

Kaplan Law School Limited

Director's report and financial statements

for the year ended 31 December 2012

Registered number 05891945

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Director's report for the year ended 31 December 2012

The director presents the annual report and the audited financial statements of Kaplan Law School Limited (the company) for the financial year ended 31 December 2012

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 2011/2012 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 Kaplan Law School Limited in coming years in its efforts to become a leading provider of law courses in the UK.

Principal risks and uncertainties

At the current time, the director believes the principal risks and uncertainties facing the company are the general economic environment and increased competition.

Key performance indicators ("KPIs")

For reasons of confidentiality and commercial interest further detail can be provided on request at the company's discretion.

Results and dividends

Turnover for the year amounted to £3,812,000 (2011 £3,025,000). The loss for the financial year of £683,000 (2011 £973,000) was charged against reserves. No final dividend has been paid or proposed (2011 £nil).

Directors

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

Peter Houillon
Susan Paton (resigned 23 February 2012)

Directors' indemnities

The company maintains liability insurance for all directors.

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.

Director's report for the year ended 31 December 2012 (continued)

Statement of director's responsibilities

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 year.

In preparing these financial statements, the director is 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 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 director considers it to be appropriate that the financial statements have been prepared on the going concern basis since it has received an undertaking from its intermediate parent company, Kaplan, Inc., 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 time when the report is approved, confirms that

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

Small companies' exemption

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed in accordance with section 487 of the Companies Act 2006.

Signed by the director

Peter Houillon
Director



Kaplan Law School Limited
Registered number 05891945
7th Floor
100 Cannon Street
London
EC4N 6EU

25th September 2013

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 2012 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 director and auditors

As explained more fully in the statement of director's responsibilities set out on page 3 the director is 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 director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the director's report and financial statements 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 December 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.

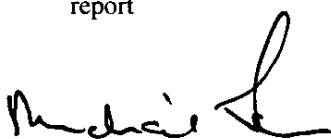
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the director's 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 director was not entitled to take advantage of the small companies' exemption in preparing the Director's report.



Michael Jones (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
30 September 2013

Profit and loss account*for the year ended 31 December 2012*

	Note	2012 £000	2011 £000
Turnover	2	3,812	3,025
Cost of sales		(1,903)	(1,793)
Gross profit		<u>1,909</u>	<u>1,232</u>
Administrative expenses		(2,760)	(2,495)
Loss on ordinary activities before tax	3	<u>(851)</u>	<u>(1,263)</u>
Tax on loss on ordinary activities	6	168	290
Loss for the financial year	13	<u>(683)</u>	<u>(973)</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

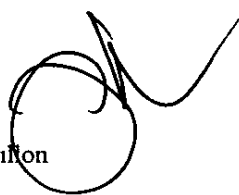
There are no recognised gains or losses in the year other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet*as at 31 December 2012*

	Note	2012 £000	2011 £000
Fixed assets			
Tangible assets	7	907	1,065
Current assets			
Debtors	8	2,828	3,009
Cash at bank and in hand		<u>24</u>	<u>218</u>
		2,852	3,227
Creditors: amounts falling due within one year	9	<u>(9,297)</u>	<u>(9,103)</u>
Net current liabilities		<u>(6,445)</u>	<u>(5,876)</u>
Total assets less current liabilities		<u>(5,538)</u>	<u>(4,811)</u>
Provisions for liabilities	10	(148)	(192)
Net liabilities		<u>(5,686)</u>	<u>(5,003)</u>
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	(5,686)	(5,003)
Total shareholders' deficit	14	<u>(5,686)</u>	<u>(5,003)</u>

The financial statements on pages 5 to 13 were approved by the director on 25th September 2013 and were signed by

Peter Hounlon
Director



Notes to the financial statements for the year ended 31 December 2012

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 director considers it to be appropriate that the financial statements have been prepared on the going concern basis since it has received an undertaking from its intermediate parent company Kaplan, Inc., 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 fixed 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.

Impairment of fixed assets

The carrying value of tangible 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. A review is carried out annually by the director if there is an indication of impairment.

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 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.

Notes to the financial statements for the year ended 31 December 2012 (continued)**1 Accounting policies (continued)****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, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. If the effect is material the provision is determined by discounting the expected future cash flows.

The company provides for lease incentives in relation to property. Lease incentives are charged to the profit and loss account over the lease term of each tenancy.

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.

Dividends

Dividends are recorded in the financial statements once they have been authorised and the company is committed to making the payment. Interim dividends are recorded when paid.

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

	2012 £000	2011 £000
Loss on ordinary activities before tax is stated after charging		
Auditors' remuneration		
Audit fees	4	4
Depreciation of tangible fixed assets	254	273
Operating lease charges		
Plant and machinery	18	23
Other	777	759
	<u>777</u>	<u>759</u>

4 Remuneration of directors

Details of directors' remuneration and pension contributions borne by the company are set out below.

