

Financial statements  
FoundationCampus  
London Limited

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For the Year Ended 31 August 2012



## Officers and professional advisers

<b>Company registration number</b>	06861252
<b>Registered office</b>	Kett House Station Road CAMBRIDGE CB1 2JH
<b>Directors</b>	Mr F Brownlee Mr M Stanton
<b>Secretary</b>	M Stanton
<b>Bankers</b>	National Westminster Bank PLC 23 Market Street CAMBRIDGE CB2 3PA
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 101 Cambridge Science Park Milton Road CAMBRIDGE CB4 0FY

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## Report of the directors

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

### **Principal activities and business review**

The principal activity of the company during the period was the provision of pre-university study programmes to enable international students to meet the entry requirements for a UK university degree course

The directors accept the results of the company for the year

### **Future developments**

The directors foresee a similar level of activity in the coming year

### **Directors**

The directors who served the company during the year were as follows

Mr F Brownlee  
Mr M Stanton

### **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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

**Auditor**

Grant Thornton UK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

**Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

BY ORDER OF THE BOARD

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

M Stanton

Secretary



## Independent auditor's report to the members of FoundationCampus London Limited

We have audited the financial statements of FoundationCampus London Limited for the year ended 31 August 2012 which comprise the accounting policies, profit and loss account, 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Independent auditor's report to the members of FoundationCampus London Limited (continued)

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the report of the directors

*Grant Thornton UK LLP*

ALISON SEEKINGS (Senior Statutory Auditor)  
For and on behalf of  
GRANT THORNTON UK LLP  
STATUTORY AUDITOR  
CHARTERED ACCOUNTANTS

**CAMBRIDGE**

*11 February 2013*

## Accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards

The directors consider that the company has adequate group support to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year

### **Fixed assets**

All fixed assets are initially recorded at cost

### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Fittings                      -     25% Straight line

### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

### **Deferred taxation**

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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



### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## Profit and loss account

		2012	2011
	Note	£	£
Turnover		3,141,538	1,178,563
Cost of sales		1,318,898	453,554
Gross profit		<u>1,822,640</u>	<u>725,009</u>
Other operating charges	1	1,826,260	1,273,275
<b>Loss on ordinary activities before taxation</b>		<u>(3,620)</u>	<u>(548,266)</u>
Tax on loss on ordinary activities	3	2,038	(156,332)
<b>Loss for the financial year</b>	12	<u>(5,658)</u>	<u>(391,934)</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

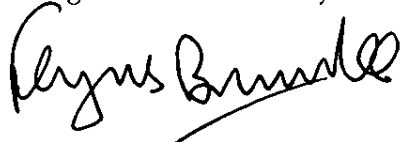
**The accompanying accounting policies and notes form part of these financial statements.**

## Balance sheet

	Note	2012 £	2011 £
<b>Fixed assets</b>			
Tangible assets	4	9,049	5,188
<b>Current assets</b>			
Debtors	5	192,533	239,947
Cash at bank		842,466	481,565
		<u>1,034,999</u>	<u>721,512</u>
<b>Creditors: amounts falling due within one year</b>	6	<u>1,946,560</u>	<u>1,623,554</u>
<b>Net current liabilities</b>		<u>(911,561)</u>	<u>(902,042)</u>
<b>Total assets less current liabilities</b>		<u>(902,512)</u>	<u>(896,854)</u>
<b>Provisions for liabilities</b>	7	-	-
		<u>(902,512)</u>	<u>(896,854)</u>
<b>Capital and reserves</b>			
Called-up equity share capital	11	1	1
Profit and loss account	12	(902,513)	(896,855)
<b>Deficit</b>	13	<u>(902,512)</u>	<u>(896,854)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These financial statements were approved by the directors and authorised for issue on 1 February 2013, and are signed on their behalf by



F Brownlee

Director

Company Registration Number 06861252

**The accompanying accounting policies and notes form part of these financial statements.**

## Notes to the financial statements

### 1 Other operating charges

	31 Aug 12 £	31 Aug 11 £
Administrative expenses	<u>1,832,260</u>	<u>1,273,275</u>

### 2 Operating loss

Operating loss is stated after charging

	31 Aug 12 £	31 Aug 11 £
Depreciation of owned fixed assets	3,935	2,296
Auditor's fees	5,000	3,339
Operating lease costs		
- Other	<u>330,585</u>	<u>240,786</u>

