

L-J Bidco Limited

Directors' report and financial statements

For the year ended 31 July 2016

Registered number 07942057



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Strategic report

Principal activities

The principal activity of the company during the year was as an intermediate holding company.

The group provides legal education and training under The University of Law brand.

L-J Bidco is a member of the L- J Holdco group.

The ultimate parent company of the L-J Holdco group is Global University Systems Holding B.V., a company incorporated in the Netherlands.

The three trading businesses within the L-J Holdco group are The University of Law Limited, College of Law Services Limited and ULAW (UK) Limited. Legal Network Television Limited ceased trading in April 2016.

Business review and results

As an intermediate holding company, L-J Bidco Limited did not trade throughout the year.

Our Strategy

The group will continue to focus on our existing strengths whilst looking at opportunities to grow our product offering in to enable the group to deliver on our vision:

- We want to continue to define our positioning through first-class student outcomes and employability prospects
- We want our students to enjoy the best possible academic and professional preparation for their future careers
- We want our graduates to be in demand with employers in relevant sectors - domestically and internationally
- We want to be viewed by students, graduates and employers as one of the UK's most responsive and innovative universities.

For further information on the group's strategy please refer to the University of Law Limited's financial statements.

Our Staff

The continued success of the group is founded on the commitment, skill and dedication of our staff. All of our teaching staff are professional lawyers and the delivery of excellent education and training outcomes are a consequence of our people delivering high quality services to our students, aided by their colleagues who provide the professional support and infrastructure to make this possible.

Financial results

The results for the year ended 31 July 2016 are set out on page 8. The company recorded a loss of £9k (2015 restated: £5,799k loss). No dividend is proposed, leaving the £9k loss (2015 restated: £5,799k loss) to be transferred to reserves.

Key performance indicators

The group has a number of key performance indicators to which it manages and monitors its performance. A summary of a selection of the key performance indicators for the group are shown in the University of Law's financial statements.

Strategic report *(continued)*

Principal risks and uncertainties

The most significant categories of risks to the group's performance are outlined below. The board has strategies to manage these risks and remains confident of the continued success of the group.

The risk management framework includes a risk register, owned by the executive management team, who review risk regularly.

The Audit Committee provides independent oversight and challenge to the risk assessment input during the year both from Deloitte as Internal Auditors and KPMG as External Auditors.

Risks are broken down into the following categories:

- Regulatory – the impact of any changes following the implementation of the Legal Education Training Review; the changing nature of government legislation on higher education (e.g. impact of the removal of the student number cap for under-graduate students); academic and professional body oversight including changes to continuing professional development for lawyers
- Market – the competitive dynamics of the legal services sector from both established and new entrants (e.g. changes to the competitive dynamics from new Alternative Business Structure (ABS) players), the overall financial health of the UK economy and its impact on the growth of the legal services industry
- Customer – covering the risks inherent in the University's relationships with both law firms and individual students
- Centre – the physical integrity of the eight locations across the country, covering physical security, loss of key utilities and or services, and the risk of a major incident
- Brand – any risks associated with the continued development of the brand as a leading provider of high quality legal education
- Financial – risks that would impact on the continued growth of the University's prudent and sustainable operation and funding position of the business
- IP risks – protection of intellectual property and innovation in market leading learning processes and content.

Future developments

The overall objective of the L-J Holdco group is the expansion of excellence in legal education and training, both in the UK and internationally. The group continues to prosper by retaining our commitment to deliver high quality teaching and learning focused on the needs and aspirations of our students and law firm clients.


A Etingen
Director

Brabeouf Manor
Portsmouth Road
St Catherines
Guildford
Surrey, GU3 1HA
United Kingdom

7 February 2017

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 July 2016.

Directors

The Directors who held office during the year were as follows:

D I Johnston (resigned 31 May 2016)
A Etingen

Political and charitable contributions

The company made no political or charitable contributions during the period.

