UK Corporation tax system was announced in the March 2012 UK Budget Statement. A further reduction to the main rate is proposed to reduce the rate to 22% effective from 1 April 2014. This further change had not been substantively enacted at the balance sheet date and, therefore, is not included in these financial statements.

11 TANGIBLE ASSETS

	Short leasehold land and buildings £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 September 2011	5	1,155	3,474	4,634
Additions	-	-	113	113
Disposals	(5)	(1,155)	(3,516)	(4,676)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2012	-	-	71	71
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
At 1 September 2011	5	1,011	2,906	3,922
Charge for the year	-	22	224	246
On disposal	(5)	(1,033)	(3,105)	(4,143)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2012	-	-	25	25
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 August 2012	-	-	46	46
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2011	-	144	568	712
	<hr/>	<hr/>	<hr/>	<hr/>

Included within fixed assets is an amount of £nil (2011 - £nil) relating to the net book value of fixed assets held under finance leases.

NORD ANGLIA EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012 (continued)

12. INVESTMENTS	Shares in group undertakings £'000
Cost	
At 1 September 2011	297,408
Additions	19,513
Disposals	(28,832)
	<hr/>
At 31 August 2012	288,089
Provisions	
At 1 September 2011	12,894
Impairment of investments	37,311
Disposals	(24,496)
	<hr/>
At 31 August 2012	25,709
Net book value	
At 31 August 2012	<hr/> 262,380 <hr/>
At 31 August 2011	<hr/> 284,514 <hr/>

On 14 January 2011, Nord Anglia Education Limited acquired 100% of the share capital of College Alpin Beau Soleil SA a company incorporated in Switzerland and on 25 February 2011 acquired 100% of the share capital of Premier Education Luxco II s a r l a company incorporated in Luxembourg Both of these subsidiaries were acquired from its immediate parent company, Premier Education (UK) Bidco Limited in exchange for shares in Nord Anglia Education Limited

On 25 February 2011 Nord Anglia Education Limited acquired 100% of the share capital of College Champittet SA, a company incorporated in Switzerland from Premier Education Luxco II s a r l via an inter company loan This company was then disposed of to College Alpin Beau Soleil SA via an intercompany loan

On 1 August 2012 Nord Anglia Education Limited acquired 100% of the share capital of EEE Enterprise Limited, a company incorporated in Thailand

In 2011, Nord Anglia Education Limited disposed of 35% of its investment in The British School Beijing to one of its subsidiaries – Nord Anglia (Beijing) Consulting Limited for cash In 2012, the company disposed of a further 35% of this subsidiary to Nord Anglia (Beijing) Consulting Limited for cash This generated a profit of £2 496m

During 2012, the company disposed of its 100% investment in Tianjin Nord Anglia Consulting Limited, a company incorporated in China for £nil A loss on disposal of £0 055m was subsequently made to the company's profit and loss account

The company's investments in its subsidiary undertakings are denominated in a number of foreign currencies Following the acquisition of the entire share capital of Nord Anglia Education Limited by Baring Private Equity Asia on 28 August 2008, the company re-valued its investments in its subsidiary undertakings and established the underlying foreign currency value of each investment The sterling value of the company's investments was then subsequently restated at 31 August 2011 using the exchange rates prevailing at this date On the same date, the company novated its dollar debt up to its immediate parent company This resulted in the SSAP 20 hedge no longer applying and therefore from that date, investments, despite still being in foreign currencies are no longer revalued

In 2011, following the sale of College Champittet SA to Nord Anglia Education Limited, it was deemed that Premier Education Luxco II s a r l would be dissolved, therefore the shares in this subsidiary were disposed of for £nil resulting in a loss on disposal of £18 553m

NORD ANGLIA EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012 (continued)

12 INVESTMENTS (continued)

During 2012, the results of the learning services division in the Middle East reflected a difficult year of trading conditions. Based on the latest forecasts, the directors believe that this trend will not change in the near future and have therefore taken the decision to impair the company's indirect investments in the Middle East to £Nil. A charge of £25 709m (being £27 207m relating to revalued investments and a foreign exchange loss of £1 498m) has accordingly been made to the company's profit and loss account. The £27 207m impairment on the revalued amount of the investment has then been recycled through the revaluation reserve and the exchange loss of £1,498m has been recycled through the exchange reserve as per note 21.

