

**Company registration number: 02325576**

**Bellerbys Educational Services Limited**

**Directors' Report and Financial Statements**

**31 December 2014**

# **Bellerbys Educational Services Limited**

## **Directors' report and financial statements 2014**

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# **Bellerbys Educational Services Limited**

## **Directors' report and financial statements 2014**

### **Officers and professional advisers**

#### **Directors**

J H Pitman  
T J Coope  
G A Bull

#### **Company secretary**

G A Bull

#### **Registered office**

Brighton Study Centre  
1 Billinton Way  
Brighton  
East Sussex  
United Kingdom  
BN1 4LF

#### **Bankers**

National Westminster Bank Plc  
Hove Town Hall Branch  
Hove  
East Sussex  
BN3 2BS

#### **Independent auditors**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

# Bellerbys Educational Services Limited

## Strategic report For the year ended 31 December 2014

The directors present their strategic report of the company for the year ended 31 December 2014.

### Business review

The results for the year and financial position of the company are as shown in the financial statements. In the opinion of the directors the state of the company's affairs at 31 December 2014 was satisfactory and they expect to continue to grow profitability in future years.

### Key performance indicators

#### *Student volumes*

Year on year NSE growth was 3%. This was driven by the ISC business, which saw increases of 11% across our portfolio of existing partner universities, largely attributable to improved sales and marketing performance. This was partially offset by an 11% decline in Bellerbys, our high school business.

Student weeks taught in 2014 decreased year on year by 3% due to lower taught weeks in Bellerbys.

#### *Revenue*

Higher Education UK revenue was down £1.6 million or 1% to £105.7 million (2013: £107.3 million), following the lower intakes in both September last year and throughout 2014 in Bellerbys. This was partially offset by revenue growth in UK ISCs.

#### *Adjusted EBITDA*

HE UK & Europe adjusted EBITDA reduced by £4.6 million or 14% to £29.0 million (2013: £33.6 million) in line with Bellerbys revenue reductions. In addition, the EBITDA decrease reflects investments made in a number of centres across the region, which reduced EBITDA margins to 27% (2013: 31%).

Profit on ordinary activities before tax as a percentage of turnover has improved this year, increasing from 42.6% to 48.9%, which the directors believe is a creditable performance.

We believe our commitment to working with the best University partners to ensure we can offer the right propositions to our students to support them with the next phase of their education will continue to drive future revenue growth.

### Principal risks and uncertainties

A risk management framework is in place and under ongoing review and development. The Board is responsible for overseeing the framework. The most significant risks are described below:

#### Economic, market and trading risks

##### *Industry drivers impacting demand for Higher Education*

We believe that the key industry drivers for our Higher Education division include:

- globalization, in particular strong wealth creation and economic growth in emerging markets,
- together with the increasing international mobility of students;
- the recognition of English as the global business language;
- the importance of an English language education;
- the importance (and limited domestic supply) of tertiary education in emerging markets; and
- demand by Anglophone universities for full fee paying international students.

In addition, if foreign direct investment in emerging markets were to slow down, demand for a foreign-educated, English-speaking workforce may decline and some families would likely no longer be able to afford a foreign education for their children.

# Bellerbys Educational Services Limited

## Strategic report (continued) For the year ended 31 December 2014

We note that under the current European Union regulatory regime, the tuition fees of international higher education students from outside the European Union are not subject to caps, while the tuition fees of students from the European Union are capped. However, should caps be imposed on the tuition fees of such students, demand for international students may decrease.

### Contract risks

#### *University partners*

We maintain relationships in the form of contractual agreements with numerous universities in the United Kingdom and Europe. We also maintain licensing arrangements to co-brand certain programmes and ISCs, which allow us to market the university partner directly to potential students. Should our relationships with any of our university partners deteriorate, we may experience a reduction in student enrolment as a result, which could impact on our financial results.

In addition, our contracts with our university partners typically contain an agreement on our part to follow certain strict quality control measures, including minimum student progression rates, annual reviews of course content with university partners and regular inspections from industry associations. Should our university partners find that we are not in compliance with the quality control measures in our contracts, they may choose to not renew our contract upon its expiry or bring a claim or initiate litigation against us for breach of contract, which would adversely affect our reputation and business, operations and prospects.

