

**ARDEN UNIVERSITY LIMITED**  
**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2017**

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**ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**

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FOR THE YEAR ENDED 31 OCTOBER 2017**

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# **ARDEN UNIVERSITY LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 OCTOBER 2017**

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**DIRECTORS:**

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

**SECRETARIES:**

D Fara  
Irwin Mitchell Secretaries Limited

**REGISTERED OFFICE:**

Arden House  
Middlemarch Park  
Siskin Drive  
Coventry  
CV3 4FJ

**REGISTERED NUMBER:**

02450180 (England and Wales)

**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 2017**

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The directors present their strategic report for the year ended 31 October 2017.

#### **REVIEW OF BUSINESS**

The company results are shown on page 9, reflecting 12 months trading for the period 1 November 2016 to 31 October 2017.

On 19 August 2016, Arden University Limited (AU) was purchased by AU Bidco Limited (a wholly owned subsidiary of Global University Systems NV (GUS)). And has completed the HEFCE change of ownership re-approval process.

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.

Throughout FY2017, AU successfully validated and launched the new AU portfolio of programmes for both Distance Learning and Blended Learning. AU also successfully planned and opened 5 new UK based Blended Learning campuses. These Initiatives led to a significant increase in the AU headcount, both academic and administrative, and AU has incurred substantial costs establishing the new campuses and programmes.

AU is reporting a 29% increase in Turnover compared to FY2016, this increase largely coming from the expansion of the UK Blended Learning campuses.

AU remains in a business development stage and is reporting an operating loss for FY2017. This being within current AU business plans.

## **ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2017**

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#### **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. The company does not disclose its turnover by class of business or geographic location as it considers that it would be detrimental to its business.

##### **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.

##### **Price Risk**

The company has a limited exposure to price risk and manages the risk through the monitoring of the costs of supply of the services utilised by the business and taking appropriate mitigation action as and when necessary

##### **Liquidity Risk**

The company is fully supported by GUS, the parent company, who has provided a finance facility and has made cash injections. GUS is committed to continue this support into the future in order to ensure the company has available funds for operations and planned expansions


##### **Exchange Rate fluctuation**

The company has a limited exposure to exchange rate fluctuations and the impact is managed by matching the expected currency inflows and outflows as far as possible.

##### **Interest Rate cash flow risks**

The company has a limited exposure to interest rate risk outside the group. Cash balances or borrowings outside the group are limited due to the company's participation in a group funding facility.

#### **ON BEHALF OF THE BOARD:**

  
P Hallam - Director

Date: 27/04/18

## **ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 OCTOBER 2017**

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The directors present their report with the financial statements of the company for the year ended 31 October 2017.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 October 2017.

#### **FUTURE DEVELOPMENTS**

Arden University Limited was awarded University title in July 2015. The University continues to develop new products and services for both Distance Learning and Blended Learning. The expansion of the Blended Learning course delivery will also be extended Internationally through a new campus in Berlin.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 November 2016 to the date of this report.

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

#### **GOING CONCERN**

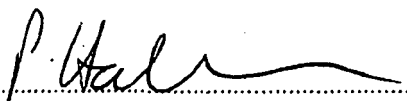
The financial statements have been prepared under the going concern concept which assumes that the company will be able to meet its liabilities when they fall due for the foreseeable future. In drawing this conclusion the directors have prepared detailed cash flow forecasts and have considered sensitivities 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: 27/04/18.....

## **ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**

### **STATEMENT OF RESPONSIBILITIES TO THE MEMBERS OF ARDEN UNIVERSITY LIMITED FOR THE YEAR ENDED 31 OCTOBER 2017**

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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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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:

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) they have taken all the steps that they 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 reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

On behalf of the board

# ***Independent auditors' report to the members of Arden University Limited***

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Arden University Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2017 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic report, Report of the Directors and Financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 October 2017; the profit and loss account, the statement of comprehensive income, cash flow statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

# ***Independent auditors' report to the members of Arden University Limited***

## ***Strategic Report and Report of the Directors***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 October 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

## **Responsibilities for the financial statements and the audit**

### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of Responsibilities to the members of Arden University Limited set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### ***Use of this report***

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.

