

Kaplan Law School Limited

Directors' report and financial statements

for the year ended 31 December 2010

Registered number 05891945

THURSDAY



A2H28XRR

A62

22/09/2011

COMPANIES HOUSE

94

Contents

	Page
Directors' report	2
Independent auditors' report to the members of Kaplan Law School Limited	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

Directors' report for the year ended 31 December 2010

The directors present their annual report and the audited financial statements of Kaplan Law School Limited (the company) for the financial year ended 31 December 2010

Principal activities

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

Business review and future developments

The academic year 2010/2011 was the company's fourth year of operation. The company increased its student intake by a third, mainly due to the successful launch of the Bar Professional Training course designed for students training to become barristers. The company continues to seek and win new law firm clients, and this along with the continued support of the existing law firm clients will support the Law School in coming years in its efforts to become a leading provider of law courses in the UK.

Results

Turnover for the year amounted to £2,183,000 (2009 £1,523,000). The loss for the financial year of £929,000 (2009 loss of £1,155,000) was set off against reserves.

Directors

The directors of the company, who were in office during the year and up to the date of signing the financial statements, were as follows:

Peter Houllon
Susan Paton

Employees' indemnities

The company maintains liability insurance for all employees.

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 be, as far as possible, identical to that of a person who does not suffer from a disability.

Statement of directors' responsibilities

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 UK Generally Accepted Accounting Practice (UK 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.

Directors' report for the year ended 31 December 2010 (continued)

Statement of directors' responsibilities (continued)

In preparing these financial statements, the directors are required to

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

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

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 least one year after these financial statements are signed.

Disclosure of information to auditors


Each of the persons who is a director at the date of approval of this report confirms that

- 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.

Small companies' exemption

The directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board


Peter Houillon
Director

Kaplan Law School Limited
Registered number 05891945
4th Floor
52 Grosvenor Gardens
London
SW1W 0AU

9 September 2011

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

We have audited the financial statements of Kaplan Law School Limited for the year ended 31 December 2010 which comprise the profit and loss account, 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 statement of directors' responsibilities set out on pages 2 and 3 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 (United Kingdom 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.

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 December 2010 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 Companies Act 2006.

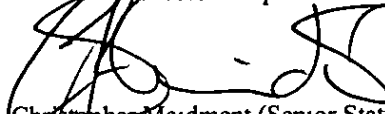
Opinion on other matter prescribed by the Companies Act 2006

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.

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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report.



Christopher Maidment (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors,
Gatwick
9 September 2011

Profit and loss account*for the year ended 31 December 2010*

	Note	2010 £000	2009 £000
Turnover	2	2,183	1,523
Cost of sales		(1,388)	(1,141)
Gross profit		<u>795</u>	<u>382</u>
Administrative expenses		(2,082)	(1,936)
Loss on ordinary activities before tax	3	<u>(1,287)</u>	<u>(1,554)</u>
Tax on loss on ordinary activities	6	358	399
Loss for the financial year	13	<u><u>(929)</u></u>	<u><u>(1,155)</u></u>

The results for the current and prior years are derived from continuing activities

There are no differences between loss on ordinary activities before tax and the loss for the financial years and their historical cost equivalents

There are no recognised gains or losses in the year other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet*as at 31 December 2010*

	Note	2010 £000	2009 (restated*) £000
Fixed assets			
Tangible assets	7	1,333	1,517
Current assets			
Debtors	8	2,726	1,983
Cash at bank and in hand		<u>225</u>	<u>333</u>
		2,951	2,316
Creditors: amounts falling due within one year	9	<u>(8,007)</u>	<u>(6,504)</u>
Net current liabilities		<u>(5,056)</u>	<u>(4,188)</u>
Total assets less current liabilities		(3,723)	(2,671)
Provision for liabilities	10	(307)	(430)
Net liabilities		<u>(4,030)</u>	<u>(3,101)</u>
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	(4,030)	(3,101)
Total shareholders' deficit	14	<u>(4,030)</u>	<u>(3,101)</u>

* The 2009 closing balance for lease incentives has been restated to reclassify lease incentives from creditors amounts due within one year to provision for liabilities as this is a more appropriate classification

The financial statements on pages 5 to 13 were approved by the board of directors on 9 September 2011 and were signed on its behalf by



Peter Houllion
Director

Notes to the financial statements for the year ended 31 December 2010

1 Accounting policies

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the UK. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

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 least one year after these financial statements are signed.