Disclosure of information to auditor

The Director who held office at the date of approval of this Directors report confirm that, so far as he is each aware, there is no relevant audit information of which the company's auditor is unaware; and the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

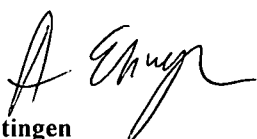
Auditor

In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed to the Company's shareholder.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 Chapter 5 of the Companies Act 2006.

By order of the board


A Etingen
Director

Brabeouf Manor
Portsmouth Road
St Catherines
Guildford
Surrey, GU3 1HA
United Kingdom

7 February 2017

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The Directors are responsible for preparing the Strategic Report, 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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 and 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;
- state whether applicable UK Accounting 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of L-J Bidco Limited

We have audited the financial statements of L-J Bidco Limited for the year ended 31 July 2016 set out on pages 8 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 the Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 July 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic and Directors Report:

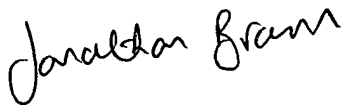
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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:

Independent auditor's report to the members of L-J Bidco Limited

- 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.



Jonathan Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL
9 February 2017

Profit and loss account for the year ended 31 July 2016

	<i>Note</i>	31 July 2016 £'000	Restated 31 July 2015 £'000
Turnover			-
Administration expenses		(9)	(632)
Operating Loss		(9)	(632)
Interest payable and similar charges	6	-	(5,167)
Loss on ordinary activities before taxation	3	(9)	(5,799)
Taxation on loss on ordinary activities	7	-	-
Loss on ordinary activities after taxation		(9)	(5,799)
Equity dividends paid		-	-
Retained loss for the year		(9)	(5,799)

All operations are continuing.

There was no other comprehensive income during the year.

The notes on pages 11 to 17 form an integral part of the financial statements.

Balance sheet
At 31 July 2016

	<i>Note</i>	31 July 2016	Restated
		£'000	31 July 2015
		£'000	£'000
Fixed assets			
Investments	8	41,577	1,256
		<hr/>	<hr/>
		41,577	1,256
Current assets			
Debtors	9	-	101,335
Cash at bank and in hand		-	-
		<hr/>	<hr/>
		-	101,335
Creditors: amounts falling due within one year	10	(59,004)	(120,009)
		<hr/>	<hr/>
Net current liabilities		(59,004)	(18,674)
		<hr/>	<hr/>
Total assets less current liabilities		(17,427)	(17,418)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	(17,427)	(17,418)
		<hr/>	<hr/>
Shareholders' funds		(17,427)	(17,418)
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 Chapter 5 of the Companies Act 2006.

These financial statements were approved by the board of Directors on 7 February 2017 and were signed on its behalf by:



A Etingen

Director

Company registered number: 07942057

Statement of changes in equity for the year ended 31 July 2016

	Called up share capital £'000	Profit and loss account £'000	Total Equity £'000
At 1 August 2014	-	(11,967)	(11,967)
Change in accounting policy (see note 17)	-	348	348
	<hr/>	<hr/>	<hr/>
At 1 August 2014 (restated)	-	(11,619)	(11,619)
Loss for the year	-	(5,799)	(5,799)
	<hr/>	<hr/>	<hr/>
At 31 July 2015	-	(17,418)	(17,418)
Loss for the year	-	(9)	(9)
	<hr/>	<hr/>	<hr/>
At 31 July 2016	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

L-J Bidco is a company limited by shares and incorporated and domiciled in the United Kingdom.

The Company is exempt by virtue of s400 subject to the small companies regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements were prepared in accordance with The Financial Reporting Standard 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (September 2015) ("FRS 102") and the Companies Act 2006.

The Company's parent undertaking, L J Holdco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of L J Holdco are prepared in accordance with FRS 102 and are available to the public and may be obtained from Braboeuf Manor, St Catherines, Guildford, Surrey, GU3 1HA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of the parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements are prepared on the historical cost basis.

