L-J Midco Limited

Directors' report and consolidated financial statements

For the year ended 31 July 2014

Registered number 07943515

Contents

Strategic report

Principal activities

The company acts as an intermediate holding company. The principal activity of the group is the provision of legal education and training under The University of Law brand.

L-J Holdco Limited is the ultimate parent company of the group. The three trading businesses within the group are The University of Law Limited, College of Law Services Limited and Legal Network Television Limited.

Business review and results

As a holding company, L-J Midco Limited did not trade during the period.

The group exists to serve its students and the employers who will hire them. Our continued success as a University depends on our ability to understand and meet the needs of our students and their employers. As the legal world evolves, so must our offering. Law will remain at the University's core, but we will diversify our offer to better meet future student demand and the need of employers.

Our Strategy

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

- Widening our portfolio to include innovative degree programmes
- Partnering with others to enhance the breadth and depth of our offering
- Enhancing the student experience through constant improvement in our practices
- Expanding our international opportunities
- Improving our students' learning and our teaching through strategic investment.

This will enable the group to deliver on our vision:

- We want to be viewed by students, graduates and employers as one of the UK's most responsive and innovative universities
- 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.

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 2014 are set out on page 8. The group recorded a loss of £10,786k (2013: £12,594k loss). No dividend is proposed, leaving the £10,786k loss (2013: £12,594k loss) to be transferred to reserves.

Strategic report *(continued)*

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 below:

	Note	Pro-forma College of Law y/e 31 July 2012	Pro-forma University of Law y/e 31 July 2013	Actual University of Law y/e 31 July 2014
Student Numbers		7,057	7,250	7,169
Employability (all employment/study)	1	91%	97%	99%
Employability (legal employment)	2	83%	89%	93%
Environmental - energy consumption (KwH)	3	5,000k	5,300k	5,257k
Employee turnover		11%	18%	18%
Net Revenue (£'m)		67.4	69.6	70.3
Profitability (EBITDA £'m)		11.8	14.1	18.5
Capital expenditure (£'m)		0.1	1.2	4.2
National Student Survey	4	-	-	92%
National Student Survey ranking	4	-	-	4th

1 - all employment and education destinations compiled, nine months after graduation

2 - all legal employment destinations compiled, nine months after June/July graduation

3 - energy consumption has reduced to a level lower than the threshold set under the Government's emission reduction legislation, the CRC Energy Efficiency Scheme

4 - y/e 31 July 2014 was the first year, the University of Law was included in the national survey

The number of students studying at the University was broadly unchanged over the past year. This is set against a market for post graduate legal education that has been through a difficult period post the financial crisis. The demand for legal services, and hence legal employment is tied to the financial success of the legal industry.

The employability performance of the University has once again improved year on year. This is testament to the quality of our students, the dedication of all our staff and particularly the employability team who work with students and employers to help create opportunities for our students to gain employment once they complete their studies with us.

Underlying EBITDA has improved again this year, with benefits being generated from process improvements and ensuring best value for money in procurement, yielding further opportunities for re-investment in the service for students. This is demonstrated by the significant increase in capital expenditure this year up by 250%.

2013/14 is the first year that our LL.B students have reflected their own view of their University experience in the National Student Survey. The results of the survey are that the University of Law was ranked fourth out of c.200 institutions nationally, with a student satisfaction level of 92%. The survey canvases opinions among final-year students at Higher Education Institutions.

Strategic report *(continued)*

That our students have rated us so highly is an endorsement of our teaching quality and investment in the LL.B programme, especially our focus on small class sizes and high contact teaching hours and learning delivered by a faculty that combines commercial experience and academic credibility.

Principal risks and uncertainties

The most significant categories of risks to the group 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 the risk register formally on a quarterly basis. The risk register sets out the risk, a financial estimate of the impact of the risk if it occurred, risk mitigation actions, whether the risk is increasing or lessening, more details on underlying actions and key performance metrics. The Audit Committee review the risk register on a six monthly basis providing independent oversight and challenge to that risk assessment including input during the year from both Deloitte as Internal Auditors, and KPMG as External Auditors. The Board reviews the risk register on an annual basis. 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 ownership and funding position of the business and ability to meet its debt obligations as they fall due

- 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.