# ***Independent auditors' report to the members of Arden University Limited***

## **Other required reporting**

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### **Companies Act 2006 exception reporting**

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



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

April 2018

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**ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 OCTOBER 2017**

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	Note	2017 £	2016 £
<b>TURNOVER</b>		9,035,468	6,987,936
Cost of sales		<u>(2,958,128)</u>	<u>(1,695,623)</u>
<b>GROSS PROFIT</b>		6,077,340	5,292,313
Administrative expenses		<u>(9,427,672)</u>	<u>(6,805,751)</u>
<b>OPERATING LOSS</b>	5	(3,350,332)	(1,513,438)
Loss on sale of investment	6	<u>-</u>	<u>(240,000)</u>
		(3,350,332)	(1,753,438)
Interest payable and similar expenses	7	<u>(395,065)</u>	<u>(156,144)</u>
<b>LOSS BEFORE TAXATION</b>		(3,745,397)	(1,909,582)
Tax on loss	8	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(3,745,397)</u>	<u>(1,909,582)</u>

The notes form part of these financial statements

**ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 OCTOBER 2017**

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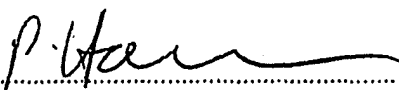
	2017 £	2016 £
LOSS FOR THE FINANCIAL YEAR	(3,745,397)	(1,909,582)
OTHER COMPREHENSIVE INCOME	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	<u>(3,745,397)</u>	<u>(1,909,582)</u>

The notes form part of these financial statements

**ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)****BALANCE SHEET  
31 OCTOBER 2017**

	Note	2017 £	2016 £
<b>FIXED ASSETS</b>			
Intangible assets	9	1,053,111	644,814
Tangible assets	10	789,200	285,456
Investments	11	<u>295,050</u>	<u>295,050</u>
		2,137,361	1,225,320
<b>CURRENT ASSETS</b>			
Debtors	12	6,462,851	2,950,046
Cash at bank and in hand		<u>439,024</u>	<u>515,160</u>
		6,901,875	3,465,206
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>14,226,600</u>	<u>6,132,493</u>
<b>NET CURRENT LIABILITIES</b>		<u>(7,324,725)</u>	<u>(2,667,287)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(5,187,364)</u>	<u>(1,441,967)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	120,481	120,481
Capital reserve	16	10,227,830	10,227,830
Accumulated Losses	16	<u>(15,535,675)</u>	<u>(11,790,278)</u>
<b>TOTAL EQUITY</b>		<u>(5,187,364)</u>	<u>(1,441,967)</u>

The financial statements were approved by the Board of Directors on 27/04/18 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 2017**

	Called up share capital £	Accumulated losses £	Capital reserve £	Total equity £
Balance at 1 November 2015	120,481	(9,880,696)	7,653,063	(2,107,152)
Changes in equity				
Total comprehensive loss	-	(1,909,582)		(1,909,582)
Transaction with shareholders			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>
Changes in equity				
Total comprehensive loss	-	(3,745,397)	-	(3,745,397)
Balance at 31 October 2017	<u>120,481</u>	<u>(15,535,675)</u>	<u>10,227,830</u>	<u>(5,187,364)</u>

The notes form part of these financial statements

**ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)****CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 OCTOBER 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash used in operations	1	(1,996,828)	(2,089,779)
Interest paid		<u>(395,065)</u>	<u>(156,144)</u>
Net cash from operating activities		<u>(2,391,893)</u>	<u>(2,245,923)</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(723,059)	(240,353)
Purchase of tangible fixed assets		<u>(646,184)</u>	<u>(134,205)</u>
Net cash from investing activities		<u>(1,369,243)</u>	<u>(374,558)</u>
<b>Cash flows from financing activities</b>			
Capella cash contribution in year		-	2,574,767
Proceeds from other short borrowings		<u>3,685,000</u>	<u>-</u>
Net cash from financing activities		<u>3,685,000</u>	<u>2,574,767</u>
<b>Decrease in cash and cash equivalents</b>		<u>(76,136)</u>	<u>(45,714)</u>
Cash and cash equivalents at beginning of year	2	<u>515,160</u>	<u>560,874</u>
Cash and cash equivalents at end of year	2	<u><u>439,024</u></u>	<u><u>515,160</u></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 2017**

