

## **Kaplan Law School Limited**

### **Annual report and financial statements**

for the year ended 31 December 2016

Registered number: 05891945

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## **Strategic report for the year ended 31 December 2016**

The director presents the Strategic report on the company for the year ended 31 December 2016.

### **Business review**

In September 2015, the company announced that it would discontinue offering its programmes from May 2016 and as a result the financial statements are prepared on a basis other than the going concern basis.

### **Principal risks and uncertainties**

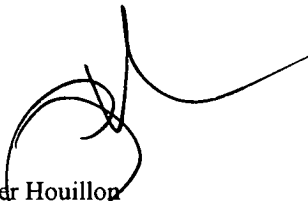
As the company has ceased trading, the director does not consider this company to be exposed to any significant business risks.

The process of risk management has historically been addressed through a framework of policies, procedures and internal control. All policies are subject to approval by the director and are reviewed on an ongoing basis by management. Compliance with laws, regulations and government policies is a high priority for the company and is continuously reviewed by senior management and the finance department.

### **Key performance indicators ("KPIs")**

Given the simplistic nature of the business, the director is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

The Strategic report was approved on 29 September 2017 and signed by:

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a horizontal line extending to the right.

Peter Houillon  
**Director**

## **Director's report for the year ended 31 December 2016**

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 2016.

### **Principal activities**

The company operated 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.

### **Future developments**

In September 2015, the company announced that it would discontinue offering its programmes from May 2016 and following cessation of all activities, the company will be liquidated. As such, the financial statements have been prepared on a basis other than the going concern. The following adjustments were made in the prior year:

- Fixed assets were impaired down to their realisable value;
- Termination costs payable of £107,000 were accrued for; and
- Fixed assets and long term liabilities were reclassified as current assets and liabilities.

No further adjustments were made in the current year.

### **Results and dividends**

Turnover for the year amounted to £345,000 (2015: £1,491,000). The profit for the financial year of £197,000 (2015: £6,910,000) was credited to (2015: credited to) reserves. Following the decision to close the company, the intercompany balance of £1,052,000 (2015: £8,019,000) held with the parent company, Kaplan International Holdings Limited, was waived, resulting in a credit to the profit and loss account. No final dividend has been paid or proposed (2015: £nil).

### **Director**

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

Peter Houillon

### **Director's indemnities**

The company maintained third party indemnity insurance for the director throughout the year and up to the date of signing the financial statements.

### **Going concern**

The company ceased trading in May 2016 and the director has every intention to liquidate the company during the next 12 months. As such, the financial statements have been prepared on a basis other than the going concern basis. Details of the adjustments made to the financial statements as a result of the company ceasing to trade are noted above.

### **Employees' indemnities**

The company maintains third party indemnity insurance for all employees.

### **Employees**

Employees are consulted on matters that are of concern to them and all employees are made 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 2016 (continued)

### Statement of Director's responsibilities in respect of the financial statements

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

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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the 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 period. In preparing the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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.

The director 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.

In the case of each director in office at the date the Directors' Report is approved:

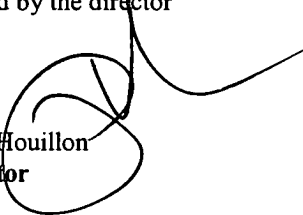
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's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

### 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  
179 – 191 Borough High Street  
London  
SE1 1HR

29 September 2017

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

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, Kaplan Law School Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit 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.
- 

#### **Emphasis of matter - Basis of preparation**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the basis of preparation which explains the director has every intention to liquidate the Company in the next twelve months. Accordingly, the going concern basis of preparation continues to be no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 3 to the financial statements. Adjustments were made in prior period financial statements, to provide for liabilities arising from the decision, to impair fixed assets to their realisable value and to reclassify fixed assets and long-term liabilities as current assets and liabilities. No further adjustments were made in the current period financial statements.

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#### **What we have audited**

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, the has made assumptions and considered future events.

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Director's report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Director's report. We have nothing to report in this respect.

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#### **Other matters on which we are required to report by exception**

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##### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

## **Independent auditors' report to the members of Kaplan Law School Limited (continued)**

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### **Director's remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of director's remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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### **Responsibilities for the financial statements and the audit**

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#### **Our responsibilities and those of the director**

As explained more fully in the Statement of director's responsibilities set out on page 4, 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) ("ISAs (UK & 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.