J C Latham
Director

c/o Hackwood Secretaries Limited
One Silk Street
London
EC2Y 8 HQ
United Kingdom
18 November 2014

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 July 2014.

Directors

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

A C Dabbous (resigned 2 May 2014)
W A Stokhuyzen (resigned 2 May 2014)
R N Savage (resigned 21 February 2014)
S L Hutchinson (resigned 22 February 2014)
T G Boucher
D I Johnston (resigned 2 May 2014)
J C Latham (appointed 10 December 2013)
A J Bowkett (appointed 2 May 2014)

Employees

The group keeps its employees informed of matters affecting them as employees through regular team briefings throughout the year.

Political and charitable contributions

The group made no political contributions during the year. A charitable contribution of £2 million was made by the group to encourage legal education.

Disclosure of information to auditor

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

Auditor

In accordance with Section 384 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board

J C Latham
Director

c/o Hackwood Secretaries Limited
One Silk Street
London
EC2Y 8 HQ
United Kingdom

18th November 2014

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 year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

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

We have audited the financial statements of L-J Midco Limited for the year ended 31 July 2014 set out on pages 8 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 group's and of the parent company's affairs as at 31 July 2014 and of the group's 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 matter 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.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

Jonathan Brown (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Chartered Accountants
15 Canada Square, London, E14 5GL
27 November 2014

Consolidated profit and loss account

	Note	**12 months to 31 July 2014 £'000**	**18 months to 31 July 2013 £'000**
Turnover	*2*	71,033	48,413
Cost of sales		(19,150)	(13,066)
Gross profit		51,883	35,347
Administration expenses		(60,710)	(44,558)
Operating loss		(8,827)	(9,211)
Profit on sale freehold land and buildings		4,627	-
Reorganisation costs		(1,253)	(767)
Interest receivable and similar income	*6*	137	99
Interest payable and similar charges	*7*	(4,438)	(2,715)
Loss on ordinary activities before taxation	*3*	(9,754)	(12,594)
Taxation on loss on ordinary activities	*8*	(1,032)	-
Retained loss for the period		**(10,786)**	**(12,594)**

Consolidated balance sheet
At 31 July 2014

	Note	**31 July 2014** £'000	**31 July 2014** £'000	**31 July 2013** £'000	**31 July 2013** £'000
Fixed assets					
Intangible assets	*9*	80,391		105,330	
Tangible assets	*10*	72,444		74,209	
			152,835		179,539
Current assets					
Debtors	*12*	48,201		54,458	
Cash at bank and in hand		20,466		12,626	
		68,667		67,084	
Creditors: amounts falling due within one year	*13*	(179,153)		(188,855)	
Net current liabilities			(110,486)		(121,771)
Total assets less current liabilities			42,349		57,768
Creditors: amounts falling due after more than one year	*14*		(65,398)		(70,362)
Provisions for liabilities and charges	*15*		(331)		-
Net liabilities			**(23,380)**		**(12,594)**
Capital and reserves					
Called up share capital	*16*		-		-
Profit and loss account	*17*		(23,380)		(12,594)
Equity shareholders' funds			**(23,380)**		**(12,594)**

These financial statements were approved by the board of Directors on 18 November 2014 and were signed on its behalf by:

J C Latham
Director

Company registered number: 07943515

Company balance sheet
At 31 July 2014

	Note	31 July 2014		31 July 2013	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	*11*		-		-
Current assets					
Debtors	*12*	120,001		120,001	
		120,001		120,001	
Creditors: amounts falling due within one year	*13*	(120,005)		(120,003)	
Net current liabilities			(4)		(2)
Total assets less current liabilities			(4)		(2)
Creditors: amounts falling due after more than one year	*14*		-		-
Net liabilities			**(4)**		**(2)**
Capital and reserves					
Called up share capital	*16*		-		-
Profit and loss account	*17*		(4)		(2)
Equity shareholders' funds			**(4)**		**(2)**

These financial statements were approved by the board of Directors on 18 November 2014 and were signed on its behalf by:

J C Latham
Director

Company registered number: 07943515

Consolidated cash flow statement

	Note	**12 months to 31 July 2014 £'000**	**18 months to 31 July 2013 £'000**
Net cash flow from operating activities	*20*	17,187	119,968
Returns on investments and servicing of finance	*21*	(3,723)	(6,154)
Capital expenditure and financial investment	*21*	4,848	(1,230)
Acquisitions and disposals	*21*	-	(169,958)
Taxation	*21*	(437)	-
Cash inflow/(outflow) before financing		17,875	(57,374)
Financing	*21*	(10,035)	70,000
Increase in cash in the period		**7,840**	**12,626**

Reconciliation of net cash flow to movement in net debt	22		
Increase in cash in the period		7,840	12,626
Cash inflow from decrease/(increase) in debt financing		10,035	(70,000)
Change in net debt resulting from cash flows		17,875	(57,374)
Movement in net debt in the period		17,875	(57,374)
Net debt at the start of the period		(57,374)	-
Net debt at the end of the period		**(39,499)**	**(57,374)**

Consolidated statement of total recognised gains and losses

	12 months to 31 July 2014 £'000	18 months to 31 July 2013 £'000
Loss for the financial period	(10,786)	(12,594)
Total recognised losses relating to the financial period	**(10,786)**	**(12,594)**

Reconciliation of movements in shareholders' funds

Group

	12 months to 31 July 2014 £'000	18 months to 31 July 2013 £'000
Loss for the financial period	(10,786)	(12,594)
New share capital subscribed	-	-
Net reduction to shareholders' funds	(10,786)	(12,594)
Opening shareholders' funds	(12,594)	-
Closing shareholders' funds	**(23,380)**	**(12,594)**

Company

	12 months to 31 July 2014 £'000	18 months to 31 July 2013 £'000
Loss for the financial period	(2)	(2)
New share capital subscribed	-	-
Net reduction to shareholders' funds	(2)	(2)
Opening shareholders' funds	(2)	-
Closing shareholders' funds	**(4)**	**(2)**

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

Going concern

The accounts are prepared on a going concern basis, notwithstanding net current liabilities of £110,486k (2013: £121,771k) which the Directors believe to be appropriate for the following reasons. The group is reliant on the support of other group companies as a result of the way that the group is financed. L-J Bidco Limited has agreed to continue to provide financial and other support to the group including not seeking repayment of amounts currently made available for the foreseeable future to enable the group to continue to trade. As a result, and on the basis of their assessment of the group's financial position, the Directors have a reasonable expectation that the group 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 July 2014. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

The group has a controlling interest in The University of Law Scholarship Fund Trust. The directors have elected not to consolidate the Trust in these accounts as it is not considered material. £358k (2013: £370k) was received for scholarships from The University of Law Scholarship Fund Trust during the year.

Goodwill

Purchased goodwill, representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired, arising on consolidation in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life, a period which is assumed by the Directors to be five years. On the subsequent disposal or termination of a business acquired, the profit or loss on disposal or termination is calculated after charging/crediting the unamortised amount of any related goodwill.

In the company's financial statements, investments in subsidiary undertakings are stated at cost.

Tangible fixed assets and depreciation

All tangible fixed assets costing over £500 are capitalised. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	- 2% on cost per annum
Leasehold land and buildings	- 2% on cost per annum
Property improvements	- 20% on cost per annum
Fixtures, fittings and equipment	- 20 -50% on cost per annum
Motor vehicles	- 25% on cost per annum

Notes *(continued)*

1 Accounting policies *(continued)*

No depreciation is provided on freehold land.

The fixed assets useful economic lives and residual values are reviewed and adjusted, if appropriate at each financial year end. An impairment loss is recognised for which the assets carrying amount exceeds its recoverable amount.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The group provides a defined contribution pension plan. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

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, except as otherwise required by FRS 19.

Turnover

Turnover represents amounts receivable in respect of course fees and subscriptions. Course fees received in advance are deferred and then recognised through the profit and loss account on a straight line basis over the period to which they relate. Course fees are recognised as receivable and are included in deferred income for current and future courses from the date on which a place on a course is accepted.