We work closely with our university partners to ensure that we are adhering to the terms of our contractual arrangements.

#### *Agent relationships*

For our Higher Education division, our key student recruitment platform is our global network of more than 2,500 independent education agents, who recruit our students from over 145 countries. We currently recruit approximately 80% of our students through this network of education agents, with the remaining 20% coming from alternative channels, including direct recruitment and feeder schools. As a result, we rely primarily on this network of education agents to recruit our international students and market our programmes.

Our management structure is designed to ensure that we manage our agent relationships effectively and we constantly review our approach to ensure that we are able to continuously improve in this area.

### Financial position

The Study Group group, of which the company is a subsidiary, is highly leveraged and has a leverage covenant associated with the revolving credit facility which must be met. The required leverage ratio gets lower over time and therefore in order to meet the covenant, the Group must deliver growth in adjusted EBITDA. We monitor our covenant requirements on a regular basis to ensure that we have time to take mitigating action in the event of a projected reduction in our leverage ratio.

### Foreign currency risk

It is our general practice to collect revenues and pay expenses in the local currency of each country in which we operate.

See Directors' Report (pages 5-7) for discussion on the Group's management of liquidity risk.

# **Bellerbys Educational Services Limited**

## **Strategic report (continued) For the year ended 31 December 2014**

### **Business change and operational risk**

Executing business change programmes, including changes to IT systems, organisation structure or relationships with partners and suppliers, present a variety of risks both in terms of our ability to deliver on objectives as well as minimising disruption to business as usual.

### **Reputational risk**

Our reputation could be adversely affected under many circumstances, including the following:

- we are unable to adequately update and expand the content of our existing programs and develop new programs;
- the quality of our curricula, teaching staff or program facilities are not perceived as sufficient by parents and students;
- there are accidents, epidemics or other events that adversely affect students in the local communities in which we operate;
- members of our staff or our education agents behave or are perceived to behave inappropriately or illegally or fail to appropriately supervise children under their care; and/or students engage in illegal or inappropriate conduct that poses a health and safety risk for the students or the surrounding local community and a public relations risk for our business.

We continuously review our operations to ensure that we are able to respond to and mitigate any reputational risks.

### **Litigation risk**

In common with most other businesses, from time to time, we are subject to litigation. The occurrence of material litigation could have an adverse effect on our financial results in the event of an unfavourable outcome. This could also have an impact on our reputation and brand within the marketplace. We employ internal counsel and retain outside counsel to provide advice in the event of any litigation.

We have agreed governance structures in place within the Group to mitigate and monitor risks arising from any on-going change programmes.

By order of the board



G A Bull  
Company Secretary

17 June 2015

# **Bellerbys Educational Services Limited**

## **Directors' report For the year ended 31 December 2014**

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2014.

### **Principal activities**

The principal activity of the company in the year under review was that of an international college preparing students for entry to Universities in the United Kingdom.

### **Future developments**

In our Higher Education divisions, Study Group remains committed to a strategy of working with the best University partners to ensure we can offer the right propositions to our students to support them with the next phase of their education. To this end, we are constantly looking for new opportunities to expand our offering with our current partners, and longer term, explore new partnerships. In our Career Education division, we see further opportunities to move course content on-line, and expand our range of courses.

We are also focussed on developing our sales and marketing function in order to work better with our agents and develop direct channels, in order to drive future revenue growth.

We believe that this strategy, combined with a continued focus on operational effectiveness and efficiency will be supportive of continued longer term revenue and EBITDA growth at a group level.

### **Financial risk management**

The main financial risks arising from the company's activities are cash flow risk, liquidity risk and credit risk. The company does not have exposure to price risk on commodities.

#### **Credit risk**

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

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

#### **Liquidity risk**

The company is not exposed to liquidity risk however the wider Group is. Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The group actively monitors compliance with its covenants relating to the revolving credit facility.

#### **Interest rate risk**

The company is not exposed to interest rate risk. However the wider Group's primary exposure to market interest rates relates to the Group's long-term borrowing obligations with floating interest rates. The Group's primary exposure to market interest rates relates to the Group's long-term borrowing obligations. The risk of the Group being exposed to movement in interest rates is mitigated through the use of a fixed coupon bond instrument as the sole source of financing.

