Kaplan Law School Limited

Directors' report and financial statements

Period from 31 July 2006 (the date of incorporation) to 31 December 2007
Registered number 05891945

Contents

Directors' report

The directors present their annual report and the audited financial statements for the period from 31 July 2006 (the date of incorporation) to 31 December 2007 The company started to trade on 1 January 2007

Principal activities

The company operates a law school in co-operation with Nottingham Law School offering leading Legal Practice Courses and Graduate Diploma in Law courses

Business review and future developments

The academic year 2007/2008 was the first year of operation and the company plans to build on this in the future by providing high success rates from the first intake The Law Society awarded Kaplan Law School Limited with the highest possible rating following their accreditation assessment in 2007 This will support the Law School in coming years in its efforts to become a leading provider of law courses in the UK

Key Performance Indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Results and dividend

Turnover for the period amounted to £220,000 The retained loss for the period of £766,000 was taken to reserves

No dividend was paid or proposed

Directors and their interests

The directors who held office during the period were as follows

P Houillon (appointed on 31 July 2006)
S M Paton (appointed on 31 July 2006)

Employees

Employees are made aware of, and are consulted on, matters that are of concern to them and all employees are aware of the financial and economic performance of their business units and of the company as a whole Involvement of employees in the company's performance is also encouraged

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability

Donations

During the period, the company made no political contributions or charitable contributions

Small companies exemption

The directors' report has been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985

Statement of directors' responsibilities in respect of the directors' report and the financial statements
The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 1985 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

Disclosure of information to auditors

- So far as the directors are 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 directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 31 July 2006

By order of the board

P Houillon
Director

7th Floor
100 Cannon Street
London
EC4N 6EU

23 May 2008

Independent auditors' report to the members of Kaplan Law School Limited

We have audited the financial statements of Kaplan Law School Limited for the period from 31 July 2006 (the date of incorporation) to 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, 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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion
In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the period then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985, and

- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Gatwick
27 May 2008

Profit and loss account

for the period from 31 July 2007 (the date of incorporation) to 31 December 2007

	Note	£000
Turnover	1,2	220
Cost of sales		(383)
Gross loss		(163)
Administrative expenses		(920)
Loss on ordinary activities before taxation	2,3	(1,083)
Tax on loss on ordinary activities	6	317
Loss for the financial period		(766)

The results for the period are derived from continuing activities There are no differences between loss on ordinary activities before taxation and the retained loss for the period and their historical cost equivalents

There are no recognised gains and losses in the period other than those included in the profit and loss account

Balance sheet

as at 31 December 2007

	Note	£000	£000
Fixed assets			
Tangible assets	*7*		1,717
			1,717
Current assets			
Debtors	*8*	830	
Cash at bank and in hand		66	
		896	
Creditors amounts falling due within one year	*9*	(3,294)	
Net current liabilities			(2,398)
Total assets less current liabilities			(681)
Provision for liabilities and charges	*10*		(85)
Net liabilities			(766)
Capital and reserves			
Called up share capital	*12*		-
Profit and loss account	*13*		(766)
Total equity shareholders' deficit	*13*		(766)

The financial statements on pages 5 to 12 were approved by the board of directors on 23May 2008 and were signed on its behalf by

P Houillon
Director

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation
The financial statements have been prepared in accordance with applicable accounting standards They are prepared under the historical cost accounting rules They comply with accounting standards applicable in the UK and, where relevant, they reflect Financial Reporting Standards issued since the last period end The financial statements have been prepared on the going concern basis

Going concern
Whilst the company has net current liabilities and net liabilities, the directors consider it to be appropriate that the financial statements have been prepared on the going concern basis since it has received an undertaking from its parent company Kaplan International Holdings Limited, that it will continue to provide financial support as is required for the company to meet its obligations as they fall due for at lease one year after these financial statements are signed

Cash flow
The company is a subsidiary of The Washington Post Company and is included in its consolidated financial statements, which are publicly available Consequently, the company has taken advantage of the exemption from preparing a consolidated cash flow statement under the terms of Financial Reporting Standard 1

Tangible fixed assets and depreciation
Tangible fixed assets are included at cost to the company less depreciation which is provided on a straight line basis at the annual rate shown below

Short leasehold improvements	-	life of lease
Plant, fixtures and fittings	-	20%
Computer equipment and software	-	25%

Cost in the case of computer software includes the appropriate proportion of the employment cost of those staff engaged directly in its development

Impairment of fixed assets
The carrying value of fixed assets including tangible, intangible and investments is compared with the higher of value in use and the pre-tax net realisable value If the carrying value exceeds the higher of the value in use and the pre-tax net realisable value, the asset is impaired and its value reduced by charging additional depreciation