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#### **1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH USED IN OPERATIONS**

	2017	2016
	£	£
Loss before taxation	(3,745,397)	(1,909,582)
Amortisation/Depreciation charges	457,202	332,421
Finance costs	<u>395,065</u>	<u>156,144</u>
	(2,893,130)	(1,421,017)
Increase in trade and other debtors	(3,512,805)	(1,205,295)
Increase in trade and other creditors	<u>4,409,107</u>	<u>536,533</u>
Cash used in operations	<u>(1,996,828)</u>	<u>(2,089,779)</u>

#### **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 2017**

	31.10.17	1.11.16
	£	£
Cash and cash equivalents	<u>439,024</u>	<u>515,160</u>

##### **Year ended 31 October 2016**

	31.10.16	1.11.15
	£	£
Cash and cash equivalents	<u>515,160</u>	<u>560,874</u>

The notes form part of these financial statements

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## **ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017**

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#### **1. STATUTORY INFORMATION**

Arden University Limited is a private company limited by shares and is incorporated in the United Kingdom. The company's registered number and registered office can be found on the Company Information page.

#### **2. ACCOUNTING POLICIES**

##### **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.

##### **Preparation of consolidated financial statements**

The financial statements contain information about Arden University Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Global University Systems NV, Tower H, 5th Floor, WTC Amsterdam, Zuidplein 36, 1077 XV Amsterdam, The Netherlands.

##### **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.

## **ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**

### **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 OCTOBER 2017**

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#### **2. ACCOUNTING POLICIES - continued**

##### **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.

There are four main streams of revenue:

- Distance Learning consists of students studying remotely through accessing content online and completing assessments electronically. Revenue is recognised over the period of study for modules.
- Blended Learning consists of students studying through a mixture of classroom tuition and remotely accessing content online, and completing both online and classroom based assessment. Revenue is recognised over the period of study for modules.
- Student Recruitment services consist of recruiting students to Distance Learning courses provided by external parties and receiving a fee for this service. Revenue is recognised when the student commences the course with the external party.
- Registration Fees (annual) are payable on some Distance Learning courses. These fees are paid annually and revenue is recognised evenly over the associated 12 month registration period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **Turnover**

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

##### **Tangible and intangible assets**

Depreciation 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
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.

##### **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 and blended learning programmes is charged to the profit and loss account when the liabilities are incurred.

## **ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**

### **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 OCTOBER 2017**

#### **2. ACCOUNTING POLICIES - continued**

##### **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 rent 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.

#### **3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY**

Distance Learning is a part time form of study. Modules are completed at half rate of full time course. Key assumptions are that revenue is recognised on a pro module basis assuming study periods are between 3 and 6 months and 8 months for dissertations. Where study periods cross the end of an accounting period income is recognised on pro rata basis.

Blended Learning courses are on a full time basis and are a mixture of online access to material and classroom engagement. Programmes have a set timetable over three semesters per year. Key assumptions are that revenue is recognised per semester based on fees paid. Where study periods cross the end of an accounting period income is recognised on pro rata basis.

Management perform regular reviews and analysis to ensure the assumptions reflect the best estimates and to ensure revenue recognition under the model is consistent with FRS 102.

#### **4. EMPLOYEES AND DIRECTORS**

	2017	2016
	£	£
Wages and salaries	3,820,452	2,598,026
Social security costs	355,267	254,963
Other pension costs	113,154	135,202
	<u>4,288,873</u>	<u>2,988,191</u>

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

	2017	2016
Total staff	<u>133</u>	<u>95</u>

	2017	2016
	£	£
Directors' remuneration	322,523	323,576
Directors' pension contributions to money purchase schemes	<u>10,320</u>	<u>22,498</u>

## **ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**

### **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 OCTOBER 2017**

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Information regarding the highest paid director for the year ended 31 October 2017 is as follows:

	<b>2017</b>
	<b>£</b>
Total emoluments excluding pension contributions	<b>315,023</b>
Pension contributions to money purchase schemes	<b><u>10,320</u></b>

The highest paid director exercised share options during the financial year.