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#### **What an audit of financial statements involves**

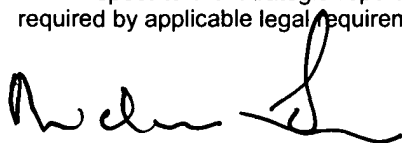
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the director's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic report and the Director's report, we consider whether this report includes the disclosures required by applicable legal requirements.



Michael Jones (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Gatwick  
29 September 2017

**Statement of comprehensive income**  
*for the year ended 31 December 2016*

	<b>Note</b>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Turnover	5	345	1,491
Cost of sales		(450)	(680)
<b>Gross (loss)/profit</b>		<b>(105)</b>	<b>811</b>
Administrative expenses before exceptional items		(1,036)	(2,165)
Exceptional items	6	1,052	8,019
<b>Total administrative expenses</b>		<b>16</b>	<b>5,254</b>
<b>Profit before taxation</b>	7	<b>(89)</b>	<b>6,665</b>
Tax on profit	10	286	245
<b>Profit for the financial year</b>		<b>197</b>	<b>6,910</b>

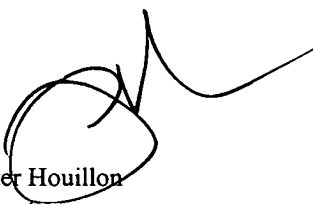
The results for the current and prior years are derived from discontinued activities.



**Statement of financial position***as at 31 December 2016*

	Note	2016		2015	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	11		-		-
<b>Current assets</b>					
Debtors	12	618		977	
Cash at bank and in hand		<u>20</u>		<u>55</u>	
		638		1,032	
<b>Creditors: amounts falling due within one year</b>	13	<u>(184)</u>		<u>(775)</u>	
<b>Net current assets</b>			454		257
<b>Total assets less current liabilities</b>			<u>454</u>		<u>257</u>
<b>Net assets</b>			<u>454</u>		<u>257</u>
<b>Capital and reserves</b>					
Called up share capital	16		-		-
Profit and loss account	17		454		257
<b>Total equity</b>			<u>454</u>		<u>257</u>

The financial statements on pages 7 to 19 were approved by the director on 29 September 2017 and were signed by:



Peter Houillon  
Director

The notes on pages 11 to 19 form part of these financial statements.

**Statement of changes in equity**  
*for the year ended 31 December 2016*

	<b>Called up share capital</b> <b>£000</b>	<b>Profit and loss account</b> <b>£000</b>	<b>Total equity</b> <b>£000</b>
At 1 January 2016	-	257	257
<b>Comprehensive income</b> <b>for the year</b>			
Profit for the financial year	-	197	197
<b>Total comprehensive</b> <b>income for the year</b>	-	197	197
<b>At 31 December 2016</b>	-	454	454

The notes on pages 11 to 19 form part of these financial statements

**Statement of changes in equity**  
*for the year ended 31 December 2015*

	<b>Called up share capital</b> <b>£000</b>	<b>Profit and loss account</b> <b>£000</b>	<b>Total equity</b> <b>£000</b>
At 1 January 2015	-	(6,653)	(6,653)
<b>Comprehensive income</b> <b>for the year</b>			
Profit for the financial year	-	6,910	6,910
<b>At 31 December 2015</b>	<b>-</b>	<b>257</b>	<b>257</b>

The notes on pages 11 to 19 form part of these financial statements

## Notes to the financial statements for the year ended 31 December 2016

### 1 General information

Kaplan Law School Limited ("the Company") is a private Company limited by shares, incorporated in England and Wales. Its registered office is 170 - 191 Borough High Street, London, SE1 1HR.

### 2 Statement of compliance

The individual financial statements of Kaplan Law School Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3 Accounting policies

#### Basis of preparation for the year ended 31 December 2016 and the statement of financial position as 31 December 2015

In September 2015, the company announced that it would discontinue offering its programmes from May 2016 and as a result the financial statements have been prepared on a basis other than going concern. The director has every intention to liquidate the company during the next 12 months. As such, the financial statements have been prepared on a basis other than the going concern basis. The following adjustments were made in the prior year:

- Fixed assets were impaired down to their realisable value;
- Termination costs payable of £107,000 were accrued for; and
- Fixed assets and long term liabilities were reclassified as current assets and liabilities.

No further adjustments were made in the current year.