At 31 August 2012, the put a number of dormant UK subsidiaries into liquidation. The asset value of these subsidiaries had supported the indirect investment value in the UK Learning Services division. As a result of striking off these subsidiaries, the investment value could no longer be supported and the directors took the decision to impair the value of the indirect investment in the UK learning Services to £nil. A charge of £11 602m has accordingly been made to the company's profit and loss account.

Other than previously mentioned, no impairment charges were required to be made to the carrying value of the group's investments as the directors believe that the carrying value of the investments is supported by the recoverable amount of underlying assets.

The company holds the following investments

	%	Holding
Nord International Schools Limited ¹	100	Ordinary Shares
ABET International Limited ¹	100	Ordinary Shares
English International School Prague School (incorporated in the Czech Republic) ¹	100	Ordinary Shares
The British School SpZ o.o (incorporated in Poland)	100	Ordinary Shares
The British International School Bratislava (incorporated in Slovakia)	100	Ordinary Shares
The British International School Budapest (a Hungarian Foundation) ¹	100	Ordinary Shares
The British International School Shanghai (incorporated in China)	100	Ordinary Shares
Nord Anglia Education (Hong Kong) Limited (incorporated in Hong Kong) ¹	100	Ordinary Shares
Nord Anglia (Beijing) Consulting Limited (incorporated in China) ¹	100	Ordinary Shares
The British School Beijing (incorporated in China)	100	Ordinary Shares
College Champittet SA (incorporated in Switzerland) ¹	100	Ordinary Shares
College Alpin Beau Soleil SA (incorporated in Switzerland)	100	Ordinary Shares
La Cote International School (incorporated in Switzerland) ¹	100	Ordinary Shares
EEE Enterprise Limited (incorporated in BVI)	100	Ordinary Shares
Regent Pattaya Campus Management Company Limited (incorporated in Thailand) ¹	49	Ordinary Shares
The Regents School (incorporated in Thailand) ¹	49	Ordinary Shares
Nord Anglia Lifetime Development North East Limited ¹	100	Ordinary Shares
Nord Anglia Lifetime Development South West Limited ¹	100	Ordinary Shares
Nord Anglia Vocational Education and Training Services Limited ¹	100	Ordinary Shares
Nord Anglia Education Partnerships Limited ¹	100	Ordinary Shares
Nord Anglia Education Development Services Limited ¹	100	Ordinary Shares
Nord Anglia Middle East Holdings SPC (incorporated in Bahrain) ¹	100	Ordinary Shares
Nord Anglia Middle East Holdings SPC (Abu Dhabi Branch) ¹		
Nord Anglia Middle East Holdings SPC (Malaysia Branch) ¹		
Nord Anglia Education Consultancies Saudi Arabia Limited ¹	100	Ordinary Shares
Brighton Education Learning Services SDN BHD ¹	100	Ordinary Shares
Nord Anglia Education SDN BHD ¹	100	Ordinary Shares

¹ held by a 100% owned subsidiary

² 80% held by company, remaining 20% held by a 100% owned subsidiary

A full listing of all subsidiaries is disclosed on the company's annual return

NORD ANGLIA EDUCATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012 (continued)**

12. INVESTMENTS (continued)

Joint venture undertaking incorporated in the UK

EduAction (Waltham Forest) Limited, a company which provides education services to the London Borough of Waltham Forest is owned 50% each by Nord Anglia Education Limited and Amey PLC
The company has ceased trading

13 DEBTORS

	2012 £'000	2011 £'000
Trade debtors	1	68
Amounts owed by group undertakings	31,812	34,890
Other debtors	373	85
Prepayments and accrued income	183	596
	<hr/> 32,369	<hr/> 35,639

Amounts owed by group undertakings are unsecured and repayable on demand. All amounts owed by group undertakings are interest free with the exception of the intercompany loan between Nord Anglia Education Limited and College Alpin Beau Soleil SA which is subject to an interest rate of 3.75% (4.5% prior to January 2012). The GBP inter company loan between Nord Anglia Education Limited and Premier Education (UK) Bidco Limited was subject to an interest rate equivalent to the mezzanine debt in Premier Education (UK) Bidco Limited. On 31 August 2011, the senior debt was legally novated up to the immediate parent company Premier Education (UK) Bidco Limited and the GBP inter company loan with Premier Education (UK) Bidco Limited was settled.

14. CREDITORS amounts falling due within one year

	2012 £'000	2011 £'000
Bank overdraft (notes 16 and 17)	12,480	24,456
Net obligations under finance leases and hire purchase contracts	-	19
Trade creditors	555	736
Amounts owed to group undertakings	38,100	43,653
Other taxes and social security	172	89
Other creditors	2,550	53
Accruals and deferred income	757	2,247
	<hr/> 54,614	<hr/> 71,253

Within the UK banking facilities there is a right of set-off between sterling and foreign currencies that gives rise to a total net overdraft of £12,480m (2011 - £24,456m) as at the balance sheet date (note 17).

