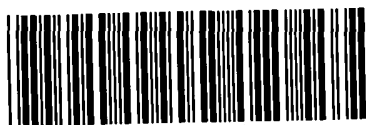


ARDEN UNIVERSITY LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

WEDNESDAY



A69IZD3S

A07

28/06/2017

#436

COMPANIES HOUSE

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Directors' Responsibilities Statement	5
Independent Auditors' Report	6
Income Statement	8
Statement of Other Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Cash Flow Statement	12
Notes to the Cash Flow Statement	13
Notes to the Financial Statements	14
Reconciliation of Equity	22
Reconciliation of Loss	24

ARDEN UNIVERSITY LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 OCTOBER 2016

DIRECTORS:

P Hallam
A Etingen
V Kisilevsky
A C Morris
R J T Wilson

SECRETARIES:

D Fara
Irwin Mitchell Secretaries Limited

REGISTERED OFFICE:

1A Brandon Lane
Coventry
CV3 3RD

REGISTERED NUMBER:

02450180

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
Pegasus Business Park
Castle Donington
DE74 2UZ

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present their strategic report for the year ended 31 October 2016.

REVIEW OF BUSINESS

The company results are shown on page 8, reflecting 12 months trading for the year 1 November 2015 to 31 October 2016.

On 19 August 2016, Arden University Limited (AU) was purchased by AU Bidco Limited (a wholly owned subsidiary of Global University Systems NV (GUS)).

Post the acquisition by GUS, AU continues to target long-term business growth. Key investments are being made to enhance the academic portfolio, deliver innovation in the learning experience, align the outcomes of our educational programs to the needs of employers and provide career-enhancing resources to students and alumni.

In July 2016, AU divested 100% of its interest in RDI Ltd (an entity registered in HK). At the time of sale, RDI Ltd was not in a profitable trading position and the net impact on AU is considered to be positive going forward.

AU is reporting a 41% increase in Turnover compared to FY2015, this increase largely coming from Arden consolidating international business activity throughout 2016, but also from AU's first UK Blended Learning campus opening in the latter part of 2016.

AU remains in a business development stage and is reporting an operating loss for FY2016. This being within current AU business plans.

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

STRATEGIC REPORT - continued FOR THE YEAR ENDED 31 OCTOBER 2016

PRINCIPAL RISKS AND UNCERTAINTIES

AU has an established risk register which is reviewed by the Directors and Senior Management quarterly. The principal risks and uncertainties of the business are broadly grouped as Competitive, Regulatory, Quality Assurance, and Liquidity.

Competitive

Competition amongst UK universities is strong in the UK and in some international regions. AU differentiates itself through its efficient 'online' distance learning delivery model, its sector leading 'Blended' delivery model and its many years of experience operating internationally.

Regulatory

In recent years UK political thinking has encouraged a growth in UK private Higher Education (HE) competition. Changes in the political environment could influence access to student fee loans for the private HE sector.

Quality Assurance

As a UK HE provider, AU is subject to scrutiny by the Quality Assurance Agency (QAA) for England. Failure to continue to comply with standards could affect the operation and future growth of the business.

Liquidity

During the period since acquisition by GUS, AU continues to invest in future growth, this has been fully supported by GUS including necessary cash injections. GUS is committed to continue this support into the future.

ON BEHALF OF THE BOARD:


.....
P Hallam - Director

Date: 24/4/17
.....

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present their report with the audited financial statements of the company for the year ended 31 October 2016.

DIVIDENDS

No dividends will be distributed for the year ended 31 October 2016.

FUTURE DEVELOPMENTS

Arden University Limited was awarded University title in July 2015 and is actively engaged in developing new products and services under this new University title opportunity, and extending the method of course delivery from Distance Learning into additional new areas of classroom (Blended Learning) course delivery through Study Centres within the London region.

DIRECTORS

P Hallam has held office during the whole of the year from 1 November 2015 to the date of this report.

Other changes in directors holding office are as follows:

J K Fidler - resigned 19 August 2016
S Polacek - resigned 19 August 2016
R Jackson - resigned 19 August 2016
A Etingen - appointed 19 August 2016
V Kisilevsky - appointed 19 August 2016
A C Morris - appointed 19 August 2016
A Tate - appointed 1 June 2016 - resigned 19 August 2016
R J T Wilson - appointed 19 August 2016

GOING CONCERN

The financial statements have been prepared under the going concern concept which assumes that the company will be able to meet its liabilities when they fall due for the foreseeable future. In drawing this conclusion the directors have prepared detailed cash flow forecasts and have considered sensitivities and risks in this process. In addition the directors have sought and obtained support from its ultimate parent undertaking Global University Systems (GUS).