Subscriptions invoiced quarterly and annually are recognised on a straight line basis over the contract length.

Fees received in advance for professional development courses are deferred and recognised in the profit and loss account over the days the customer takes the course. Any fees paid where the customer does not complete the course 3 years after the original date are then recognised in the profit and loss account.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds.

2 Segmental information

All turnover derives from within the United Kingdom and relates to the principal activity and continuing operations.

3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:	**12 months to 31 July 2014 £'000**	**18 months to 31 July 2013 £'000**
Auditors' remuneration:		
Group:		
Audit	57	49
Fees paid to the auditors and its associates in respect of other services	1	1
Company:		
Audit	2	2
Depreciation of fixed assets	1,544	783
Amortisation of goodwill	24,939	16,691

The engagement letter signed on 22 April 2013 states that the liability of KPMG, its members, partners and staff (whether in contract, negligence or otherwise) in respect of services provided in connection with or arising out of the audit shall in no circumstances exceed £1,000,000, in the aggregate in respect of all such services.

4 Remuneration of Directors

	12 months to 31 July 2014 £'000	**18 months to 31 July 2013 £'000**
Directors' emoluments	1,416	791
Company contributions to money purchase pension schemes	53	36
Compensation for loss of office	125	-
Amounts paid to third parties in respect of Directors' services	188	141
	1,782	**968**

During the period, fees of £188k (2013: £141k) were charged by Montagu Private Equity LLP for the services of group Directors. The amounts are included above.

The aggregate of emoluments of the highest paid Director was £366k (2013:£236k) and company pension contributions of £7k (2013: £12k) were made to a money purchase scheme on their behalf. The group made contributions to money purchase pension schemes for five Directors (2013: four).

Notes *(continued)*

5 Staff numbers and costs

The company has no direct employees.

All staff were employed by the group from 1 October 2012. The average number of full time equivalent persons employed by the group (including Directors) during the year, analysed by category, was as follows:

	Number of employees 12 months to 31 July 2014	Number of employees 18 months to 31 July 2013
Teaching	211	226
Design and production	65	81
Support	297	315
Sales and marketing	43	54
	616	**676**

The aggregate payroll costs of these persons were as follows:

	12 months to 31 July 2014 £'000	18 months to 31 July 2013 £'000
Wages and salaries	28,523	25,041
Social security costs	2,925	2,596
Other pension costs	2,028	1,671
Share based payment (note 24)	9	-
	33,485	**29,308**

6 Interest receivable and similar income

	12 months to 31 July 2014 £'000	18 months to 31 July 2013 £'000
Bank interest	**137**	**99**

7 Interest payable and similar charges

	12 months to 31 July 2014 £'000	18 months to 31 July 2013 £'000
On bank loans and overdrafts	3,721	2,427
Amortisation and other debt issue costs	716	287
Net exchange losses	1	1
	4,438	**2,715**

Notes *(continued)*

8 Taxation

Analysis of charge in period

	12 months to 31 July 2014 £'000	12 months to 31 July 2014 £'000	18 months to 31 July 2013 £'000	18 months to 31 July 2013 £'000
UK corporation tax				
Current tax on income for the period	701		-	
		701		-
Deferred tax				
Originating and reversal of timing differences	331		-	
Adjustment in respect of prior years	-		-	
		331		-
Tax on loss on ordinary activities		**1,032**		-

Factors affecting the tax charge for the current period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK of 22.3% (2013: 23.5%). The differences are explained below:

	12 months to 31 July 2014 £'000	18 months to 31 July 2013 £'000
Current tax reconciliation		
Loss on ordinary activities before tax	(9,754)	(12,594)
Current tax at 22.3% (2013: 23.5%)	(2,178)	(2,960)
Effects of:		
Expenses not deductible for tax purposes	2,814	3,523
Capital allowances for period in excess of depreciation	(273)	(153)
Utilisation of brought forward tax losses	(91)	-
Other timing differences	82	-
Group relief claimed for nil payment	(646)	(410)
Capital gains	993	-
Total current tax charge (see above)	**701**	-

Notes *(continued)*

9 Intangible fixed assets

	Goodwill
Group	**£'000**
Cost	
At 1 August 2013 and 31 July 2014	**122,021**
Amortisation	
At 1 August 2013	(16,691)
Charged in period	(24,939)
At 31 July 2014	**(41,630)**
Net book value	
At 31 July 2014	**80,391**
At 31 July 2013	**105,330**

The Directors consider acquisitions separately for the purpose of determining the amortisation period of any goodwill that arises. The goodwill is being amortised over a period of 5 years, being the Directors' best estimate of its useful economic life.