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

NORD ANGLIA EDUCATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012 (continued)**

15 CREDITORS, amounts falling due after more than one year

	2012 £'000	2011 £'000
Net obligations under finance leases and hire purchase contracts	-	1
Other creditors	3,758	1,012
	<hr/> 3,758 <hr/>	<hr/> 1,013 <hr/>

16. LOANS AND OTHER BORROWINGS

On 31 August 2011, the senior debt was legally novated upto the immediate parent company Premier Education (UK) Bidco Limited and the GBP intercompany loan with Premier Education (UK) Bidco Limited was settled. Prior to that date, bank loans bore interest at the following rates

Senior A facility	3 25% + LIBOR 3 00% + LIBOR	1 Sept 2010 to 16 Oct 2010 17 Oct 2010 to 31 Aug 2011
Senior B facility	3 50% + LIBOR 3 25% + LIBOR	1 Sept 2010 to 16 Oct 2010 17 Oct 2010 to 31 Aug 2011
Working capital facilities	3 25% + LIBOR 3 00% + LIBOR	1 Sept 2010 to 16 Oct 2010 17 Oct 2010 to 31 Aug 2011
Capital investment facilities	3 25% + LIBOR 3 00% + LIBOR	1 Sept 2010 to 16 Oct 2010 17 Oct 2010 to 31 Aug 2011

In the year ended 31 August 2011, the group experienced average US \$LIBOR rates as follows

Working capital facilities	3 96%	01 Sep 2010 to 31 Aug 2011
Capital investment facilities	3 96%	01 Sep 2010 to 31 Aug 2011
A Loan	3 96%	01 Sep 2010 to 31 Aug 2011
B Loan	4 21%	01 Sep 2010 to 31 Aug 2011

	2012 £'000	2011 £'000
Finance leases		
Falling due		
Within one year	-	19
In more than one year but not more than five years	-	1
	<hr/> -	<hr/> 20

NORD ANGLIA EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012 (continued)

17 FINANCIAL INSTRUMENTS

Treasury policy and financial risk management

The company's financial instruments comprise bank deposits, overdrafts, long term loans and trade debtors which arise directly from its operations. The board reviews and agrees policies for managing financial risks faced by the company which primarily arise from interest and currency risks. These policies are summarised below.

i) Liquidity risk

Both the company and the group of which it is part aim to maintain a flexible borrowing structure by combining committed bank borrowing facilities with additional overdraft and capital facilities. The company monitors its future funding requirements over the medium term such that it can take actions to supplement its operating cash flows to service future debt obligations where appropriate.

ii) Interest rate risk

On 15 July 2010, the group restructured its existing hedge agreements into one swap and into one cap agreement effective from 1 June 2010. These agreements extend to 28 August 2015. As the cap agreement is cancellable, the group has retained flexibility to allow it to best match the hedging requirements of its senior and mezzanine debt going forward. The fair value of the hedge agreements at 31 August 2010 was \$4,951m.

The life and value of the hedging instruments is consistent with the amortisation profile attached to the US dollar loan. At 31 August 2010, 76.6% of the US dollar loan was hedged by these instruments.

iii) Foreign currency risk and controls

Through its subsidiary undertakings, the company has significant and expanding international operations trading in non-sterling currencies. Movements in global exchange rates can cause currency exposures to the company's sterling financial results. Where stable currencies exist, trade is conducted in local currencies and where appropriate, borrowings are matched in that currency to mitigate the risk of exposure to the company's assets and liabilities from exchange rate movements. In countries of operation where currency trading zones are considered to be weaker, some transactions are conducted in US dollars and euros to try to minimise exchange fluctuation risks.

In consideration of benefits against cost, the company does not hedge its translation exposure but will consider managing transactional exposures by using forward cover instruments where significant transactions are involved.