The financial statements do not contain the adjustments that would result if the company was not deemed to continue as a going concern.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each 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.

ON BEHALF OF THE BOARD:


.....
P Hallam - Director

Date: 24/4/17
.....

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2016

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 year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards comprising FRS 102 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 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.

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, the following applies:

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) he 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.

Independent auditors

A resolution to appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

On behalf of the board

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARDEN UNIVERSITY LIMITED

Report on the financial statements

Our opinion

In our opinion, Arden University Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 October 2016 and of its loss and cash flows 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.

What we have audited

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

- the Balance Sheet as at 31 October 2016;
- the Income Statement and Statement of Comprehensive Income for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page five, 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) ("ISAs (UK and Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Independent auditors' report to the members of Arden University Limited

Report on the financial statements

Our opinion

In our opinion, Arden University Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 October 2016 and of its loss and cash flows 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.

What we have audited

The financial statements, included within the Strategic Report, Report of the Directors and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 October 2016;
- the Income Statement and Statement of Comprehensive Income for the year then ended;
- the Cashflow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page five, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

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

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



David Teager (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

25 April 2017

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARDEN UNIVERSITY LIMITED - continued

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.

What an audit of the financial statements involves

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

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

David Teager BSc(Hons) FCA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

Date:

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**INCOME STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2016**

		2016	2015 as represented £
	Note	£	
TURNOVER		6,987,936	4,967,693
Cost of sales		<u>(1,695,623)</u>	<u>(1,436,007)</u>
GROSS PROFIT		5,292,313	3,531,686
Administrative expenses		<u>(6,805,751)</u>	<u>(5,474,432)</u>
		<u>(1,513,438)</u>	<u>(1,942,746)</u>
Other operating income		<u>-</u>	<u>785,604</u>
OPERATING LOSS	3	(1,513,438)	(1,157,142)
Loss on sale of investment		(240,000)	-
Amounts written off investments	4	-	(68,433)
Interest payable and similar charges	5	(156,144)	(94,668)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,909,582)	(1,320,243)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(1,909,582)</u>	<u>(1,320,243)</u>

The notes form part of these financial statements

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Note	2016 £	2015 as represented £
LOSS FOR THE FINANCIAL YEAR		(1,909,582)	(1,320,243)
OTHER COMPREHENSIVE INCOME			
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(1,909,582)</u>	<u>(1,320,243)</u>

The notes form part of these financial statements

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

BALANCE SHEET AS AT 31 OCTOBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Intangible assets	8	644,814	645,263
Tangible assets	9	285,456	242,870
Investments	10	<u>295,050</u>	<u>295,050</u>
		1,225,320	1,183,183
CURRENT ASSETS			
Debtors	11	2,950,046	1,744,751
Cash at bank and in hand	12	<u>515,160</u>	<u>560,874</u>
		3,465,206	2,305,625
CREDITORS			
Amounts falling due within one year	13	<u>6,132,493</u>	<u>5,595,960</u>
NET CURRENT LIABILITIES		<u>(2,667,287)</u>	<u>(3,290,335)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,441,967)</u>	<u>(2,107,152)</u>
CAPITAL AND RESERVES			
Called up share capital	15	120,481	120,481
Capital reserve	16	10,227,830	7,653,063
Accumulated losses	16	<u>(11,790,278)</u>	<u>(9,880,696)</u>
TOTAL SHAREHOLDERS' DEFICIT		<u>(1,441,967)</u>	<u>(2,107,152)</u>

The financial statements were approved by the Board of Directors on 19/4/17 and were signed on its behalf by:


P Hallam - Director

The notes form part of these financial statements

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Called up share capital £	Accumulated losses £	Capital reserve £	Total shareholders' deficit £
Balance at 1 November 2014	120,481	(8,560,453)	5,453,075	(2,986,897)
Changes in equity				
Loss for the financial year and total comprehensive income	-	(1,320,243)	-	(1,320,243)
Transaction with shareholder	-	-	2,199,988	2,199,988
Balance at 31 October 2015	<u>120,481</u>	<u>(9,880,696)</u>	<u>7,653,063</u>	<u>(2,107,152)</u>
Changes in equity				
Loss for the financial year and total comprehensive income	-	(1,909,582)	-	(1,909,582)
Transaction with shareholder	-	-	2,574,767	2,574,767
Balance at 31 October 2016	<u>120,481</u>	<u>(11,790,278)</u>	<u>10,227,830</u>	<u>(1,441,967)</u>

The notes form part of these financial statements

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Note	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	1	(2,089,779)	(1,639,916)
Interest paid		<u>(156,144)</u>	<u>(94,668)</u>
Net cash from operating activities		<u>(2,245,923)</u>	<u>(1,734,584)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(240,353)	(197,774)
Purchase of tangible fixed assets		(134,205)	(51,743)
Sale of tangible fixed assets		<u>-</u>	<u>205</u>
Net cash from investing activities		<u>(374,558)</u>	<u>(249,312)</u>
Cash flows from financing activities			
Capella cash contribution in year		<u>2,574,767</u>	<u>2,199,988</u>
Net cash from financing activities		<u>2,574,767</u>	<u>2,199,988</u>
 (Decrease)/increase in cash and cash equivalents		 (45,714)	 216,092
Cash and cash equivalents at beginning of year	2	<u>560,874</u>	<u>344,782</u>
 Cash and cash equivalents at end of year	2	 <u>515,160</u>	 <u>560,874</u>

The notes form part of these financial statements

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2016

1. RECONCILIATION OF LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2016 £	2015 £
Loss on ordinary activities before taxation	(1,909,582)	(1,320,243)
Depreciation charges	332,421	356,646
Loss on disposal of fixed assets	-	7,710
Amounts written off investment	-	68,433
Finance costs	156,144	94,668
	(1,421,017)	(792,786)
Increase in trade and other debtors	(1,205,295)	(853,071)
Increase in trade and other creditors	536,533	5,941
Cash generated from operations	(2,089,779)	(1,639,916)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 October 2016

	2016 £	2015 £
Cash and cash equivalents	515,160	560,874

Year ended 31 October 2015

	2015 £	2014 £
Cash and cash equivalents	560,874	344,782

The notes form part of these financial statements

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

This is the first year that the company has presented its results under Financial Reporting Standard 102. The last financial statements prepared under UK GAAP were for the year ended 31 October 2015. The date of transition to FRS 102 was 1 November 2014. In accordance with FRS 102 website development costs and software development costs have been transferred from tangible to intangible fixed assets. The impact of the transition to FRS 102 is set out in the Reconciliation of Equity and Reconciliation of Loss.

Going concern

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared under the going concern concept which assumes that the company will be able to meet its liabilities when they fall due for the foreseeable future. In drawing this conclusion the directors have prepared detailed cash flow forecasts and have considered sensitivities and risks in this process. In addition the directors have sought and obtained support from its ultimate parent undertaking Global University Systems (GUS).

The financial statements do not contain the adjustments that would result if the company was not deemed to continue as a going concern.

Basis of accounting

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006. The financial statements show information relating to the company as an individual undertaking and not as a group.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Revenue recognition

Income is recognised in correlation to the constituent parts of distance learning courses provided by the company as either principal or as agent. In particular, income is allocated by the directors on a fair value of the total course revenue for the initial enrolment of a student. Further fair values are then allocated for initial tutorial work and for the support function of a student for the remaining term of the course. Similar principles are used for income recognised for direct learning courses.

In respect of commercial training, income has been consistently recognised on an invoice basis, as in the opinion of the directors this represents a fair value of the work completed. Any grants received, towards distance learning courses or commercial training by the group, are accounted for under the same principles as explained above.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 OCTOBER 2016

1. ACCOUNTING POLICIES – continued

Website development costs

Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Website development costs - 33.33% on cost and 20% on cost

Software development costs

Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Software development costs - 25% on reducing balance, 20% on cost and 15% on reducing balance

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Library and database - 20% on cost

Fixtures and fittings - 33.33% on cost, 25% on cost and 15% on reducing balance

Computer equipment - 25% on reducing balance, 20% on cost and 15% on reducing balance

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred tax

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes. If timing differences are negative, the group only provides for deferred tax assets when the directors feel these assets are realisable in the near future.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. All foreign currency transactions during the year are converted at the exchange rates existing on the respective transaction dates.