	2012 £000	2011 £000
Aggregate emoluments	39	-
Company contributions to group personal pension plan	5	-
	<u>44</u>	<u>-</u>

Notes to the financial statements for the year ended 31 December 2012 (continued)

4 Remuneration of directors (continued)

	2012 Number	2011 Number
Retirement benefits in relation to continuing schemes are accruing to the following number of directors under the		
Group personal pension plan	<u>1</u>	<u>-</u>

5 Staff numbers and costs

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

	2012 Number	2011 Number
Type of work		
Tuition	25	24
Administration	<u>14</u>	<u>10</u>
	<u>39</u>	<u>34</u>

The aggregate payroll costs of those persons were as follows

	2012 £000	2011 £000
Wages and salaries	1,816	1,706
Social security costs	223	210
Other pension costs (note 11)	<u>124</u>	<u>103</u>
	<u>2,163</u>	<u>2,019</u>

6 Tax on loss on ordinary activities

	2012 £000	2011 £000
The credit for tax was made up as follows		
Current tax		
UK corporation tax on losses for the year	(201)	(317)
Adjustment in respect of prior years	<u>30</u>	<u>14</u>
Total current tax	<u>(171)</u>	<u>(303)</u>
Deferred tax		
Current year – origination and reversal of timing differences	23	(11)
Adjustments in respect of prior years	<u>(20)</u>	<u>24</u>
Total deferred tax (note 10)	<u>3</u>	<u>13</u>
Tax credit on loss on ordinary activities	<u>(168)</u>	<u>(290)</u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 24.5% (2011 26.5%)

Notes to the financial statements for the year ended 31 December 2012 (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 24.5% (2011: 26.5%) of loss on ordinary activities before tax for the reasons set out in the following reconciliation

	2012 £000	2011 £000
Loss on ordinary activities before tax	(851)	(1,263)
Loss on ordinary activities multiplied by the standard rate in the UK of 24.5% (2011: 26.5%)	(208)	(335)
Effects of		
Accelerated capital allowances	(12)	13
Disallowed expense	19	5
Adjustments in respect of prior years	30	14
Current tax credit for the year	(171)	(303)

Factors affecting current and future tax charges

At the balance sheet date, the Finance Act 2012 had been substantively enacted confirming that the main UK corporation tax rate will be 23% from 1 April 2013. Therefore, at 31 December 2012, deferred tax assets have been calculated based on a rate of 23% where the temporary difference is expected to reverse after 1 April 2013.

Further proposals to reduce the main UK corporation tax rate to 21% on 1 April 2014 had not been substantively enacted at the balance sheet date and are therefore not recognised in these financial statements. This may reduce the company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further rate reduction. Although this should further reduce the company's future current tax charge and reduce the company's deferred tax assets accordingly, it is estimated that this will not have a material effect on the company.

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
Cost					
At 1 January 2012	1,698	302	224	6	2,230
Additions	17	3	72	4	96
Transfers	-	6	-	(6)	-
At 31 December 2012	1,715	311	296	4	2,326
Accumulated depreciation					
At 1 January 2012	741	231	193	-	1,165
Charge for the year	183	34	37	-	254
At 31 December 2012	924	265	230	-	1,419
Net book value					
At 31 December 2012	791	46	66	4	907
At 31 December 2011	957	71	31	6	1,065

Notes to the financial statements for the year ended 31 December 2012 (continued)

8 Debtors

	2012 £000	2011 £000
Trade debtors	1,125	1,401
Amounts owed by group undertakings	1,138	1,246
Corporation tax	200	8
Prepayments and accrued income	365	354
	<u>2,828</u>	<u>3,009</u>

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

9 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	32	41
Amounts owed to group undertakings	6,721	7,442
Other creditors including tax	137	15
Accruals and deferred income	2,407	1,605
	<u>9,297</u>	<u>9,103</u>

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

10 Provisions for liabilities

	Lease incentives £000	Dilapidation provision £000	Deferred tax provision £000	Total £000
At 1 January 2012	80	75	37	192
Charge to the profit and loss account	-	18	3	21
Utilised in the year	(65)	-	-	(65)
At 31 December 2012	<u>15</u>	<u>93</u>	<u>40</u>	<u>148</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.

Provision for deferred tax	2012 £000	2011 £000
Accelerated capital allowances	<u>40</u>	<u>37</u>

Notes to the financial statements for the year ended 31 December 2012 (continued)

11 Pension scheme

The company contributes to a group personal pension plan. The pension charge for the year amounted to £124,000 (2011: £103,000). No contributions were outstanding at the end of the year.

12 Called up share capital

	2012 £000	2011 £000
Allotted and fully paid		
One ordinary share of £1 (2011: one)	-	-

13 Profit and loss account

	Profit and loss account £000
At 1 January 2012	(5,003)
Loss for the financial year	(683)
At 31 December 2012	(5,686)

14 Reconciliation of movements in shareholders' deficit

	2012 £000	2011 £000
Loss for the financial year	(683)	(973)
Opening shareholders' deficit	(5,003)	(4,030)
Closing shareholders' deficit	(5,686)	(5,003)

15 Commitments

As at 31 December 2012 the company had annual commitments under non-cancellable operating leases for assets expiring as follows:

	Land and buildings		Other	
	2012 £000	2011 £000	2012 £000	2011 £000
Within one year	-	-	7	4
Within two to five years	752	752	15	6
After five years	-	-	-	7
	<u>752</u>	<u>752</u>	<u>22</u>	<u>17</u>

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

Notes to the financial statements for the year ended 31 December 2012 (continued)

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 US. Copies of its consolidated financial statements can be obtained from the company's director, 7th Floor, 100 Cannon Street, London, EC4N 6EU.