#### **5. OPERATING LOSS**

The operating loss is stated after charging:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Hire of plant and machinery	<b>31,872</b>	<b>17,576</b>
Depreciation - owned assets	<b>142,440</b>	<b>91,619</b>
Website development costs amortisation	<b>179,552</b>	<b>132,757</b>
Software development costs amortisation	<b>135,210</b>	<b>108,045</b>
Auditors' remuneration	<b>58,400</b>	<b>40,000</b>
Operating lease rentals - Land and Buildings	<b>108,000</b>	<b>108,000</b>
Operating lease rentals - Equipment	<b><u>10,743</u></b>	<b><u>9,641</u></b>

#### **6. EXCEPTIONAL ITEMS**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Loss on sale of investment	<b><u>-</u></b>	<b><u>(240,000)</u></b>

#### **7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Bank interest and other charges	<b>270,065</b>	<b>156,144</b>
GUS loan interest	<b><u>125,000</u></b>	<b><u>-</u></b>
	<b><u>395,065</u></b>	<b><u>156,144</u></b>

#### **8. TAX ON LOSS**

##### **Analysis of the tax charge**

No liability to UK corporation tax arose for the year ended 31 October 2017 nor for the year ended 31 October 2016.

# **ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**

## **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 OCTOBER 2017**

### **9. TAX ON LOSS - continued**

#### **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:

	2017 £	2016 £
Loss before tax	<u>(3,745,397)</u>	<u>(1,909,582)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	(711,625)	(381,916)
Effects of:		
Expenses not deductible for tax purposes	2,792	5,206
Income not taxable for tax purposes	3,230	-
Capital allowances in excess of depreciation	-	(7,243)
Depreciation in excess of capital allowances	21,560	-
Losses carried forward	<u>684,043</u>	<u>383,953</u>
Total tax charge	<u>-</u>	<u>-</u>

#### **Tax effects relating to effects of other comprehensive income**

There were no tax effects for the year ended 31 October 2017.

### **9. INTANGIBLE ASSETS**

	Goodwill £	Website development costs £	Software development costs £	Totals £
<b>COST</b>				
At 1 November 2016	13,510	948,901	622,360	1,584,771
Additions	-	<u>561,831</u>	<u>161,228</u>	<u>723,059</u>
At 31 October 2017	<u>13,510</u>	<u>1,510,732</u>	<u>783,588</u>	<u>2,307,830</u>
<b>AMORTISATION</b>				
At 1 November 2016	13,510	632,933	293,514	939,957
Amortisation for year	-	<u>179,552</u>	<u>135,210</u>	<u>314,762</u>
At 31 October 2017	<u>13,510</u>	<u>812,485</u>	<u>428,724</u>	<u>1,254,719</u>
<b>NET BOOK VALUE</b>				
At 31 October 2017	<u>-</u>	<u>698,247</u>	<u>354,864</u>	<u>1,053,111</u>
At 31 October 2016	<u>-</u>	<u>315,968</u>	<u>328,846</u>	<u>644,814</u>

# **ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**

## **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 OCTOBER 2017**

### **10. TANGIBLE ASSETS**

	Library and database £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 November 2016	492,624	158,540	254,276	905,440
Additions	<u>97,412</u>	<u>420,999</u>	<u>127,773</u>	<u>646,184</u>
At 31 October 2017	<u>590,036</u>	<u>579,539</u>	<u>382,049</u>	<u>1,551,624</u>
<b>DEPRECIATION</b>				
At 1 November 2016	384,338	87,921	147,725	619,984
Charge for year	<u>51,134</u>	<u>35,363</u>	<u>55,943</u>	<u>142,440</u>
At 31 October 2017	<u>435,472</u>	<u>123,284</u>	<u>203,668</u>	<u>762,424</u>
<b>NET BOOK VALUE</b>				
At 31 October 2017	<u>154,564</u>	<u>456,255</u>	<u>178,381</u>	<u>789,200</u>
At 31 October 2016	<u>108,286</u>	<u>70,619</u>	<u>106,551</u>	<u>285,456</u>