#### Basis of preparation and accounting policies for the statement of comprehensive income for the year ended 31 December 2015

These financial statements are prepared under the historical cost convention and in accordance with:

- i) The Companies Act 2006
- ii) Applicable accounting standards in the United Kingdom
- iii) Consistently applied accounting policies

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The individual accounts of Kaplan Law School Limited have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- non-disclosure of the reconciliation of the number of shares outstanding at the beginning and at the end of the period
- the requirement to present disclosures relating to financial instruments, and
- the requirement to disclose key management personnel compensation in total.

The following principal accounting policies have been consistently applied:

#### Cash flow statement

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis it is a qualifying entity and its ultimate parent company, Graham Holdings Company, includes the company's cash flows in its own consolidated financial statements.

#### Exceptional items

Exceptional items are non-recurring material items which are outside the normal scope of the company's ordinary activities such as the impairment of investment in subsidiaries to the present value of predicted future cash flows. Such items are disclosed separately within the financial statements.

#### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. 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.

## Notes to the financial statements for the year ended 31 December 2016

### 3 Accounting policies (continued)

#### Revenue recognition (continued)

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.

#### Tangible fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

#### Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

#### Impairment of fixed assets

The carrying value of fixed asset investments is compared with the higher of value in use and the pre-tax net present value of future cash flows. If the carrying value exceeds the higher of the value in use and the pre-tax net present value of future cash flows, the asset is impaired and its value reduced. A review is carried out annually by the director if there is an indication of impairment.

#### Debtors

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

#### Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

## Notes to the financial statements for the year ended 31 December 2016

### 3 Accounting policies (continued)

#### Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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

#### Creditors

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

#### Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

#### Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

#### Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the income statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

#### Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

## Notes to the financial statements for the year ended 31 December 2016

### 3 Accounting policies (continued)

#### Current and deferred taxation (continued)

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### Employee benefits

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

##### (i) Short term benefits

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

#### Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

### 4 Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Key sources of estimation uncertainty:

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. The carrying value of trade debtors at the statement of financial position date are £1,000 (2015 - £287,000).

Provision is made for dilapidations based on the estimated costs of the dilapidation repairs based on cost incurred on similar properties at the end of their lease. The carrying value of provisions for dilapidations at the statement of financial position date are £159,000 (2015 - £147,000).

Following the decision to cease the Company's operations, the Company recognised an accrual for termination costs payable after the year end of £nil (2015: £107,000).

No significant judgments have had to be made by management in preparing these financial statements.

### 5 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.

### 6 Exceptional items

	2016	2015
	£000	£000
Exceptional items – write back of intercompany balances	<u>(1,052)</u>	<u>(8,019)</u>

## Notes to the financial statements for the year ended 31 December 2016

### 6 Exceptional items (continued)

Following the decision to close the company, the intercompany balance of £1,052,000 (2015: £8,019,000) held with the parent company, Kaplan International Holdings Limited, was legally waived, resulting in a credit to the profit and loss account.

### 7 Profit before taxation

	2016 £000	2015 £000
Profit before tax is stated after charging:		
Auditors' remuneration:		
Audit fees	5	5
Depreciation of tangible fixed assets	-	209
Impairment of fixed assets	-	310
Restructuring costs	-	110
Operating lease charges:		
Plant and machinery	10	7
Other	770	769

### 8 Director's remuneration

No remuneration was paid by the company to the director during the year (2015: £Nil).

P. Houillon is a director of the intermediate parent company, Kaplan Financial Limited and is remunerated by that company, which makes no recharge to the company. It is not possible to make an accurate apportionment of his emoluments in respect of each of the companies of which he is a Director.

The company does not operate a defined benefit pension scheme and does not make any contributions for the director to defined contribution schemes. No director had any interests in any options for shares in the company.

### 9 Staff numbers and costs

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

	2016 Number	2015 Number
<b>Type of work</b>		
Tuition	5	9
Administration	6	9
	<u>11</u>	<u>18</u>

The aggregate payroll costs of those persons were as follows:

	2016 £000	2015 £000
Wages and salaries	540	787
Social security costs	70	89
Other pension costs (note 15)	34	56
Restructuring costs	-	110
	<u>644</u>	<u>1,042</u>



## Notes to the financial statements for the year ended 31 December 2016

## 10 Tax on profit

	2016 £000	2015 £000
Current tax:		
UK corporation tax on profit for the year	(276)	(226)
Adjustment in respect of prior years	(10)	(2)
Total current tax	<u>(286)</u>	<u>(228)</u>
Deferred tax:		
Current year – origination and reversal of timing differences	-	(9)
Adjustments in respect of prior years	-	(8)
Total deferred tax	<u>-</u>	<u>(17)</u>
<b>Tax credit on profit</b>	<u><b>(286)</b></u>	<u><b>(245)</b></u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 20% (2015: 20.25%).