NORD ANGLIA EDUCATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012 (continued)**

17. FINANCIAL INSTRUMENTS (continued)

iii) Foreign currency risk and controls (continued)

Interest rate and currency profile of borrowings

	2012 £'000	2011 £'000
Amounts falling due in less than one year		
Sterling overdraft	(1,262)	24,497
US dollar cash balances	(301)	(38)
Swiss franc cash balances	16,518	-
European currencies cash balances	(2,473)	(1)
Middle East currencies cash balances	(2)	(2)
	<hr/>	<hr/>
Net overdraft	12,480	24,456
Sterling finance leases	-	19
	<hr/>	<hr/>
	12,480	24,475
	<hr/>	<hr/>

Within the UK banking facilities there is a right of set-off between sterling balances and all foreign currency balances held

	2012 £'000	2011 £'000
Amounts falling due after more than one year		
Sterling finance leases	-	1
	<hr/>	<hr/>
	-	1
	<hr/>	<hr/>

Financial liabilities represent floating rate bank borrowings, including overdrafts, and finance leases of £12 480m (2011 - £24 476m) All dollar borrowings are at fixed rates of interest The interest on these borrowings is disclosed in note 16

As at 31 August 2012 all facilities were fully utilised (2011 - fully utilised)

NORD ANGLIA EDUCATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012 (continued)**

18 PROVISION FOR LIABILITIES

	Property £'000	Other £'000	Total £'000
At 1 September 2011	3,292	1,364	4,656
Charged to the profit and loss account	(1,398)	(1,228)	(2,626)
Utilised during the year	(1,551)	-	(1,551)
At 31 August 2012	343	136	479

Provisions for property relate to lease dilapidations and onerous future lease costs resulting from the restructuring of the business within the Learning Services division

Other provisions relate to the additional costs associated with the relocation of the head office function

19. DEFERRED TAX ASSET

The company only recognises a deferred tax asset when it is more likely than not that it will be recoverable. The company did not recognise a deferred tax asset of £8 926m at 31 August 2012 (2011 - £11 247m)

20 CALLED UP SHARE CAPITAL

	Number	2012 £'000	Number	2011 £'000
Allotted and fully paid:				
At 1 September	41,108,330	2,055	41,105,330	2,055
Issued during the year	-	-	3,000	-
At 31 August	41,108,330	2,055	41,108,330	2,055

On 25 February 2011, 3,000 ordinary shares were issued for £0.05 each. The nominal value of these shares was £150 and the consideration received was £72,553,220.

21. RESERVES

	Share premium account £'000	As restated Revaluation reserve £'000	Currency translation reserve £'000	As restated Profit and loss account £'000
At 1 September 2011	125,898	208,809	5,315	(98,109)
Loss for the financial year	-	-	-	(8,112)
Impairment of revalued investment	-	(27,207)	1,498	25,709
Share based payments charge	-	-	-	88
At 31 August 2012	125,898	181,602	6,813	(80,424)

Following a review of the revaluation reserve, it was deemed that the company had on a previous occasion, over released an amount of £3 420m on impairment of revalued investments from the revaluation reserve and has subsequently adjusted for this in the revaluation reserve and the profit and loss account.

NORD ANGLIA EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012 (continued)

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £'000	2011 £'000
Opening shareholders' funds	243,968	164,982
Loss for the financial year	(8,112)	(2,473)
Premium on ordinary shares issued in the year	-	72,553
Share based payments charge	88	515
Foreign exchange movement on investments	-	8,391
	<hr/>	<hr/>
Closing shareholders' funds	235,944	243,968
	<hr/>	<hr/>

23 SHARE BASED PAYMENTS

Since 31 May 2009, shares in the intermediate parent company Nord Anglia Education (UK) Holdings plc have been issued to management and The Parthenon Group LLC. In the year ended 31 August 2012, as a result of a group restructure, these shares in Nord Anglia Education (UK) Holdings plc were exchanged for shares in Nord Anglia Education Inc, the new immediate parent company of Nord Anglia Education (UK) Holdings plc.

Management has subsequently reassessed the vesting conditions of the awards and concluded that they will now vest at the earliest of 28 February 2015, or when a 100% change in ownership occurs.

A fair value for the awards was calculated using the Black Scholes Model incorporating the following assumptions:

Date of Issue	Share Issues 2012	Share Issues 2011
Exercise price	£0.01	£0.01
Equity price	£0.11	£0.11
Volatility	100%	100%
Dividend yield	0%	0%
Risk free interest rate	5%	5%
Expected life to exercise	>0.5 years	1.5 years
Number of shares issued	Nil	360,145
Number of employees		

The fair value of each share was calculated as £0.11 (2011 - £0.11).

None of the awards forfeited in the year.