#### **Foreign currency risk**

The company is not exposed to foreign currency risk. However the wider Group undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group is mainly exposed to Australian dollars and US dollars. The risk is mitigated by revenues being billed in the currency where the services/operating costs are delivered/incurred. During the year, the group did not actively hedge foreign currency exposure but it continues to monitor whether a hedging strategy would be beneficial.

# Bellerbys Educational Services Limited

## Directors' report (continued) For the year ended 31 December 2014

### Dividends

The directors recommend dividends of £nil (2013 - £60,000,000).

### Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

J H Pitman  
T J Coope  
G A Bull

### Directors' Indemnity Provision

The Company maintains liability insurance for its directors and officers. The Company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This indemnity has been in place throughout the financial year and is in place as at the date of this report.

### Political Contributions

The company made no political donations or incurred any political expenditure during the period.

### Statement of Disclosure of Information to Auditors

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 auditors is unaware; and each director has taken all the steps that he / she ought to have taken as a directors to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

In accordance with section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the board of directors  
and signed by order of the board



G A Bull  
Company secretary

17 June 2015



# **Bellerbys Educational Services Limited**

## **Statement of Directors' responsibilities in respect of the Directors' report and financial statements**

**For the year ended 31 December 2014**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, directors' report and the financial statements in accordance with applicable law and regulations.

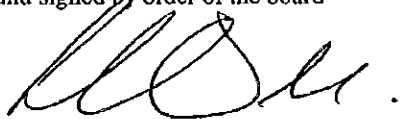
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Approved by the board of directors  
and signed by order of the board



G A Bull  
Company secretary

17 June 2015

# Bellerbys Educational Services Limited

## Independent auditor's report to the members of Bellerbys Educational Services Limited

We have audited the financial statements of Bellerbys Educational Services Limited for the year ended 31 December 2014 set out on pages 9 to 18. 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 7, 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](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit 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 period for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Jonathan Downer (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

17 June 2015

## Bellerbys Educational Services Limited

### Profit and loss account For the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	2	105,695,298	107,348,593
Cost of sales		<u>(50,837,140)</u>	<u>(48,332,784)</u>
Gross profit		54,858,158	59,015,809
Administrative expenses		<u>(21,171,924)</u>	<u>(12,979,695)</u>
Operating profit	4	33,686,234	46,036,114
Interest receivable and similar income	5	7,086,847	7,111,646
Interest payable and similar charges	6	<u>(2,714,900)</u>	<u>(653,893)</u>
Profit on ordinary activities before taxation		38,058,181	52,493,867
Tax on profit on ordinary activities	7	<u>(7,971,574)</u>	<u>(11,395,201)</u>
Profit for the financial year	16	<u>30,086,607</u>	<u>41,098,666</u>

All the results derive from continuing operations.

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

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical costs equivalents.

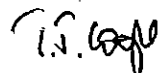
The notes on pages 11 to 18 form part of these financial statements.

# Bellerbys Educational Services Limited

## Balance sheet As at 31 December 2014

	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Tangible assets	8		12,764,947		10,878,341
<b>Current assets</b>					
Stocks	9	75,950		56,597	
Debtors (amounts falling due after more than one year £130,489,135 (2013 - £103,424,853))	10	183,531,631		159,093,737	
Cash at bank and in hand		7,241,978		4,828,100	
		190,849,559		163,978,434	
<b>Creditors: amounts falling due within one year</b>	11	(123,238,583)		(125,273,721)	
<b>Net current assets</b>			67,610,976		38,704,713
<b>Total assets less current liabilities</b>			80,375,923		49,583,054
<b>Creditors: amounts falling due after more than one year</b>	12		(9,537,266)		(8,563,053)
<b>Provisions for liabilities</b>	13		(1,571,752)		(1,839,703)
<b>Net assets</b>			69,266,905		39,180,298
<b>Capital and reserves</b>					
Called up share capital	15		40,122		40,122
Profit and loss account	16		69,226,783		39,140,176
<b>Total shareholders' funds</b>	16		69,266,905		39,180,298

These financial statements on pages 9 to 18 were approved by the board of directors on 17 June 2015 and were signed on its behalf by:

  
T J Coope  
Director

  
J H Pitman  
Director

Bellerbys Educational Services Limited, registered number 02325576

The notes on pages 11 to 18 form part of these financial statements.