Cash flow statement

Under Financial Reporting Standard 1 Cash flow statements (revised 1996), the company is exempt from the requirement to prepare cash flow statements since it is a wholly owned subsidiary of Kaplan International Holdings Limited, and its cash flows are included within the consolidated cash flow statement of the ultimate parent company, The Washington Post Company, which are publicly available.

Tangible assets and depreciation

Tangible fixed assets are stated at historic cost to the company less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided for on a straight line basis at the rates shown below.

Short leasehold land and buildings	-	10 years or term of lease, whichever is shorter
Fixtures, fittings and office equipment	-	5 – 10 years
Computer equipment and software	-	3 years

No depreciation is charged on construction in progress.

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 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.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term. Where applicable lease incentives are allocated on a straight line basis over the lease term in accordance with UITF Abstract 28 Operating Lease Incentives.

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.

Notes to the financial statements for the year ended 31 December 2010 (continued)

1 Accounting policies (continued)

Deferred tax (continued)

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.

Pension costs

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

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material the provision is determined by discounting the expected future cash flows.

Turnover

Turnover represents tuition fees, excluding value added tax, in relation to courses delivered during the year 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. Where tuition has been provided in advance of the invoice being raised, income is accrued.

2 Turnover

Turnover relates solely to the principal activity of the company which is considered to be one class of business and relates only to sales in the UK.

3 Loss on ordinary activities before tax

	2010	2009
	£000	£000
Loss on ordinary activities before tax is stated after charging:		
Auditors' remuneration		
Audit fees	4	4
Depreciation of owned tangible fixed assets	119	106
Depreciation of leased tangible fixed assets	183	163
Operating lease charges		
Plant and machinery	14	19
Other	631	646

4 Remuneration of directors

Directors' remuneration and pension contributions are borne by Kaplan Financial Limited and details can be found in the financial statements of Kaplan Financial Limited. It is not possible to make an appropriate apportionment for the element of remuneration which relates to the company.

Notes to the financial statements for the year ended 31 December 2010 (continued)**5 Staff numbers and costs**

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

	2010 Number	2009 Number
Type of work		
Tuition	15	13
Administration	10	9
	<u>25</u>	<u>22</u>

The aggregate payroll costs of those persons were as follows

	2010 £000	2009 £000
Wages and salaries	1,339	1,045
Social security costs	157	125
Other pension costs (note 11)	43	40
	<u>1,539</u>	<u>1,210</u>

6 Tax on loss on ordinary activities

	2010 £000	2009 £000
The credit for tax was made up as follows		
Current tax		
UK corporation tax on losses for the year	(334)	(422)
Adjustment in respect of prior years	(4)	22
Total current tax	<u>(338)</u>	<u>(400)</u>
Deferred tax		
Current year – origination and reversal of timing differences	(15)	9
Adjustments in respect of prior years	(5)	(8)
Total deferred tax (note 10)	<u>(20)</u>	<u>1</u>
Tax credit on loss on ordinary activities	<u>(358)</u>	<u>(399)</u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 28% (2009 28%)

Notes to the financial statements for the year ended 31 December 2010 (continued)**6 Tax on loss on ordinary activities (continued)**

The current year tax credit differs from the standard rate of corporation tax in the UK of 28% (2009 28%) of loss on ordinary activities before tax for the reasons set out in the following reconciliation

	2010	2009
	£000	£000
Loss on ordinary activities before tax	(1,287)	(1,554)
Loss on ordinary activities multiplied by the standard rate in the UK of 28% (2009 28%)	(360)	(435)
Effects of		
Accelerated capital allowances	9	(6)
Disallowed expense	17	19
Adjustments in respect of prior year	(4)	22
Current tax credit for the year	(338)	(400)

Factors affecting current and future tax charges

A number of changes to the UK Corporation tax system have recently been announced. The Finance (No 2) Act 2010 included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. This rate change was substantively enacted on 21 July 2010. Further reductions to the main rate were proposed at this date to reduce the rate by 1% per annum to 24% by 1 April 2014.

These proposals have subsequently been amended in the March 2011 Budget Statement. At this point, an additional 1% reduction in the main rate of corporation tax was proposed and was substantively enacted on 29 March 2011. Therefore the main rate of corporation tax from 1 April 2011 is now 26%. As this change was not substantively enacted at the balance sheet date it has not been included in these financial statements.

Furthermore, on 5 July 2011 an additional 1% reduction to the main rate of corporation tax from 26% to 25%, from 1 April 2012, was substantially enacted. Again, because this was substantively enacted after the balance sheet, this change is not included in these financial statements.

