

# **BPP HOLDINGS LTD**

Annual Report and Financial Statements

For the year ended 31 August 2014

Company No. 01245304

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# BPP Holdings Ltd

Registered No. 01245304

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## **OFFICERS AND PROFESSIONAL ADVISORS**

### **DIRECTORS**

Carl Lygo  
Curtis Uehlein  
Mehul Patel  
William Etchell  
David Saddler

### **SECRETARY**

Carl Lygo

### **AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
3 Victoria Square  
Victoria Street  
St Albans AL1 3TF  
United Kingdom

### **BANKERS**

Barclays Bank PLC  
27 Soho Square  
London W1D 3QR

### **SOLICITORS**

Eversheds LLP (Company No. OC304065)  
One Wood Street  
London  
EC2V 7WS

### **REGISTERED OFFICE**

BPP House  
Aldine Place  
142-144 Uxbridge Road  
Shepherds Bush  
London  
W12 8AA

## Strategic report

### RESULTS AND DIVIDENDS

The trading results for the year ended 31 August 2014, and the Company's financial position as at the end of the year, are shown in the attached financial statements.

The profit and loss account for the year shows a loss after tax of £5,897,000 (2013 loss: £5,892,000). The directors did not recommend the payment of a dividend for the year ended 31 August 2014 (2013: dividend £nil).

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is to provide fellow group companies with accommodation related services. In addition the Company is an intermediate holding Company.

### STRATEGIC REVIEW

Loss before interest in the year was £7,545,000 (2013 loss: £8,216,000), a decrease in loss of £671,000 due to additional charges made to subsidiaries for accommodation related costs. The Company made a loss before tax of £5,788,000, a decrease of £1,199,000 compared to the prior year due to the reasons above and additional interest income from loans to subsidiaries.

Net assets have decreased by £5,897,000, 4% which is due to the loss in the year.

### ANALYSIS OF KEY PERFORMANCE INDICATORS

The only income of the Company is rental, dividend and interest income received from its subsidiaries, which are within the expectations of management. As this Company is non-operating, the financial review above focuses on asset movements driven by investments.

### KEY RISKS AND UNCERTAINTIES

A key risk is that the training companies that are owned by BPP Holdings Ltd do not produce the high level of returns that they have done in previous years.

#### *Business performance risk*

The risk that its subsidiaries may not perform as expected either due to internal factors or due to competitive pressures in the markets in which it operates is managed by a number of measures ensuring the appropriate management team is in place, budget and business planning, monthly reporting and variance analysis, financial controls, key performance measures and regular forecasting.

### OUTLOOK

BPP Holdings Ltd is expected to continue trading in line with 2014, with the only income expected to be dividends, interest and rent received from its subsidiaries.

By order of the Board



C Lygo  
Director

Date: 2 February 2015

## Director's report

### **DIRECTORS**

The directors who served during the year and at the date of this report are set out below:

Carl Lygo  
Curtis Uehlein  
Mehul Patel  
William Etchell  
David Saddler

### **GOING CONCERN**

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 Company financial statements (see note 1 for further details).

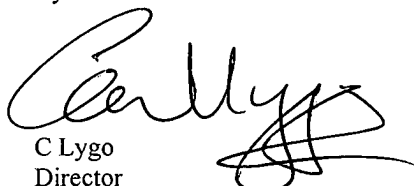
### **DISCLOSURE OF INFORMATION TO THE AUDITOR**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information. The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### **RE-APPOINTMENT OF AUDITOR**

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

By order of the Board



C Lygo  
Director

Date: 2 February 2015

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 have been followed; 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 to 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.

# **Independent auditor's report to the members of BPP Holdings Ltd**

We have audited the financial statements of BPP Holdings Limited for the year ended 31 August 2014 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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, 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**

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. 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.

## **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 August 2014 and of its profit 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.