# Bellerbys Educational Services Limited

## Notes to the financial statements For the year ended 31 December 2014

### 1. Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### Basis of preparation

A review of the Group's business activities and future developments are set out in the Directors' Report. In addition, the Directors' Report also includes reference to the Company's key business risks and its position on risk management including exposures to credit and liquidity risk. The directors believe that the Group is well placed to manage its business risks successfully.

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

#### Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

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

Freehold Buildings	- 2%
Short term leasehold property	- over term of lease
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost
Asset retirement policy	- over term of lease

Freehold land is not depreciated.

#### Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### Cash flow statement

The company is a wholly owned subsidiary company of a group headed by EDU UK TopCo Limited, and is included in the consolidated financial statements of that company. Consequently, the company has taken advantage of the exemption within FRS1 (revised 1996) 'Cash flow statements' from preparing a cash flow statement.

#### Revenue recognition

Revenue is recognised as follows:

- Tuition revenue - Course fees are brought to account when service is provided and is spread evenly over the duration of the course. Discounts and bursaries given to students are netted against tuition revenue.
- Accommodation revenue - Accommodation revenue is recognised as the accommodation service is provided.
- Other revenue - Other revenue is recognised when the amount can be reliably measured and it is probable that future economic benefits will flow to the entity.

# Bellerbys Educational Services Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 1. Accounting policies (continued)

#### Taxation

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

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

#### Operating leases

Rentals paid under operating leases are charged on a straight line basis over the lease term to the profit and loss account.

#### Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

#### Foreign currencies

Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated at the rate ruling at the date or at rates of the appropriate foreign exchange contracts. All exchange differences are dealt with through the profit and loss account.

#### Dividends

Dividends unpaid at the balance sheet date are recognised as a liability to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### Provisions for liabilities

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle this obligation, and a reliable estimate can be made of the amount of the obligation.

### 2. Turnover

Turnover represents the invoiced value of services provided, to the extent they are earned, less discounts granted. Fees invoiced but unearned at the year end are included within accruals and deferred income. All turnover is derived from activities performed in the United Kingdom.

# Bellerbys Educational Services Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 3. Staff costs

	2014 £	2013 £
Wages and salaries	20,623,368	18,130,048
Social security costs	1,608,569	1,628,805
Other pension costs	526,523	382,424
	<u>22,758,460</u>	<u>20,141,277</u>

As at 31 December 2014 pension contributions of £70,390 were outstanding, which were paid in January 2015.

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

	Number	Number
By activity:		
Teaching	682	706
Administration	122	137
	<u>804</u>	<u>843</u>

### 4. Operating profit

Operating profit is stated after charging:

	2013 £	2012 £
Depreciation – owned assets	1,928,395	1,598,786
Operating leases: - land and buildings	<u>9,104,886</u>	<u>10,603,730</u>

All of the directors of the company are remunerated through another group company, Study Group UK Limited. However it is not practicable to allocate their services between their services of Study Group UK Limited and Bellerbys Educational Services Limited.

Fees payable to the company's auditors for the audit of the company's financial statements of £62,545 (2013 – £62,545) were borne by a fellow group company.

### 5. Interest receivable and similar income

	2014 £	2013 £
Interest income on amounts owed by group undertakings	<u>7,086,847</u>	<u>7,111,646</u>

# Bellerbys Educational Services Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 6. Interest payable and similar charges

	2014 £	2013 £
Interest payable on amounts owed to group undertakings	2,596,021	653,893
Other interest payable	118,879	-
	<u>2,714,900</u>	<u>653,893</u>

### 7. Tax on profit on ordinary activities

#### (a) Tax on profit on ordinary activities

	2014 £	2013 £
<b>Current tax</b>		
UK corporation tax on profits of the year	8,169,055	11,461,951
Adjustments in respect of prior years	(258,587)	(22,792)
Total current tax	<u>7,910,468</u>	<u>11,439,159</u>
<b>Deferred Tax</b>		
Timing differences, origination and reversal (note 14)	61,106	(43,958)
Tax on profit on ordinary activities	<u>7,971,574</u>	<u>11,395,201</u>

#### (b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2013: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2014 of 21.5% (2013: 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>38,058,181</u>	<u>52,493,867</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	8,182,509	12,204,824
Effects of:		
Expenses not deductible for tax purposes	(13,454)	129,104
Transfer pricing adjustments	-	(871,977)
Adjustments in respect of prior years	(258,587)	(22,792)
Total current tax charge	<u>7,910,468</u>	<u>11,439,159</u>

A reduction in the UK corporation tax rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at the balance sheet date has been calculated based on the rate of 20% substantively enacted at the balance sheet date.