Statement of cash flows

The company has taken advantage of the exemption in FRS 102 not to prepare a statement of cash flows and related notes.

Adoption of FRS 102

This is the first year in which the financial statements have been prepared in accordance with FRS 102, it previously reported in accordance with UK GAAP ("Generally Accepted Accounting Practice"). An explanation of how the transition to FRS 102 has affected the financial position and financial performance of the company is provided in note 17. Comparatives have been restated where necessary for any changes in accounting policy.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

-the carrying amount of the company's cost of investment in subsidiaries is its deemed cost at 1 August 2014, the transition date.

Going concern

The accounts are prepared on a going concern basis which the Directors believe to be appropriate for the following reasons. The company is reliant on the support of other group companies as a result of the way that the group is financed. Global University Systems B.V. has agreed to continue to provide financial and other support to the company including not seeking repayment of amounts currently made available for the foreseeable future to enable it to continue to trade.

Notes (continued)

Going concern(contd)

As a result, having assessed the response of the directors of Global University Systems B.V., in light of its support and on the basis of their assessment of the company's financial position, the Directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the financial statements.

Taxation

The charge for taxation is based on the profit/loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, in accordance with FRS 102.

Expenditure

Expenditure on both goods and services is recognised in the period that it is incurred. Where expenditure has been incurred but has not yet been invoiced for, the expenditure is accrued and a creditor for the relevant amount is recorded on the Balance Sheet. Where expenditure has been incurred but that expenditure relates to a later period, the expenditure is deferred and a debtor for the relevant amount is recorded in the Balance Sheet.

2 Significant judgements and accounting estimates

The following accounting estimates have been made, which have a significant risk of causing a material amount to the carrying amounts of assets and liabilities within the next financial year:

- a) The tax rate used for deferred tax liabilities (see note 7).
- b) The fair value of derivatives (see note 17)

3 Loss on ordinary activities before taxation

	31 July 2016 £'000	31 July 2015 £'000
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration	8	8

4 Remuneration of Directors

All Directors of the company were remunerated by The University of Law Limited and therefore no charge in respect of Directors was recognised within these accounts.

5 Staff numbers and costs

The company is an intermediary holding company and does not employ any staff directly.

6 Interest payable and similar charges

	31 July 2016 £'000	31 July 2015 £'000
On bank loans and overdrafts	-	2,207
Amortisation and other debt issue costs	-	2,960
	<hr/>	<hr/>
	-	5,167
	<hr/>	<hr/>

Notes (continued)

7 Taxation

Current tax:

	31 July 2016	31 July 2015
Total tax per Profit and loss account	-	-
	<hr/>	<hr/>

The charge for the year can be reconciled to the loss per the Profit and loss account as follows:

	31 July 2016 £'000	31 July 2015 £'000
Loss for the period- continuing operations	(9)	(5,799)
	<hr/>	<hr/>
Tax on loss at standard UK tax rate of 20.0% (2015: 20.7%)	(2)	(1,200)
<i>Effects of:</i>		
Expenses not deductible	-	391
Group relief	2	736
Adjustment in respect of prior years		73
	<hr/>	<hr/>
Tax charge for the period	-	-
	<hr/>	<hr/>

Factors that may affect future current and total tax charges

The UK Corporation tax rate was reduced from 21% to 20% effective from 1 April 2015. Further reductions to the corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020 were announced in the 2015 Summer Budget. In the 2016 March Budget, it was announced that the main rate of corporation tax from 1 April 2020 shall instead be 17%. Any deferred tax expected to reverse in the year to 31 July 2016 has been remeasured using the rates substantively enacted at 31 July 2016.