The current year tax credit differs (2015: differs) from the standard rate of corporation tax in the UK of 20% (2015: 20.25%) of profit before tax for the reasons set out in the following reconciliation:

	2016 £000	2015 £000
<b>Profit before tax</b>	<u><b>(89)</b></u>	<u>6,665</u>
Profit multiplied by the standard rate in the UK of 20% (2015: 20.25%)	(18)	1,350
Effects of:		
Other timing differences	(49)	24
Non taxable income	(209)	(1,609)
Adjustments in respect of prior years	(10)	(10)
<b>Total tax credit for the year</b>	<u><b>(286)</b></u>	<u><b>(245)</b></u>

**Factors affecting current and future tax charges:**

United Kingdom legislation enacted in July 2013 reduced the main rate of corporation tax from 23% to 21% with effect from 1 April 2014. A further reduction was enacted reducing the rate from 21% to 20% effective 1 April 2015. These enactments provide effective tax rates for 2016 and 2015 financial years of 20% and 20.25% respectively.

During the year the Finance Act was substantively enacted on 15 September 2016. This Act included provisions reducing the main rate of UK corporation tax to 17% from 1 April 2020. Accordingly, the relevant deferred tax balances have been re-measured using the future UK corporation tax rate of 17%.

Given that it is the intention of the director to close down the Company, these change will have no impact on the Company's tax position.

## Notes to the financial statements for the year ended 31 December 2016

## 11 Tangible assets

	Short leasehold land and buildings £000	Fixtures, fittings and office equipment £000	Computer equipment and software £000	Total £000
<b>At 1 January and 31 December 2016</b>	<b>1,715</b>	<b>346</b>	<b>315</b>	<b>2,376</b>
<b>Accumulated depreciation</b>				
At 1 January 2015	1,715	346	315	2,376
Charge for the year	-	-	-	-
Impairment	-	-	-	-
<b>At 31 December 2016</b>	<b>1,715</b>	<b>346</b>	<b>315</b>	<b>2,376</b>
<b>Net book value</b>				
<b>At 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 31 December 2015	-	-	-	-

## 12 Debtors

	2016 £000	2015 £000
Trade debtors	1	287
Corporation tax receivable	287	302
Other debtors	-	5
Prepayments and accrued income	330	383
	<b>618</b>	<b>977</b>

A provision of £nil (2015: £5,000) was recognised against trade debtors.

## 13 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Accruals and deferred income	184	775
	<b>184</b>	<b>775</b>

## Notes to the financial statements for the year ended 31 December 2016

## 14 Financial instruments

	2016	2015
	£000	£000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>1</u>	<u>287</u>
	<b>1</b>	<b>287</b>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	<u>(184)</u>	<u>(609)</u>
	<b>(184)</b>	<b>(609)</b>

## 15 Pension schemes

The company contributes to group personal pension plans. The pension charge for the year amounted to £34,000 (2015: £56,000). No contributions were outstanding at the end of the year (2015: £nil).

## 16 Called up share capital

	2016	2015
	£000	£000
<b>Allotted and fully paid</b>		
One ordinary share of £1 (2015: one)	<u>-</u>	<u>-</u>

## 17 Reserves

**Profit and loss account**

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

## 18 Commitments

As at 31 December 2016 the company had annual commitments under non-cancellable operating leases for assets expiring as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	2016	2015	2016	2015
	£000	£000	£000	£000
Within one year	317	769	-	-
Within two to five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>317</b>	<b>769</b>	<b>-</b>	<b>-</b>

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 2016**

### **19 Related party disclosures**

The company has taken advantage of the exemption stated in Financial Reporting Standard 102 Section 33 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 Graham Holdings Company, which are publicly available.

There are no other related party transactions requiring disclosure.

### **20 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 Graham Holdings Company, which is incorporated in the US. Copies of its consolidated financial statements can be obtained from the company's director at 179 - 191 Borough High Street, London, SE1 1HR.