# Bellerbys Educational Services Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 8. Tangible fixed assets

	Freehold land and buildings £	Short-term leasehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Asset retirement obligation £	Total £
<b>Cost</b>							
At 1 January 2014	5,164,489	4,959,669	5,311,522	3,000	4,000,713	1,475,183	20,914,576
Additions	-	2,883	2,896,051	-	512,501	376,419	3,787,854
Disposals	-	-	(27,312)	-	(53,091)	(173,176)	(253,579)
Transfers	-	-	35,936	-	22,639	-	58,575
<b>At 31 December 2014</b>	<b>5,164,489</b>	<b>4,962,552</b>	<b>8,216,197</b>	<b>3,000</b>	<b>4,482,762</b>	<b>1,678,426</b>	<b>24,507,426</b>
<b>Accumulated depreciation</b>							
At 1 January 2014	913,351	1,954,851	3,735,826	3,000	3,429,207	-	10,036,235
Charge for the year	98,190	332,812	723,755	-	406,636	367,002	1,928,395
On disposals	-	-	(22,655)	-	(51,673)	(161,917)	(236,245)
Transfers	-	-	6,521	-	7,573	-	14,094
<b>At 31 December 2014</b>	<b>1,011,541</b>	<b>2,287,663</b>	<b>4,443,447</b>	<b>3,000</b>	<b>3,791,743</b>	<b>205,085</b>	<b>11,742,479</b>
<b>Net book value</b>							
<b>At 31 December 2014</b>	<b>4,152,948</b>	<b>2,674,889</b>	<b>3,772,750</b>	<b>-</b>	<b>691,019</b>	<b>1,473,341</b>	<b>12,764,947</b>
At 31 December 2013	4,251,138	3,004,818	1,575,696	-	571,506	1,475,183	10,878,341

Freehold land and buildings includes freehold land of £250,000 (2013 - £250,000) which is not depreciated.

### 9. Stocks

	2014 £	2013 £
Finished goods and goods for resale	75,950	56,597

### 10. Debtors

	2014 £	2013 £
<b>Amounts falling due within one year:</b>		
Trade debtors	42,516,485	45,929,930
Amounts owed by group undertakings	4,210	12,758
Deferred tax (see note 14)	248,499	309,605
Other debtors	2,191,890	3,574,051
Prepayments and accrued income	8,081,412	5,842,540
	<b>53,042,496</b>	<b>55,668,884</b>
<b>Amounts falling due after more than one year:</b>		
Trade debtors	5,046,990	4,721,197
Amounts owed by group undertakings	125,442,145	98,703,656
<b>Total debtors</b>	<b>183,531,631</b>	<b>159,093,737</b>

Amounts owed by group undertakings have no security attached and are repayable on demand. Interest is accrued at a rate of 4.75% per annum.

# Bellerbys Educational Services Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 11. Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	7,706,227	4,373,853
Amounts owed to group undertakings	18,921,934	22,485,579
Other taxation and social security	821,838	1,597,429
Group relief on corporation tax payable	6,309,971	9,573,675
Other creditors	7,574,846	6,556,585
Accruals and deferred income	81,903,767	80,686,600
	<u>123,238,583</u>	<u>125,273,721</u>

Amounts due to the group undertaking have no security attached and are repayable on demand. Interest is accrued at a rate of 4.75% per annum.

### 12. Creditors: amounts falling due after more than one year

	2014 £	2013 £
Accruals and deferred income	<u>9,537,266</u>	<u>8,563,053</u>

Accruals and deferred income all fall due within five years.

### 13. Provisions for liabilities

	Asset retirement obligation £	Restructuring costs £	Total £
At 1 January 2014	1,475,183	364,520	1,839,703
Released to profit and loss account	(205,085)	(305,609)	(510,694)
Additional provision recognised	203,243	39,500	242,743
At 31 December 2014	<u>1,473,341</u>	<u>98,411</u>	<u>1,571,752</u>

Asset retirement obligations relate to the lease terms on leased properties. Provisions will unwind over the length of the lease.