8 Fixed asset investments

<i>Cost</i>	Interest in group undertakings £'000
At 1 August 2015	1,256
Additions in year	40,321
	<hr/>
At 31 July 2016	41,577
	<hr/>

In October 2015 the University of Law group undertook a series of loan capitalisations. The University of Law Limited issued a loan note for £40.3 million to L-J Bidco Limited in lieu of intercompany debt. COL NewCo Limited issued 74 class A ordinary and 26 class B ordinary shares of £1 each to L-J Bidco Limited in consideration for the assignment to COL NewCo Limited of the benefit of the loan note issued by The University of Law Limited of £40.3 million.

The company owns 100% of the issued share capital of COL NewCo Limited. Under the provision of section 248 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show the information about the company as an individual entity.

Notes (continued)

9 Debtors

	31 July 2016 £'000	31 July 2015 £'000
Amounts due from group undertakings	-	101,335
	<u>-</u>	<u>101,335</u>

10 Creditors: amounts falling due within one year

	31 July 2016 £'000	31 July 2015 £'000
Amounts due to group undertakings	58,996	120,001
Accruals	8	8
	<u>59,004</u>	<u>120,009</u>

In October 2015 The University of Law Limited issued a loan note for £40.3 million to L-J Bidco Limited in lieu of intercompany debt.

COL NewCo Limited issued 74 class A ordinary and 26 class B ordinary shares of £1 each to L-J Bidco Limited in consideration for the assignment to COL NewCo Limited of the benefit of the loan note issued by The University of Law Limited.

11 Called up share capital

	31 July 2016 £	31 July 2015 £
<i>Allotted, called up and fully paid</i>		
1 Ordinary equity share of £1	1	1
	<u>1</u>	<u>1</u>

12 Reserves

	Profit and loss account £'000
At 1 August 2015	(17,418)
Retained loss for the year	(9)
At 31 July 2016	<u>(17,427)</u>

Notes (continued)

13 Related party disclosures

The Company has taken advantage of the exemption allowed in FRS 102 and has not disclosed details of related party transactions with 100% owned entities within the group.

14 Ultimate parent company

The immediate parent undertaking is L-J Midco Limited, a company incorporated in the United Kingdom.

The company's ultimate parent undertaking is Global University Systems Holding B.V., a company incorporated in the Netherlands.

The group in which the results of the company were consolidated is that headed by L-J Holdco Limited.

The consolidated accounts of L-J Holdco Limited can be obtained from Braboeuf Manor, St Catherines, Guildford, Surrey, GU3 1HA.

15 Contingent liabilities

At 31 July 2016, the company together with other group companies was guarantor of £234.4 million 8.000% Senior Secured Notes due 2020 issued by Lake Bridge International Plc, a subsidiary of Global University Systems Holding B.V. and a £15 million Revolving Credit Facility provided for a remaining period of three years by Nomura International Plc to Lake Bridge International Plc.

16 Post balance sheet event

In October 2016, Lake Bridge International Plc, a subsidiary of Global University Systems Holding B.V. issued £77.3 million 8.00% Senior Secured Notes due 2020. The additional notes were consolidated with the initial notes (£234.4 million) to form a single series of £311.7 million notes. The company together with other group companies is a guarantor.

Notes (continued)

17 Transition to FRS 102

As stated in note 1 these are the company's first financial statements prepared in accordance with FRS 102. The accounting policies set out in the notes above have been applied in preparing these financial statements for the year ended 31 July 2016 and the comparative information is presented in these financial statements for the 12 months period to 31 July 2015.

In preparing its FRS 102 Statement of Comprehensive Income the company has adjusted amounts reported previously in the financial statements prepared in accordance with its previous basis of accounting (old UK GAAP). An explanation of how the transition from old UK GAAP to FRS 102 has affected the financial position and financial performance is set out in the following tables and notes that accompany the tables.