Directors remuneration is borne by other group companies

### 3 Taxation on ordinary activities

(a) Analysis of charge in the year

	31 Aug 12 £	31 Aug 11 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 25 16% (2011 - 27 16%)	1,183	(148,271)
Over provision in prior periods	855	(7,939)
Total current tax	<u>2,038</u>	<u>(156,210)</u>
Deferred tax		
Origination and reversal of timing differences	-	122
Tax on loss on ordinary activities	<u>2,038</u>	<u>(183,798)</u>

### 3 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 25 16% (2011 - 27 16%)

	31 Aug 12 £	31 Aug 11 £
Loss on ordinary activities before taxation	<u>(3,620)</u>	<u>(548,266)</u>
Loss on ordinary activities by rate of tax	(911)	(148,909)
Expenses not deductible for tax purposes	1,807	276
Capital allowances for period in excess of depreciation	286	162
Adjustments to tax charge in respect of previous periods	855	(7,939)
Group relief surrendered	(1,183)	149,159
Receipt for group relief	1,183	(148,271)
Other short term timing differences	1	(688)
Total current tax (note 3(a))	<u>2,038</u>	<u>(156,210)</u>

### 4 Tangible fixed assets

	Fixtures & Fittings £
Cost	
At 1 September 2011	9,183
Additions	7,796
At 31 August 2012	<u>16,979</u>
Depreciation	
At 1 September 2011	3,995
Charge for the year	3,935
At 31 August 2012	<u>7,930</u>
Net book value	
At 31 August 2012	<u>9,049</u>
At 31 August 2011	<u>5,188</u>

**5 Debtors**

	2012	2011
	£	£
Trade debtors	157,318	91,111
Amounts owed by group undertakings	-	147,584
Other debtors	35,215	1,252
	<u>192,533</u>	<u>239,947</u>

**6 Creditors: amounts falling due within one year**

	2012	2011
	£	£
Trade creditors	45,224	32,268
Amounts owed to group undertakings	616,639	597,595
Corporation tax	2,038	-
Social security and other taxes	6,023	-
Accruals and deferred income	1,276,636	993,691
	<u>1,946,560</u>	<u>1,623,554</u>

**7 Commitments under operating leases**

At 31 August 2012 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire		
Within 1 year	<u>27,887</u>	<u>141,120</u>

**8 Related party transactions**

As a wholly-owned subsidiary of Cambridge Education Group Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group on the grounds that accounts are publicly available from Companies House

**9 Contingent liabilities**

A cross guarantee agreement has been entered into with the Group's bankers, National Westminster Bank Plc, whereby all positive balances that exist within the group headed by Cambridge Education Group Limited (the parent undertaking), or any of its subsidiaries, may be called upon to secure or repay any net bank indebtedness. At 31 August 2012 there was group indebtedness of £nil (2011 - £nil)

**10 Share capital**

Authorised share capital

	2012	2011
	£	£
100 Ordinary shares of £0.01 each	<u>1</u>	<u>1</u>

Allotted, called up and fully paid

	2012		2011	
	No	£	No	£
100 Ordinary shares of £0.01 each	100	1	100	1

**11 Profit and loss account**

	31 Aug 12	31 Aug 11
	£	£
Balance brought forward	(896,855)	(504,921)
Loss for the financial year	(5,658)	(391,934)
Balance carried forward	<u>(902,513)</u>	<u>(896,855)</u>

**12 Reconciliation of movements in shareholders' funds**

	2012	2011
	£	£
Loss for the financial year	(5,658)	(391,934)
Opening shareholders' deficit	<u>(896,854)</u>	<u>(504,920)</u>
Closing shareholders' deficit	<u>(902,512)</u>	<u>(896,854)</u>

**13 Ultimate controlling party**

The immediate parent company is CEG UFP Limited

The ultimate parent undertaking was Cambridge Education Holding 1 (Jersey) Limited, a company incorporated in Jersey

The ultimate controlling party is considered to be Palamon Capital Partners LP by virtue of its shareholding in Cambridge Education Holding 1 (Jersey) Limited

The intermediate parent company, Cambridge Education Group Limited, incorporated in England and Wales, is the parent undertaking of the largest group which prepares publicly available consolidated financial statements, copies of the consolidated financial statements may be obtained from Companies House