10 Tangible fixed assets

Group	**Property improvements**	**Freehold land and buildings**	**Leasehold land and buildings**	**Fixtures, Fittings and equipment**	**Motor vehicles**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost						
At 1 August 2013	293	47,465	26,000	1,213	21	74,992
Additions	3,060	-	72	1,046	-	4,178
Disposals	(119)	(4,418)	-	(1)	-	(4,538)
At 31 July 2014	**3,234**	**43,047**	**26,072**	**2,258**	**21**	**74,632**
Depreciation						
At 1 August 2013	17	301	346	108	11	783
Charge for period	143	451	523	419	8	1,544
Disposals	(25)	(114)	-	-	-	(139)
At 31 July 2014	**135**	**638**	**869**	**527**	**19**	**2,188**
Net book value						
At 31 July 2014	**3,099**	**42,409**	**25,203**	**1,731**	**2**	**72,444**
At 31 July 2013	**276**	**47,164**	**25,654**	**1,105**	**10**	**74,209**

Notes *(continued)*

11 Fixed asset investments

	Shares in group undertaking £
Company	
Cost	
At 1 August 2013	1
At 31 July 2014	**1**

The company's principal subsidiary undertakings at the period end are all included in the consolidation and are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Direct/ Indirect	Class and percentage of shares held in company
L-J Bidco Limited	England & Wales	Intermediate company	Direct	Ordinary 100
COL NewCo Limited	England & Wales	Intermediate company	Indirect	Ordinary 100
The University of Law Limited	England & Wales	University	Indirect	Ordinary 100
Legal Network Television Limited	England & Wales	Production of legal training materials	Indirect	Ordinary 100
College of Law Services Limited	England & Wales	Legal training provider	Indirect	Ordinary 100
ULAW (UK) Limited	England & Wales	Legal training provider	Indirect	Ordinary 100

Notes *(continued)*

12 Debtors

	Group		Company	
	31 July 2014 £'000	31 July 2013 £'000	31 July 2014 £'000	31 July 2013 £'000
Trade debtors	42,446	48,300	-	-
Amounts due from group undertakings	-	-	120,001	120,001
Other debtors	214	787	-	-
Prepayments and accrued income	5,541	5,371	-	-
	48,201	**54,458**	**120,001**	**120,001**

Trade debtors include £4,243k (2013: £1,826k) due after more than one year.

13 Creditors: amounts falling due within one year

	Group		Company	
	31 July 2014 £'000	31 July 2013 £'000	31 July 2014 £'000	31 July 2013 £'000
Contracted income received in advance	48,227	53,681	-	-
Trade creditors	4,738	5,530	-	-
Amounts due to group undertakings	119,869	120,218	120,003	120,001
Corporation tax	264	-	-	-
Taxation and social security	1,131	1,342	-	-
Accruals	4,500	5,177	2	2
Other creditors	424	763	-	-
Bank loans	-	2,144	-	-
	179,153	**188,855**	**120,005**	**120,003**

Notes *(continued)*

14 Creditors: amounts falling due after more than one year

	Group		Company	
	31 July 2014	31 July 2013	31 July 2014	31 July 2013
	£'000	£'000	£'000	£'000
Contracted income received in advance	5,433	2,506	-	-
Bank loans	59,965	67,856	-	-
	65,398	**70,362**	-	-

Analysis of bank debt:

	Group		Company	
	31 July 2014	31 July 2013	31 July 2014	31 July 2013
	£'000	£'000	£'000	£'000
Bank debt can be analysed as falling due:				
In one year	-	2,144	-	-
Between one and two years	3,302	3,308	-	-
Between two and five years	11,163	16,108	-	-
Over five years	45,500	48,440	-	-
Less: Unamortised finance costs	(2,960)	(3,538)	-	-
	57,005	**66,462**	-	-