The total charge relating to equity share based payment transactions for the year was £0.088m (2011 - £0.515m). Of this total, £0.088m (2011 - £0.279m) relates to the management share in the equity share based payment transaction and £nil (2011 - £0.236m) relates to the company extinguishing a liability by issue of share options with Nord Anglia Education (UK) Holdings plc (formerly Premier Education (UK) Holdco Limited), an intermediate parent company.

The risk free rate of 5% is the yield on zero coupon UK Government bonds of a term consistent with the assumed life of the shares. The volatility rate adopted is due to the fact that the market rate and performance of the shares is not currently known.

NORD ANGLIA EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012 (continued)

24. PENSION COMMITMENTS

The company participates in the Nord Anglia Education Limited group's defined contribution pension schemes, the assets of which are held separately from those of the group in independently administered funds

The pension cost charged in the financial statements for the year represents contributions payable by the company to the fund and amounted to £0 260m (2011 - £0 282m) Contributions totalling £0 018m (2011 - £0 028m) were payable to the fund at the balance sheet date

25. OPERATING LEASES

As at the balance sheet date, the company had annual commitments in respect of non-cancellable operating leases as follows -

	Land and buildings 2012 £'000	Land and buildings 2011 £'000	Other 2012 £'000	Other 2011 £'000
Expiring within one year	106	75	-	-
Expiring between one and five years	-	-	-	79
Expiring in more than five years	-	345	-	-
	106	420	-	79

Included within the above are commitments of £Nil (2011 - £0 345m) in respect of onerous leases for which provisions were made in the prior year

26. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard 8 – 'Related party disclosures', the company, as a wholly owned member of the group, has utilised the exemption of not disclosing details of transactions with other group companies

On 24 February 2010, Nord Anglia Education Limited, the British International School Shanghai and Ms Tang (an employee of the British International School Shanghai) entered into an agreement in respect of the buyout of any past and all future rights under her employment profit share agreement. This agreement was amended by the parties on 23 August 2010. Under the amended employment profit share buyout agreement, Nord Anglia Education Limited or any of its associates, agreed to purchase any such past and all future rights under the employment profit share agreement and that payment should be made in two tranches. The first payment tranche of £2 919m (RMB 31 162m) was made on 1 September 2010 by the British International School Shanghai. The company had accrued a further £2 353m (US\$ 3 650m) for the final payment on 31 December 2010, however the final payment was delayed until 12 January 2011 thus incurring a late penalty fee and an uplift in the exchange rate between RMB and US\$. Therefore an amount of £2 569m (\$3 995m) was paid by Nord Anglia Education Limited.

NORD ANGLIA EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012 (continued)

26. RELATED PARTY TRANSACTIONS (continued)

In addition to the above, the company was obliged to pay deferred consideration in respect of the second tranche to the value of £0 840m, of which 50% was payable within 30 days after 31 August 2011 and 50% was payable 30 days after 31 August 2012. Each of these payments was conditional upon Ms Tang still being employed by the British International School Shanghai at the relevant date. The deferred consideration component could also be adjusted for specified variations in the \$/Chinese renminbi exchange rate between 23 August 2010 and the date the payments are made. Thus for 31 August 2012, the actual payment made was £0 430m (2011 - £0 420m) which is reflected in exceptional items.

During the year ended 31 August 2012 an amount of £0 233m relating to a bonus of a shareholder of Premier Education Holdings Limited (formerly Premier Education Holdings s a r l) was assigned to Nord Anglia Education Limited.

As at 31 August 2012 an amount of £0 238m (2011 - £0 299m) was due to Premier Education Holdings Limited (formerly Premier Education Holdings s a r l), the ultimate parent company of Nord Anglia Education (UK) Holdings plc.

As at 31 August 2012 an amount of £0 277m (2011 - £0 085) was due from The British International School Abu Dhabi, an entity held under common control. This amount is included within other debtors.

As at 31 August 2012 an amount of £0 700m (2011 - £0 700m) is due to EduAction (Waltham Forest) Limited, a company owned 50% by Nord Anglia Education Limited. This amount is included in other creditors and interest of £0 005m (2011 - £0 005m) has been accrued for.

During the year ended 31 August 2012, £0 385 million was paid to Parthenon Group LLC for consultancy purposes.

An amount of £nil (2011 - £0 195m) was paid to a former director for compensation for loss of office (note 7).

27. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Premier Education (UK) Bidco Limited, a company incorporated in England and Wales.

The intermediate parent undertaking is Nord Anglia Education (UK) Holdings plc, a company incorporated in England and Wales.

Nord Anglia Education (UK) Holdings plc is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 August 2012. Copies of these consolidated financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is Baring Private Equity Asia.