### **11. INVESTMENTS**

	Unlisted investments £
<b>COST</b>	
At 1 November 2016 and 31 October 2017	<u>295,050</u>
<b>NET BOOK VALUE</b>	
At 31 October 2017	<u>295,050</u>
At 31 October 2016	<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**

Registered office: Arden House, Middlemarch Park, Siskin Drive, Coventry CV3 4FJ

Nature of business: Non trading

Class of shares:	% holding	2017 £	2016 £
Ordinary £1	100.00	<u>308,969</u>	<u>308,969</u>
Aggregate capital and reserves		<u>308,969</u>	<u>308,969</u>

## ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 OCTOBER 2017

#### 11. INVESTMENTS - continued

The Institute Of Business and Management Limited

Registered office: Arden House, Middlemarch Park, Siskin Drive, Coventry CV3 4FJ

Nature of business: Non trading

Class of shares:	% holding
Ordinary £1	100.00

	2017 £	2016 £
Aggregate capital and reserves	<u>1</u>	<u>1</u>

#### 12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	6,001,030	2,709,705
Prepayments and accrued income	<u>461,821</u>	<u>240,341</u>
	<u>6,462,851</u>	<u>2,950,046</u>

#### 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	1,004,766	387,482
Amounts owed to group undertakings	3,993,969	308,969
VAT	140,250	156,028
Deferred Income	7,496,133	4,255,992
Other creditors	223,100	129,810
PAYE and NI	137,623	87,207
Accrued expenses	<u>1,230,759</u>	<u>807,005</u>
	<u>14,226,600</u>	<u>6,132,493</u>

Amounts owed to Group Undertakings are unsecured and have no fixed date of repayment and are repayable on demand. Interest is charged on the amounts borrowed from parents at a rate of 8.83%. At the year-end £125,000 was outstanding and included in accrued expenses. Other Intercompany balances are interest free.

#### 14. LEASING AGREEMENTS

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

	2017 £	2016 £
Within one year	243,722	118,743
Between one and five years	<u>906,901</u>	<u>33,754</u>
	<u>1,150,623</u>	<u>152,497</u>

## **ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**

### **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 OCTOBER 2017**

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#### **15. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value: £1	2017 £ <u>120,481</u>	2016 £ <u>120,481</u>
Number:	Class:			
120,481 (2016 120,481)	Ordinary			

#### **16. RESERVES**

	Accumulated losses £	Capital reserve £	Totals £
At 1 November 2016	(11,790,278)	10,227,830	(1,562,448)
Loss for the financial year	<u>(3,745,397)</u>		<u>(3,745,397)</u>
At 31 October 2017	<u>(15,535,675)</u>	<u>10,227,830</u>	<u>(5,307,845)</u>

#### **17. ULTIMATE PARENT COMPANY**

The immediate parent company is AU Bldco Limited, a company registered in England and Wales. Its registered office is Belmont House, Station Way, Crawley, West Sussex, England, RH10 1JA. 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 revolving credit facility to the company. As at 31 October 2017, AU has drawn down a balance of £3,685,000 on the credit facility.

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

Key management personnel received compensation totalling £639,837.

Additionally, key management personnel were paid a retention bonus totalling £145,000 directly from the parent company, Global University Systems NV.

## **ARDEN UNIVERSITY LIMITED (REGISTERED NUMBER: 02450180)**

### **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 OCTOBER 2017**

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#### **19. DEFERRED TAX**

The company has trading losses totalling £15,533,315 (2016: £11,933,090) available for offset against future trading profits. It has claimed accelerated capital allowances and other short-term timing differences totalling £482,000 (2016: £416,000). 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% has taken effect during 2017, and will change to 17% during 2020. 17% has been applied in the measurement of the deferred tax assets and liabilities at 31 October 2017. The unrecognised deferred tax asset related to 2017 totals £2,640,664 (2016: £1,957,891).