Advertising

Advertising expenditure in relation to student intake for distance learning programmes is charged to the profit and loss account when the liabilities are incurred.

Pension scheme

The company operates a small self administered pension scheme to enable them to provide retirement benefits for certain directors. The company also operates a defined contribution pension scheme whereby the company makes contributions to insurance companies to enable them to provide retirement benefits for certain directors and employees of the company. The pension contributions made by the company under these arrangements (stated net of the personal contributions received from the individual directors/employees) are shown in the notes to the financial statements.

Operating leases

Operating leases are written off to the profit and loss account on a remittance basis. Future obligations under these leases are shown in the notes to the financial statements.

Investments

Investments are stated at cost, unless the directors are of the opinion that there is an impairment and it is required to write down the investment to its estimated net realisable value.

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 OCTOBER 2016

2. STAFF COSTS

	2016 £	2015 £
Wages and salaries	2,598,026	2,126,338
Social security costs	254,963	216,568
Other pension costs	135,202	145,508
	<u>2,988,191</u>	<u>2,488,414</u>

	2016 £	2015 £
Aggregate emoluments of the directors (excluding pension contributions)	<u>323,576</u>	<u>188,497</u>

Contributions to money purchase schemes	<u>22,498</u>	<u>39,996</u>
---	---------------	---------------

Highest paid director
The highest paid director's emoluments were as follows:

	2016 £	2015 £
Aggregate emoluments of the highest Paid director (excluding pension contributions)	<u>312,576</u>	<u>174,797</u>

Contributions to money purchase schemes	<u>22,498</u>	<u>39,996</u>
---	---------------	---------------

The highest paid director exercised share options in 2016 (2015: no shares exercised) and is accruing benefits under a long-term incentive scheme in 2016 and 2015.

The average monthly number of employees during the year was as follows:

	2016 Number	2015 Number
Total staff	<u>95</u>	<u>87</u>

3. OPERATING LOSS

The operating loss is stated after charging:

	2016 £	2015 £
Hire of plant and machinery	17,576	12,904
Depreciation - owned assets	91,619	96,813
Loss on disposal of fixed assets	-	7,710
Website development costs amortisation	132,757	151,490
Software development costs amortisation	108,045	108,342
Auditors' remuneration	40,000	33,600
Other non-audit services	-	5,750
Operating lease rentals - Land and Buildings	108,000	94,500
Operating lease rentals - Equipment	<u>9,641</u>	<u>6,358</u>

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 OCTOBER 2016

4. AMOUNTS WRITTEN OFF INVESTMENTS

	2016 £	2015 £
Impairment of subsidiary	<u>-</u>	<u>68,433</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Bank interest and other charges	<u>156,144</u>	<u>94,668</u>
	<u>156,144</u>	<u>94,668</u>

6. TAX ON LOSS ON ORDINARY ACTIVITIES

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 October 2016 nor for the year ended 31 October 2015.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
Loss on ordinary activities before taxation	<u>(1,909,582)</u>	<u>(1,320,243)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	(381,916)	(264,049)
Effects of:		
Expenses not deductible for tax purposes	5,206	7,131
Capital allowances in excess of depreciation	(7,243)	-
Depreciation in excess of capital allowances	-	3,066
Impairment of investment	-	13,687
Losses carried forward	<u>383,953</u>	<u>240,165</u>
Total tax charge	<u>-</u>	<u>-</u>

7. PRIOR YEAR ADJUSTMENT

£2,122,927 of costs have been re-categorised in 2016 (2015: £1,459,267) from cost of sales to administrative expenses within the income statement, as they are deemed to be selling and administrative expenses rather than a direct cost of earning revenue. This has had no effect on profit for the year.

