

**Company Registration
No. 07285370**

EDU UK BidCo Limited

**Annual Report and
Financial Statements
31 December 2011**



EDU UK BidCo Limited

Annual report and financial statements 31 December 2011

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EDU UK BidCo Limited

Annual report and financial statements 31 December 2011

Officers and professional advisers

DIRECTORS AND CORPORATE INFORMATION

DIRECTORS

A Petersen

P Wilde

H Mackay-Cruise

P Corso

AUDITORS

PricewaterhouseCoopers LLP

First Point

Buckingham Gate

Gatwick

RH6 0PP

SOLICITORS

Baker and McKenzie

PRINCIPAL BANKERS

NAB Ltd

SECRETARY

Baker and McKenzie

REGISTERED OFFICE

1 Billinton Way, Brighton UK

COMPANY REGISTERED NUMBER

Registered in England No 07285370

EDU UK BidCo Limited

Profit and loss account period ended 31 December 2011

The directors present their annual report and the audited financial statements for period ended 31 December 2011

Incorporation

EDU UK BidCo Limited was incorporated on 15 June 2010. The entity and extended Group were incorporated on this day in order to acquire Study Group Pty Ltd. This acquisition subsequently occurred on 1 July 2010. Following this acquisition, the Group was reorganised on 6 July 2010 so that EDU UK BidCo Ltd become the immediate parent of the Study Group UK, USA and Australian operating businesses.

Principal activity

The principal activity of the company is as a holding company and holder of related party financing.

Results

The profit / (loss) for the period after taxation was £ 2,221,688 (2010: (£2,134,766)).

Key business risks

The key risk to the business is the ability of its trading subsidiaries to generate sufficient cash to support the carrying value of the investment carried. The risks to the subsidiaries are primarily global risks that either presents a danger to the world's economy and especially to the willingness and ability of international students to travel to their centres to study together with regulatory changes that may impede the ability of international students to study abroad.

Financial risk management objectives and policies

The main financial risks arising from the company's activities are credit risk and liquidity risk. The company does not have exposure to price risk on commodities and has no foreign currency activities, its loans being denominated in sterling.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. This risk within the Group is mitigated by agents and students paying tuition fees prior to course commencement.

The company's principal financial assets are its investment in subsidiaries and related party receivables from its subsidiaries. The recoverability of these investments and receivables is ultimately dependant on the performance of the subsidiaries.

Liquidity risk

The group as a whole has bank loans totalling £134 million (2010: £149 million) as at the period end, none of which is on the balance sheet of the company. These loans are serviced from the cash flows generated by the group's trading subsidiaries. Based on current trading sufficient cash is being generated to meet all loan requirements. No repayments were due during the period.

At 31 December 2011, the Group had £18 million (2010: £27 million) cash on hand. In addition £40 million (2010: £43 million) of undrawn committed borrowing facilities, in respect of which all conditions precedent had been met, is available should the need arise. To date these facilities have not been required.

The group's long term loans and associated facilities will remain in place until 2015. The loans are subject to covenants, all of which were satisfied as at 31 December 2011, and the Group has projected these covenants through the 12 month period following the signing of these financial statements and the Directors fully expect the group to continue to comply. In addition, the group has prepared cash flow forecasts as part of its medium term plans for the next three years and having examined these forecasts in the light of current circumstances the Directors are confident that the group and company will have adequate funds available to continue operations and maintain sufficient working capital.

In order to reduce the risk of interest rate changes the group has in place interest rate swaps that cover 75% of the value of the initial loans and which continue until 2015.

Dividends

During the period no dividend was approved or paid.

EDU UK BidCo Limited

Profit and loss account period ended 31 December 2011

Directors

The persons who were directors during the period are listed below

A Petersen - Appointed 2nd July 2010,
P Wilde - Appointed 2nd July 2010,
H Mackay-Cruise - Appointed 2nd July 2010,
P Corso - Appointed 2nd July 2010,
S Kmic - Appointed 15th June 2010 and resigned 2nd July 2010, and
C Rammer - Appointed 15th June 2010 and resigned 2nd July 2010

Independent auditors and statement of provision of information to the independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors of the company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

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

- (1) So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) The director has taken all the steps that he ought to have taken as a 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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Statement of directors' responsibilities

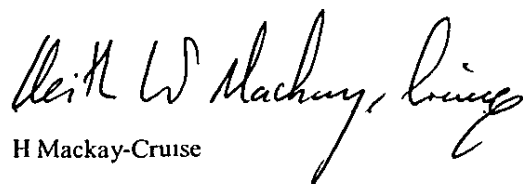
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- 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

Approved by the Board of Directors
and signed on behalf of the Board



H Mackay-Cruise

Director

8th June 2012

EDU UK BidCo Limited

Profit and loss account period ended 31 December 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDU UK BidCo Limited

We have audited the financial statements of EDU UK BidCo Limited for the year ended 31 December 2011 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 Directors' Responsibilities Statement set out on page 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 (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 directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report 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 2011 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.