Balance Sheet Reconciliation

	Note	1 August 2014			31 July 2015		
		Old UK GAAP	Effect of transition to FRS 102	FRS 102	Old UK GAAP	Effect of transition to FRS 102	FRS 102
		£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets							
Investments		1,256	-	1,256	1,256	-	1,256
		<u>1,256</u>	<u>-</u>	<u>1,256</u>	<u>1,256</u>	<u>-</u>	<u>1,256</u>
Current assets							
Debtors	(A)	180,137	348	180,485	101,335	-	101,335
Cash at bank and in hand		-	-	-	-	-	-
		<u>180,137</u>	<u>348</u>	<u>180,485</u>	<u>101,335</u>	<u>-</u>	<u>101,335</u>
Creditors < 1 year		(133,395)	-	(133,395)	(120,009)	-	(120,009)
		<u>180,137</u>	<u>348</u>	<u>180,485</u>	<u>101,335</u>	<u>-</u>	<u>101,335</u>
Net current assets/(liabilities)		46,742	348	47,090	(18,674)	-	(18,674)
Creditors > 1 year		(59,965)	-	(59,965)	-	-	-
Provisions for liabilities and charges							
Deferred tax		-	-	-	-	-	-
		<u>(59,965)</u>	<u>-</u>	<u>(59,965)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets		(11,967)	348	(11,619)	(17,418)	-	(17,418)
		<u>(11,967)</u>	<u>348</u>	<u>(11,619)</u>	<u>(17,418)</u>	<u>-</u>	<u>(17,418)</u>
Capital and reserves							
Called up share capital		-	-	-	-	-	-
Profit and loss account		(11,967)	348	(11,619)	(17,418)	-	(17,418)
		<u>(11,967)</u>	<u>348</u>	<u>(11,619)</u>	<u>(17,418)</u>	<u>-</u>	<u>(17,418)</u>
Shareholders' equity		(11,967)	348	(11,619)	(17,418)	-	(17,418)
		<u>(11,967)</u>	<u>348</u>	<u>(11,619)</u>	<u>(17,418)</u>	<u>-</u>	<u>(17,418)</u>

A-The company's interest rate swaps are held at fair value. The swaps are used by the company to hedge against any floating rate loan and deemed ineffective. The fair value of the Interest rate hedge at 31 July 2014 was £348k. The bank loan was repaid in June 2015. The movement on the Profit and loss account for the year ended 31 July 2015 was a debit of £348k.

Notes (continued)

17 Transition to FRS 102(contd)

Reconciliation of Loss for the year ended 31 July 2015

		Year to 31 July 2015		
	Note	Old UK GAAP £'000	Effect of transition £'000	FRS 102 £'000
Turnover		-	-	-
Administration expenses	(A)	(284)	(348)	(632)
Operating loss		(284)	(348)	(632)
Interest payable and similar charges		(5,167)	-	(5,167)
Loss on ordinary activities before tax		(5,451)	(348)	(5,799)
Tax on loss on ordinary activities		-	-	-
Retained loss for the period		(5,451)	(348)	(5,799)

A- The company's interest rate swaps are held at fair value. The swaps are used by the company to hedge against any floating rate loan and deemed ineffective. The bank loan was repaid in June 2015. An adjustment of £348k to reflect the movement on the fair value of the interest rate swap resulted in an increase in operating costs of £348k.

Reconciliation of loss and equity from Old UK GAAP to FRS 102

	Equity as at 31 July 2014 £'000	Loss for the year ended 31 July 2015 £'000	Equity as at 31 July 2015 £'000
As previously reported under Old UK GAAP	(11,967)	(5,451)	(17,418)
a) - Fair value of derivative	348	(348)	-
Restated for FRS 102	(11,619)	(5,799)	(17,418)

a) A credit to the Profit and loss account for the year ended 31 July 2014 of £348k, fair value of the Interest rate swap reduces Operating loss and increases Equity by £348k at 31 July 2014. The Bank loan was repaid in June 2015 and a charge to Profit and loss account for the year ended 31 July 2015 of £348k increased Operating loss by £348k.

The net effect to value of Equity at year ended 31 July 2015 is nil.