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 OCTOBER 2016

8. INTANGIBLE FIXED ASSETS

	Goodwill £	Website development costs £	Software development costs £	Totals £
COST				
At 1 November 2015	13,510	848,966	519,728	1,382,204
Additions	-	99,935	140,418	240,353
Disposals	-	-	(37,786)	(37,786)
At 31 October 2016	13,510	948,901	622,360	1,584,771
AMORTISATION				
At 1 November 2015	13,510	500,176	223,255	736,941
Amortisation for year	-	132,757	108,045	240,802
Eliminated on disposal	-	-	(37,786)	(37,786)
At 31 October 2016	13,510	632,933	293,514	939,957
NET BOOK VALUE				
At 31 October 2016	-	315,968	328,846	644,814
At 31 October 2015	-	348,790	296,473	645,263

9. TANGIBLE FIXED ASSETS

	Library and database £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 November 2015	433,465	132,573	208,012	774,050
Additions	59,159	25,967	49,079	134,205
Disposals	-	-	(2,815)	(2,815)
At 31 October 2016	492,624	158,540	254,276	905,440
DEPRECIATION				
At 1 November 2015	337,116	74,123	119,941	531,180
Charge for year	47,222	13,798	30,599	91,619
Eliminated on disposal	-	-	(2,815)	(2,815)
At 31 October 2016	384,338	87,921	147,725	619,984
NET BOOK VALUE				
At 31 October 2016	108,286	70,619	106,551	285,456
At 31 October 2015	96,349	58,450	88,071	242,870

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 OCTOBER 2016**

10. INVESTMENTS

	Unlisted investments £
COST	
At 1 November 2015	
and 31 October 2016	<u>295,050</u>
NET BOOK VALUE	
At 31 October 2016	<u>295,050</u>
At 31 October 2015	<u>295,050</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Resource Development International Limited Nature of business: Non trading

Class of shares:	%		
Ordinary	holding		
	100.00	2016	2015
		£	£
Aggregate capital and reserves		<u>308,969</u>	<u>308,969</u>

The Institute Of Business and Management Limited Nature of business: Non trading

Class of shares:	%		
Ordinary	holding		
	100.00	2016	2015
		£	£
Aggregate capital and reserves		<u>1</u>	<u>1</u>

11. DEBTORS

	2016	2015
	£	£
Trade debtors	2,709,705	1,109,524
Amounts owed by group undertakings	-	482,736
Prepayments and accrued income	<u>240,341</u>	<u>152,491</u>
	<u>2,950,046</u>	<u>1,744,751</u>

12. CASH AT BANK AND IN HAND

Included within cash at bank and in hand is £nil (2015: £180,863) held on behalf of others. This balance is included within trade creditors.

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 OCTOBER 2016

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	387,482	385,499
Amounts owed to group undertakings	308,969	1,307,254
VAT	156,028	65,940
Income in advance	4,255,992	2,831,100
Other creditors	129,810	176,088
PAYE and NI	87,207	64,958
Accrued expenses	807,005	765,121
	<u>6,132,493</u>	<u>5,595,960</u>

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016 £	2015 £
Within one year	118,743	108,000
Between two and five years	33,754	126,000
	<u>152,497</u>	<u>234,000</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value: £1	2016 £	2015 £
120,481 (2015: 120,481)	Ordinary		<u>120,481</u>	<u>120,481</u>

16. RESERVES

	Retained earnings £	Capital reserve £	Total £
At 1 November 2015	(9,880,696)	7,653,063	(2,227,633)
Loss for the financial year	(1,909,582)	-	(1,909,582)
Capital contribution	-	2,574,767	2,574,767
At 31 October 2016	<u>(11,790,278)</u>	<u>10,227,830</u>	<u>(1,562,448)</u>

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 OCTOBER 2016

17. ULTIMATE PARENT COMPANY

The immediate parent company is AU Bidco Limited, a company registered in England. This company is the head of the smallest group of which Arden University Limited is a member.

The ultimate parent company is Global University Systems NV, a company registered in The Netherlands. This is the smallest and largest group into which the results of the company are consolidated.

18. RELATED PARTY DISCLOSURES

Global University Systems NV, the ultimate parent company, has extended a £350,000 revolving credit facility to the company. As at 31 October 2016, this facility had not been utilised.

Key management personnel of the entity or its parent (in the aggregate)

Key management personnel received compensation totalling £570,172 and exercised stock options with a value of £34,198.

Additionally, key management personnel were paid a retention bonus totalling £155,305 directly from the previous parent company, Capella Education Company.

19. DEFERRED TAX

The company has trading losses totalling £11,933,090 (2015: £10,013,323) available for offset against future trading profits. It has claimed accelerated capital allowances and other short-term timing differences totalling £416,000 (2015: £380,000). Due to the uncertainty of profits being made in the foreseeable future, under the deferred tax accounting policy the directors have taken no credit for this potential asset in the balance sheet.