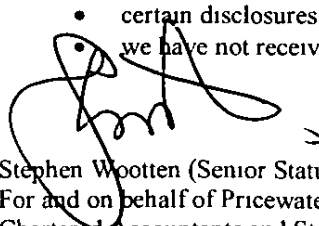
Opinion on other matter prescribed by the Companies Act 2006

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.



Stephen Wootten (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Gatwick

13 June 2012

EDU UK BidCo Limited

Profit and loss account period ended 31 December 2011

	Note	2011 £	2010 £
Turnover	3	931,684	380,571
Administrative expenses		(584,642)	(3,463,812)
Operating profit/(loss)	3	347,042	(3,083,241)
Interest receivable and similar income	4	5,744,922	2,554,022
Interest payable and similar charges	5	(4,675,281)	(2,455,478)
Profit /(Loss) on ordinary activities before taxation		1,416,683	(2,984,697)
Tax credit on loss on ordinary activities	6	805,005	849,931
Profit /(Loss) on ordinary activities after taxation for the financial period	16	2,221,688	(2,134,766)

All the results derive from continuing operations

There are no further recognised gains and losses for the current financial period or previous period other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is given

EDU UK BidCo Limited

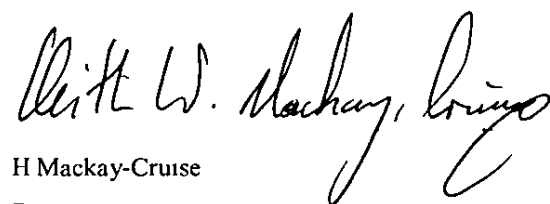
Balance Sheet

For the period ended 31 December 2011

	Note	2011 £	2010 £
ASSETS			
NON CURRENT			
Investments	8	291,901,961	291,901,961
Intercompany Loan	9	54,394,599	48,429,258
		<u>346,296,560</u>	<u>340,331,219</u>
CURRENT ASSETS			
Cash at bank and in hand		74,452	515,237
Debtors	10	3,937,846	1,527,650
		<u>4,012,298</u>	<u>2,042,887</u>
Creditors: amounts falling due within one year	12	4,790,746	8,355,560
NET CURRENT ASSETS		(778,448)	(6,312,673)
TOTAL ASSETS LESS CURRENT LIABILITIES		345,518,112	334,018,546
Creditors. amounts falling due after more than one year	13	71,649,532	62,371,654
NET ASSETS		<u>273,868,580</u>	<u>271,646,892</u>
CAPITAL AND RESERVES			
Called up share capital	15	1	1
Subordinated preference certificates	16	273,781,657	273,781,657
Profit and loss account	17	86,922	(2,134,766)
TOTAL SHAREHOLDERS' FUNDS	18	<u>273,868,580</u>	<u>271,646,892</u>

These financial statements of EDU UK BidCo Limited, Company Registration Number 07285370 were approved by the Board of Directors and authorised for issue on 8th June 2012

Signed on behalf of the Board of Directors



H Mackay-Cruise

Director

8th June 2012

EDU UK BidCo Limited
Notes to the accounts
For the period ended 31 December 2011

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current financial period.

Date of incorporation

EDU UK BidCo Limited was incorporated on 15 June 2010.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of preparation

A review of the Group's business activities and future developments are set out in the Directors' Report. This statement includes reference to the financial position of the Group, its liquidity position and borrowing facilities.

In addition the Directors Report also includes reference to the Company's key business risks and its position on risk management including exposures to credit and liquidity risk. The directors believe that the Group is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less any impairment.

2. Information regarding directors and employees

There were no employees in the current period other than the directors who received no remuneration from this company.

EDU UK BidCo Limited
Notes to the accounts
For the period ended 31 December 2011

3. Operating profit/(loss)

Turnover comprises services provided to subsidiary undertakings

	2011 £	2010 £
Operating loss is stated after charging		
Acquisition costs	197,711	3,631,291
Management fees	442,349	299,361
Net exchange gains	<u>(482,034)</u>	<u>(599,630)</u>

Auditors' remuneration has been borne by the company's subsidiary undertakings

4. Interest receivable and similar income

	2011 £	2010 £
Interest income - intercompany	5,739,347	2,544,890
Interest income - external	<u>5,575</u>	<u>9,132</u>
	<u><u>5,744,922</u></u>	<u><u>2,554,022</u></u>

5. Interest payable and similar charges

	2011 £	2010 £
Eurobond interest repayable within five years	3,568,492	1,902,083
Amortisation of finance costs	<u>1,106,789</u>	<u>553,395</u>
	<u><u>4,675,281</u></u>	<u><u>2,455,478</u></u>

6. Tax credit on loss on ordinary activities

(a) Tax credit on loss on ordinary activities

	2011 £	2010 £
Current tax		
United Kingdom corporation tax credit at 26% (2010 28%) based on the profit/(loss) for the period	(781,656)	(319,755)
Adjustments recognised in the current year in relation to current tax of prior years	(82,590)	-
Deferred tax		
Origination and reversal of timing differences	<u>59,241</u>	<u>(530,176)</u>
	<u><u>(805,005)</u></u>	<u><u>(849,931)</u></u>