Deferred tax
The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise Deferred taxation is calculated at the rates at which it is estimated that tax will arise Deferred tax assets and liabilities recognised have not been discounted

Foreign currencies
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Pension costs
The company contributes to a defined contribution Group Pension Plan administered by Norwich Union Contributions to the scheme are charged to the profit and loss account in the period to which they relate

Turnover
Turnover represents tuition fees, excluding value added tax, in relation to courses delivered during the period and is recognised evenly over the period of the relevant course Any receipts in advance of a course starting date are held on the balance sheet as deferred income

Operating leases
Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term

2 Segmental analysis

	Turnover £000	Operating Loss £000	Net Liabilities £000
By activity			
Training	220	(1,083)	(766)
By geographical market			
UK	220	(1,083)	(766)

3 Loss on ordinary activities before taxation

	£000
Loss on ordinary activities before taxation is stated after charging	
Auditors' remuneration	
Audit fees	10
Depreciation	69
Operating lease charges	
Land and buildings	158
Other	1

4 Directors' remuneration

Directors' remuneration and pension contributions are borne by Kaplan Financial Limited and Kaplan International Holdings Limited and details can be found in those companies' accounts

5 Staff numbers and costs

The average number of persons employed by the company during the period, analysed by category, was as follows

	Number of employees
Type of work	
Tuition	10
Administration	2
	12

The aggregate payroll costs of those persons were as follows

	£000
Wages and salaries	308
Social security costs	20
Other pension costs	4
	332

6 Tax on loss on ordinary activities

The credit for taxation is made up as follows	£000
Current tax	
Corporation tax credit at 30%	(393)
Total current tax	(393)
Deferred taxation:	
Deferred tax – current year	76
Total deferred tax	76
Tax credit on profit on ordinary activities	(317)

The standard rate of current tax for the period, based on the UK standard rate of corporation tax, is 30% From 1 April 2008, the UK corporation tax rate will be 28%

The current period tax credit differs from 30% of the loss on ordinary activities before taxation for the reasons set out in the following reconciliation

	£000
Loss on ordinary activities before taxation	(1,083)
Corporation tax at standard rate of 30%	(325)
Accelerated capital allowances	(76)
Disallowed expenses	8
Current tax credit for the period	(393)

7 Tangible fixed assets

	Short leasehold improvements £000	Fixtures & fittings & office equipment £000	Computer equipment & software £000	Total £000
Cost				
At beginning of period	-	-	-	-
Additions	1,449	224	113	1,786
At end of period	**1,449**	**224**	**113**	**1,786**
Depreciation				
At beginning of period	-	-	-	-
Charge for period	47	13	9	69
At end of period	**47**	**13**	**9**	**69**
Net book value				
At 31 December 2007	**1,402**	**211**	**104**	1,717
At 31 July 2006	-	-	-	-

8 Debtors

	2007 £000
Debtors due within one year	
Trade debtors	248
Prepayments and accrued income	43
Other tax and social security	146
Amounts owed by group companies in respect of taxation	393
	830

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

9 Creditors: amounts falling due within one year

	2007 £000
Trade creditors	84
Other creditors	156
Amounts owed to group undertakings	2,672
Accruals and deferred income	382
	3,294

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

10 Provision for liabilities and charges

	Dilapidation provision £000	Deferred tax provision £000	Total £000
At 31 July 2006	-	-	-
Charge for the year	9	76	85
At 31 December 2007	9	76	85

11 Pension scheme

The company contributes to a Group Personal Pension Plan The pension charge for the period amounted to £3,641 No contributions were outstanding at the end of the period

12 Called up share capital

	2007 £000
Authorised	
5,000,000 Ordinary shares of £1 each	5,000
Allotted, called up and fully paid	
One ordinary share of £1	-

During the period one ordinary share was issued The nominal value of this share was £1 and the consideration was £1

13 Profit and loss account and total equity shareholders' deficit

	2007 £000
Loss for period	(766)

14 Commitments

Annual commitments under non-cancellable operating leases are as follows

	Land & Buildings £000
Operating leases which expire	
Over 5 years	658

The above lease is occupied and paid for by Kaplan Law School but the lease is in the name of Kaplan Financial Limited

	Other £000
Operating leases which expire	
Over 5 years	1

15 Related party disclosures

The company has taken advantage of the exemption under FRS 8 that allows the non-disclosure of transactions or balances with entities that are part of the group or investments of the group qualifying as related parties where 90% of the company's voting rights are controlled within the group

16 Ultimate parent company

Throughout the period the company was a wholly owned subsidiary undertaking of Kaplan International 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, The Washington Post Company which is incorporated in the USA Copies of its consolidated financial statements can be obtained from the Secretary, 7th Floor, 100 Cannon Street, London EC4N 6EU