A reduction in the UK corporation tax rate from 20% to 19% will take effect during 2017, and to 17% during 2020. 17% has been applied in the measurement of the deferred tax assets and liabilities at 31 October 2016. The unrecognised deferred tax asset related to 2016 totals £1,957,891 (2015: £1,926,690).

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

RECONCILIATION OF EQUITY 1 NOVEMBER 2014 (DATE OF TRANSITION TO FRS 102)

	Note	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Intangible assets		-	707,197	707,197
Tangible assets		1,003,177	(707,197)	295,980
Investments		<u>363,483</u>	-	<u>363,483</u>
		<u>1,366,660</u>	-	<u>1,366,660</u>
CURRENT ASSETS				
Debtors		710,394	-	710,394
Prepayments and accrued income		181,286	-	181,286
Cash at bank and in hand		<u>344,782</u>	-	<u>344,782</u>
		<u>1,236,462</u>	-	<u>1,236,462</u>
CREDITORS				
Amounts falling due within one year		<u>(5,590,019)</u>	-	<u>(5,590,019)</u>
NET CURRENT LIABILITIES		<u>(4,353,557)</u>	-	<u>(4,353,557)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(2,986,897)</u>	-	<u>(2,986,897)</u>
NET LIABILITIES		<u>(2,986,897)</u>	-	<u>(2,986,897)</u>
CAPITAL AND RESERVES				
Called up share capital		120,481	-	120,481
Capital reserve		5,453,075	-	5,453,075
Retained earnings		<u>(8,560,453)</u>	-	<u>(8,560,453)</u>
TOTAL SHAREHOLDERS' DEFICIT		<u>(2,986,897)</u>	-	<u>(2,986,897)</u>

The notes form part of these financial statements

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**RECONCILIATION OF EQUITY - continued**
31 OCTOBER 2015

	Note	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Intangible assets	7	-	645,263	645,263
Tangible assets	8	888,133	(645,263)	242,870
Investments	9	295,050	-	295,050
		<u>1,183,183</u>	<u>-</u>	<u>1,183,183</u>
CURRENT ASSETS				
Debtors	10	1,744,751	-	1,744,751
Cash at bank and in hand	11	560,874	-	560,874
		<u>2,305,625</u>	<u>-</u>	<u>2,305,625</u>
CREDITORS				
Amounts falling due within one year	12	(5,595,960)	-	(5,595,960)
NET CURRENT LIABILITIES				
		<u>(3,290,335)</u>	<u>-</u>	<u>(3,290,335)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
		<u>(2,107,152)</u>	<u>-</u>	<u>(2,107,152)</u>
NET LIABILITIES				
		<u>(2,107,152)</u>	<u>-</u>	<u>(2,107,152)</u>
CAPITAL AND RESERVES				
Called up share capital	14	120,481	-	120,481
Capital reserve	15	7,653,063	-	7,653,063
Retained earnings	15	(9,880,696)	-	(9,880,696)
TOTAL SHAREHOLDERS' DEFICIT				
		<u>(2,107,152)</u>	<u>-</u>	<u>(2,107,152)</u>

Notes to the reconciliation of equity

In accordance with FRS 102 website development costs and software development costs have been transferred from tangible to intangible fixed assets.

The notes form part of these financial statements

ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

**RECONCILIATION OF LOSS
FOR THE YEAR ENDED 31 OCTOBER 2015**

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
TURNOVER	4,967,693	-	4,967,693
Cost of sales	<u>(1,436,007)</u>	-	<u>(1,436,007)</u>
GROSS PROFIT	3,531,686	-	3,531,686
Administrative expenses	(5,474,432)	-	(5,474,432)
Other operating income	<u>785,604</u>	-	<u>785,604</u>
OPERATING LOSS	(1,157,142)	-	(1,157,142)
Amounts written off investments	(68,433)	-	(68,433)
Interest payable and similar charges	<u>(94,668)</u>	-	<u>(94,668)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(1,320,243)	-	(1,320,243)
Tax on loss on ordinary activities	<u>-</u>	-	<u>-</u>
LOSS FOR THE FINANCIAL YEAR	<u>(1,320,243)</u>	-	<u>(1,320,243)</u>

The notes form part of these financial statements

This page does not form part of the statutory financial statements