EDU UK BidCo Limited
Notes to the accounts
For the period ended 31 December 2011

(b) Factors affecting current tax charge for the period

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK 26% (2010 28%) The differences are explained below

	2011 %	2010 %
Standard tax rate for period as a percentage of profit/(loss)	375,421	(835,715)
Interest receivable not allowable	(1,034,836)	-
Effect of expenses that are not deductible in determining taxable profit	(122,241)	515,960
Current tax rate for period	<u>(781,656)</u>	<u>(319,755)</u>

7 Correction of disclosure error in prior year

The 31 December 2010 financial statements incorrectly disclosed the Eurobond and Intercompany loans. The Eurobonds were disclosed as an Intercompany Loan and included as part of Creditors falling due after one year. The Intercompany Loan was labelled as Eurobonds and included in Fixed Assets.

Correct disclosure results in the following

	2010 £	Increase/ (Decrease) £	2010 (Restated) £
Fixed Asset Extract Eurobond	48,429,258	(48,429,258)	-
Non-Current Debtors Extract Intercompany Loan	-	48,429,258	48,429,258
	<u>48,429,258</u>	<u>-</u>	<u>48,429,258</u>
Creditors falling due after more than one year			
With subsidiary undertaking – interest bearing	(70,148,750)	70,148,750	-
Debtors Extract Deferred financing costs	4,980,548	(4,980,548)	-
Current Liabilities Eurobonds	-	(8,074,686)	(8,074,686)
Non-current Liabilities Eurobonds	-	(57,093,516)	(57,093,516)
	<u>(65,168,202)</u>	<u>-</u>	<u>(65,168,202)</u>

8 Investments

	Investments in subsidiaries 2010 £
Cost	
Incorporation of subsidiaries in the period	94,970,764
Reorganisation of subsidiaries in the period	<u>196,931,197</u>
At 31 December 2010	<u>291,901,961</u>

EDU UK BidCo Limited
Notes to the accounts
For the period ended 31 December 2011

	Investments in subsidiaries 2011 £
Cost	
Balance at the beginning of the period	291,901,961
Additions	-
At 31 December 2011	<u><u>291,901,961</u></u>

A summary of the company's direct investments at the balance sheet date is as follows

Name of Entity	Country of Incorporation	Nature of Business	Ownership Interest	Ownership Interest
			2011 %	2010 %
Study Group Holdings UK Limited	United Kingdom	Holding company	100	100
EDU Holdings SPV Pty Ltd	Australia	Holding company	100	100
EDU US Holdco Inc	USA	Holding company	100	100
Study Group Canada Ltd	Canada	Non trading	100	100

9 Intercompany Loan

	2011 £	2010 £
NON CURRENT		
Intercompany Loan	<u><u>54,394,599</u></u>	<u><u>48,429,258</u></u>

The Intercompany Loan is to EDU Investments SPV PTY LTD, a subsidiary undertaking and earns interest at a fixed rate of 12.09%. Principle is receivable at maturity on 30 June 2019

10. Debtors

	2011 £	2010 £
CURRENT		
Trade and other receivable	772,550	-
Amounts owed by group companies	1,912,705	677,719
Corporation Tax receivable	781,656	319,755
Deferred tax asset	470,935	530,176
	<u><u>3,937,846</u></u>	<u><u>1,527,650</u></u>

Amounts owed by group companies are non-interest bearing and usually settled within 60 days

EDU UK BidCo Limited
Notes to the accounts
For the period ended 31 December 2011

11. Deferred Tax

The movement on the deferred tax assets and liabilities is as shown below

	2011 £	2010 £
Balance at the beginning of the year	530,176	-
Charge to income statement	(59,241)	530,176
	<u>470,935</u>	<u>530,176</u>

12. Creditors amounts falling due within one year

	2011 £	2010 £
Taxation & Social Security costs	73,737	33,021
Accruals	115,200	247,853
Eurobonds	4,601,809	8,074,686
	<u>4,790,746</u>	<u>8,355,560</u>

13. Creditors: amounts falling due after more than one year

	2011 £	2010 £
Amounts owed to group undertakings		
With subsidiary undertakings – non-interest bearing	18,668,153	5,278,138
Eurobonds	52,981,379	57,093,516
	<u>71,649,532</u>	<u>62,371,654</u>

Non-interest bearing amounts owed are usually settled within 60 days

14 Eurobonds

	2011 £	2010 £
Amounts owed		
Within one year		
After one year	4,911,384	8,691,802
	<u>56,545,564</u>	<u>61,456,948</u>
	61,456,948	70,148,750
Deferred Financing Costs	<u>(3,873,760)</u>	<u>(4,980,548)</u>
	<u>57,583,188</u>	<u>65,168,202</u>

Floating rate unsecured loan notes (in the form of Eurobonds) incur interest at market rates, currently being 5.37%. These are repayable over 5 years