The restructuring provision represents costs related to the reorganisation of the campuses.

# Bellerbys Educational Services Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 14. Deferred tax asset

	2014	2013
	£	£
		£
At 1 January 2014		309,605
Credit to profit and loss account		(61,106)
		<u>248,499</u>
At 31 December 2014		<u><u>248,499</u></u>
	2014	2013
	£	£
<b>Represented by:</b>		
Depreciation greater than capital allowances	234,421	298,263
Short term timing differences	14,078	11,342
	<u>248,499</u>	<u>309,605</u>

### 15. Called up share capital

	2014	2013
	£	£
<b>Authorised:</b>		
150 ordinary shares of £1 each	150	150
40,000 preference shares of £1 each	40,000	40,000
	<u>40,150</u>	<u>40,150</u>
<b>Allotted and fully paid:</b>		
122 ordinary shares of £1 each	122	122
40,000 preference shares of £1 each	40,000	40,000
	<u>40,122</u>	<u>40,122</u>

The preference shares have a preference over the ordinary shares in the event of a winding up of the company up to the nominal value of the shares. In all other respects the shares rank pari passu.

### 16. Reconciliation of movements in shareholders' funds and statement of movement on reserves

	Called up share capital £	Profit and loss account £	Total 2014 £	Total 2013 £
At 1 January 2014	40,122	39,140,176	39,180,298	58,081,632
Profit for the financial year	-	30,086,607	30,086,607	41,098,666
Dividends	-	-	-	(60,000,000)
	<u>40,122</u>	<u>69,226,783</u>	<u>69,266,905</u>	<u>39,180,298</u>
At 31 December 2014	<u><u>40,122</u></u>	<u><u>69,226,783</u></u>	<u><u>69,266,905</u></u>	<u><u>39,180,298</u></u>

During the year the company paid dividends totalling £nil (2013 - £60,000,000).

# Bellerbys Educational Services Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 17. Obligation under operating leases

The following payments are committed to be paid within one year:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
<b>Expiring:</b>				
Within one year	1,433,625	606,043	-	-
Between one and two years	1,366,300	126,862	-	8,563
Between two and five years	525,776	524,140	-	-
In more than five years	7,718,231	6,212,182	-	-
	<u>11,043,932</u>	<u>7,469,227</u>	<u>-</u>	<u>8,563</u>

### 18. Immediate parent company and ultimate controlling party

The immediate parent company of Bellerbys Educational Services Limited is Study Group UK Limited, which is consolidated into the results of EDU UK Intermediate Limited and EDU UK TopCo Limited.

The ultimate parent undertaking and controlling party is Providence Equity Partners VI International LP, a company incorporated in the Cayman Islands.

Copies of the publicly available financial statements of EDU UK Intermediate and EDU UK TopCo Limited are available from 1 Billinton Way, Brighton, BN1 4LF, UK.

### 19. Related party transactions

The largest group in which the results of the company are consolidated is that headed by EDU UK TopCo Limited. The smallest group in which the results of the company are consolidated is that headed by EDU UK Intermediate Limited. The company has taken advantage of the exemption under Financial Reporting Standard 8 (revised) 'Related party disclosures', in not disclosing details of transactions with other companies which are 100% owned by EDU UK TopCo Limited.

### 20. Contingent liabilities

The company has given, in conjunction with Study Group UK Limited, Embassy Educational Services (UK) Limited, Study Group Holdings UK Limited and Study Group Properties Limited, an unlimited composite guarantee in respect of bank loans and overdrafts of certain group companies to The Royal Bank of Scotland plc. At 31 December 2014 the relevant bank loans and overdrafts of the relevant companies amounted to £nil (2013 - £nil).

The company's assets have been pledged as security for borrowings undertaken by fellow group companies EDU UK TopCo Limited and Study Group Holdings UK Limited. As at 31 December 2014, the borrowings of these companies amounted to £205,000,000 (2013 - £208,068,000).

### 21. Dividends

	2014	2013
	£	£
<b>Ordinary shares</b>		
£nil (2013 - £400,000) per £1 share	-	60,000,000
<b>Preference shares</b>		
£nil (2013 - £nil) per £1 share	-	-
	<u>-</u>	<u>60,000,000</u>