The company and its subsidiary L-J Bidco Limited entered into a senior facilities agreement dated 24 January 2013 and had subsequently drawn down bank loans totalling £70 million (split between a Facility A loan of £24,500k and a Facility B loan of £45,500k). The Facility A loan is an amortising loan repayable over a 6 year period expiring on 24 January 2019 whereas the Facility B loan is repayable on expiry of term on 24 January 2020. The bank loans bear interest at varying rates, comprising LIBOR at the dates of commencement of the relevant interest period plus a margin ranging from 4.5% - 5% per annum.

In addition the company and its subsidiary L-J Bidco Limited has an undrawn revolving loan facility of £5 million and an undrawn Acquisition/Capex facility of £10 million both with a termination date of 24 January 2019. The undrawn facilities bear interest at 1.8% per annum.

The loans are secured by guarantees and debenture given by the company and its subsidiary company L-J Bidco Limited. Total issue costs are allocated to the profit and loss account at a constant rate over a period which corresponds with the terms associated with the related borrowings.

At 31 July 2014, 80% of the floating LIBOR rate had been hedged. The market value of this swap was £348k at 31 July 2014 (2013: £158k).

Notes *(continued)*

15 Provisions for liabilities and charge

	Deferred Tax £'000
Group	
At 1August 2013	-
Charge to profit and loss for the year	331
At 31 July 2014	**331**
Company	
At 31 July 2013 and 2014	**-**

The deferred tax consists of:

	31 July 2014 £'000	31 July 2013 £'000
Accelerated capital allowances	457	-
Other timing differences	(126)	-
	331	**-**

16 Called up share capital

	31 July 2014 £	31 July 2013 £
Allotted, called up and fully paid		
Equity: 1 ordinary share of £1 each	1	1

17. Share premium and reserves

Group	Profit and loss account £'000
At 1 August 2013	(12,594)
Retained loss for the period	(10,786)
At 31 July 2014	**(23,380)**
Company	£
At 1 August 2013	(2)
Retained loss for the period	(2)
At 31 July 2014	**(4)**

Notes *(continued)*

18 Commitments

(a) Capital commitments

Group	31 July 2014 £'000	31 July 2013 £'000
Contracted but not provided for in the financial statements	**1,029**	**53**

Company
The company does not have any capital commitments.

(b) Annual commitments under non-cancellable operating leases are as follows:

Group	31 July 2014 Land and Buildings £'000	31 July 2014 Other £'000	31 July 2013 Land and Buildings £'000	31 July 2013 Other £'000
Operating leases which expire:				
In the second to fifth year inclusive	-	90	-	-
Over five years	2,104		1,049	-
	2,104	**90**	**1,049**	**-**

Company
The company does not have any operating leases.

19 Pension scheme

The group provides a defined contribution pension plan to its employees. The pension plan is administered by an external pension provider. The group is required to contribute to a specified percentage of payroll costs to the scheme to fund the benefit and has no other obligation under the scheme other than to make the required contributions. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £2,028k (2013: £1,671k).

Contributions amounting to £191k (2013:£209k) were payable to the scheme and are included in creditors.

20 Reconciliation of operating profit to operating cash flows

	12 months to 31 July 2014 £'000	18 months to 31 July 2013 £'000
Operating loss	(8,827)	(9,211)
Reorganisation costs	(1,253)	(767)
Depreciation and amortisation	26,483	17,474
Decrease/(increase) in debtors	5,679	(24,947)
(Decrease)/increase in creditors	(4,895)	137,419
Net cash inflow from operating activities	**17,187**	**119,968**