Notes to the financial statements for the year ended 31 December 2010 (continued)

7 Tangible assets

	Short leasehold land and buildings £000	Fixtures, fittings and office equipment £000	Computer equipment and software £000	Construction in progress £000	Total £000
<i>Cost</i>					
At 1 January 2010	1,619	270	212	6	2,107
Additions	75	31	12	-	118
At 31 December 2010	1,694	301	224	6	2,225
<i>Accumulated depreciation</i>					
At 1 January 2010	364	133	93	-	590
Charge for the year	183	57	62	-	302
At 31 December 2010	547	190	155	-	892
<i>Net book value</i>					
At 31 December 2010	1,147	111	69	6	1,333
At 31 December 2009	1,255	137	119	6	1,517

8 Debtors

	2010 £000	2009 £000
Trade debtors	1,038	1,137
Amounts owed by group undertakings	741	141
Amounts owed by group undertakings in respect of tax	315	423
Other tax and social security	277	-
Prepayments and accrued income	355	282
	2,726	1,983

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

9 Creditors: amounts falling due within one year

	2010 £000	2009 (*restated) £000
Trade creditors	5	8
Corporation tax	4	-
Amounts owed to group undertakings	6,249	4,903
Other tax and social security	-	68
Accruals and deferred income	1,749	1,525
	8,007	6,504

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

* The 2009 closing balance for lease incentives has been restated to reclassify lease incentives from creditors amounts due within one year to provision for liabilities as this is a more appropriate classification

Notes to the financial statements for the year ended 31 December 2010 (continued)

10 Provision for liabilities

	Lease Incentives £000	Dilapidation provision £000	Deferred tax provision £000	Total £000
At 1 January 2010 (restated)	347	39	44	430
Charge/(credit) to the profit and loss account	(121)	18	(20)	(123)
At 31 December 2010	<u>226</u>	<u>57</u>	<u>24</u>	<u>307</u>

The company provides for amounts payable, under the terms of lease agreements for premises, to restore premises to their original condition at the end of each lease. The provision is charged to the profit and loss account over the term of each tenancy.

The company provides for future expected tax charges that result from timing differences.

The balances as at 1 January 2010 have been restated as lease incentives have been reclassified from creditors falling due within one year to provision for liabilities.

Provision for deferred tax	2010 £000	2009 £000
Accelerated capital allowances	<u>24</u>	<u>44</u>

11 Pension scheme

The company contributes to a group personal pension plan. The pension charge for the year amounted to £43,000 (2009: £40,000). No contributions were outstanding at the end of the year.

12 Called up share capital

	2010 £000	2009 £000
Authorised		
5,000,000 ordinary shares of £1 each (2009: 5,000,000)	<u>5,000</u>	<u>5,000</u>
Allotted and fully paid		
One ordinary share of £1 (2009: 1)	<u>-</u>	<u>-</u>

13 Profit and loss account

	Profit and loss account £000
At 1 January 2010	(3,101)
Loss for the financial year	<u>(929)</u>
At 31 December 2010	<u>(4,030)</u>

Notes to the financial statements for the year ended 31 December 2010 (continued)

14 Reconciliation of movements in shareholders' deficit

	2010	2009
	£000	£000
Loss for the financial year	(929)	(1,155)
Opening shareholders' deficit	<u>(3,101)</u>	<u>(1,946)</u>
Closing shareholders' deficit	<u>(4,030)</u>	<u>(3,101)</u>

15 Commitments

As at 31 December 2010 the company had annual commitments under non-cancellable operating leases for assets expiring as follows

	Land and buildings		Other	
	2010	2009	2010	2009
	£000	£000	£000	£000
Within one year	-	-	3	8
Within two to five years	752	658	5	-
After five years	-	-	6	6
	<u>752</u>	<u>658</u>	<u>14</u>	<u>14</u>

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

16 Related party disclosures

The company has taken advantage of the exemption stated in Financial Reporting Standard 8 "Related Party Disclosures" 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 the entities are wholly owned by the company. The company is included in the financial statements of The Washington Post Company, which are publicly available.

There are no other related party transactions.

17 Ultimate parent company and controlling party

Throughout the year, the company was a wholly owned subsidiary undertaking of the immediate parent company Kaplan International Holdings Limited. The only group in which the results of the company are consolidated is that headed by the ultimate parent 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 company's company secretary, 4th Floor, 52 Grosvenor Gardens, London, SW1W 0AU.