Notes *(continued)*

21 Analysis of cash flows

		12 months to 31 July 2014		18 months to 31 July 2013
	£'000	£'000	£'000	£'000
Returns on investment and servicing of finance				
Interest received	137		99	
Interest paid	(3,860)		(2,715)	
Costs of raising debt	-		(3,538)	
		(3,723)		**(6,154)**
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(4,178)		(1,230)	
Sale of tangible fixed assets	9,026		-	
		4,848		**(1,230)**
Acquisitions and disposals				
Purchase of subsidiary undertaking	-		(178,282)	
Cash acquired with subsidiaries	-		8,324	
		-		**(169,958)**
Taxation				
Tax paid	(437)		-	
		(437)		**-**
Financing				
Issue of ordinary share capital	-		-	
Debt due within one period:				
Increase in short-term borrowing	-		2,144	
Debt due after more than one period:				
(Decrease)/increase in secured loan repayable over 5 years	(10,035)		67,856	
		(10,035)		**70,000**

Notes *(continued)*

22 Analysis of net debt

	At beginning of period £'000	Cash flow £'000	Other non-cash changes £'000	**At end of Period £'000**
Cash in hand, at bank	12,626	7,840	-	**20,466**
Debt due within one year	(2,144)	2,144	-	-
Debt due after one year	(67,856)	7,891	-	**(59,965)**
Total	(57,374)	17,875	-	**(39,499)**

23 Related party disclosures

During the period fees of £277k (2013: £191k) were charged by Montagu Private Equity LLP for the services and out of pocket expenses of group Directors of which £105k (2013: £27k) is included in accruals at 31 July 2014.

£358k (2013: £370k) was received for scholarships from The University of Law Scholarship Fund Trust during the year.

84% of the ordinary share capital of L-J Holdco Limited, the ultimate parent company is held by funds managed by Montagu Private Equity LLP.

24 Ultimate parent company

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

The company's ultimate parent undertaking is L-J Holdco Limited, a company incorporated in Guernsey. The group in which the results of the company were consolidated is that headed by L-J Holdco Limited. A total of 84% of the ordinary share capital of L-J Holdco Limited is held by funds managed by Montagu Private Equity LLP. The consolidated accounts of the group can be obtained from Braboeuf Manor, St Catherines, Guildford GU3 1HA.

25 Employee share scheme

Share based payments - group

Option plan	**Date of grant**	**Number of options granted in year**	**Strike price £**	**Expected life of options(at time of grant) Years**	**Share price at grant £**	**Method of accounting**
Outstanding at 1 August 2013		-	-	-	-	-
1st grant	25 June 2014	14,590	1.00	4	1.00	Equity
1st grant forfeited in year		(1,485)	1.00	4	1.00	Equity
1st grant outstanding at 31 July 2014		13,105	1.00	4	1.00	Equity
Outstanding at 31 July 2014		**13,105**				

Notes *(continued)*

25 Employee share scheme (continued)

The number and weighted average exercise prices of share options are as follows.

	31 July 2014 Weighted average exercise price	31 July 2014 Number of options	31 July 2013 Weighted average exercise price	31 July 2013 Number of options
	£	£	£	£
Outstanding at start of year	-	-	-	-
Granted during the year	1.00	14,590	-	-
Forfeited during the year	1.00	(1,485)	-	-
Outstanding at end of year	1.00	13,105	-	-
Exercisable at end of year	-	-	-	-

The weighted average share price at the date of exercise of share options outstanding at 31 July 2014 is £1.00.

The options outstanding at 31 July 2014 have an exercise price of £1.00 and a weighted average contractual life of 4 years.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted.

And (for grants or modifications of equity instruments occurring in either the current or comparative year)

Fair value at measurement date

	Year ended 31 July 2014	Period ended 31 July 2013
Weighted average share price	£1.00	-
Exercise price	£1.00	-
Expected volatility (expressed as a % used in the modelling under Black Scholes Model)	65%	-
Option life	3.9 years	
Expected dividends	-	-
Risk free interest rate (based on 10 year UK Gilts)	2.54	-

The expected volatility is based on historic volatility (calculated based on the weighted average remaining life of the share options) adjusted for any changes to future volatility due to publicly available information.

The total expenses recognised for the year are as follows. All schemes are equity settled.

Fair value at measurement date

	31 July 2014	31 July 2013
	£	£
Equity settled share based payments	**9,800**	-

26 Post balance sheet event

The group disposed of the Bishopthorpe Road, York freehold property in September 2014 following the relocation of operations to a new centre in Leeds.