## **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

## Independent auditor's report to the members of BPP Holdings Ltd

### 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.

*David Halstead*

David Halstead FCA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
St Albans, United Kingdom

Date: *3 February 2015*

## Profit and Loss Account for the year ended at 31 August 2014

	Notes	Year ended 31 August 2014	Year ended 31 August 2013
		£'000	£'000
Turnover – accommodation income		18,715	17,134
Cost of sales		(15,709)	(16,259)
<b>GROSS PROFIT</b>		<b>3,006</b>	<b>875</b>
Dividend income		-	1,137
Administrative expenses		(10,447)	(10,228)
<b>OPERATING LOSS</b>		<b>(7,441)</b>	<b>(8,216)</b>
Loss on sale of subsidiary	3	(104)	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>	<b>2</b>	<b>(7,545)</b>	<b>(8,216)</b>
Interest income	4	2,311	1,842
Interest cost	5	(554)	(613)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(5,788)</b>	<b>(6,987)</b>
Tax credit on loss on ordinary activities	9	(109)	1,095
<b>LOSS FOR THE YEAR</b>		<b>(5,897)</b>	<b>(5,892)</b>

All of the activities of the Company are classed as continuing.

There were no recognised gains or losses other than the loss for the year of £5,897,000 (2013 loss of: £5,892,000). Hence, no statement of recognised gains and losses has been prepared.



# BPP Holdings Ltd

## Balance sheet as at 31 August 2014

Company No. 01245304

	Notes	31 August 2014 £'000	31 August 2013 £'000
<b>Fixed assets</b>			
Tangible fixed assets	10	56,868	58,135
Investments	11	40,732	41,423
		97,600	99,558
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	1,632	8,232
Debtors: amounts falling due in over one year	12	80,349	80,164
Cash at bank and in hand		4,845	152
		86,826	88,548
Creditors: amounts falling due within one year	13	(13,009)	(11,577)
<b>Net current assets</b>		73,817	76,971
<b>Total assets less current liabilities</b>		171,417	176,529
Creditors: amounts falling due in over one year	14	(3,928)	(3,719)
Provision for liabilities and charges	15	(4,146)	(3,570)
<b>Net Assets</b>		163,343	169,240
<b>Capital and reserves</b>			
Called up share capital	18	15,457	15,457
Share premium account	19	12,491	12,491
Capital redemption reserve	19	1,017	1,017
Other reserves	19	16,469	16,469
Profit and loss account	19	117,909	123,806
<b>Equity shareholders' funds</b>		163,343	169,240

The financial statements of BPP Holdings Limited were approved by the board of directors and authorised for issue and signed on their behalf by:



William Etchell  
Director

Date: 2 February 2015

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Notes to the financial statements  
at 31 August 2014

**1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below.

***Basis of preparation***

The financial statements are prepared under the historical cost convention, modified for the inclusion of derivatives at fair value, and in accordance with applicable accounting standards.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 August 2013.

BPP Holdings Ltd and its wholly-owned subsidiaries are exempt from the obligation to prepare and deliver group financial statements by virtue of the Companies Act 2006 s401. These companies are consolidated within the financial statements of Apollo Education Group Inc. (formerly Apollo Group Inc.) a Company incorporated in the United States of America. Copies of Apollo Education Group Inc. financial statements can be obtained from 4025 S Riverpoint, Phoenix, AZ 85040.

***Investments***

Investments in subsidiary undertakings and other fixed asset investments are stated at cost. Provisions for any impairment in value are taken to the profit and loss account.

***Tangible fixed assets***

On adoption of FRS 15 - Tangible Fixed Assets, in 2000 the Company followed the transitional provisions to retain the book value of land and buildings which were last revalued in 1993 on the basis of open market value for existing use, but not to adopt a policy of revaluation in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS11.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its useful economic life, as follows:

<i>Land</i>	Not depreciated
<i>Freehold buildings</i>	Components over five to fifty years depending upon the expected useful economic life
<i>Leasehold improvements</i>	over the life of the lease
<i>Fixtures &amp; Fittings</i>	over five years
<i>Equipment</i>	over three years
<i>Finance leases</i>	over the life of the lease

The carrying values of tangible fixed assets are reviewed for impairment when events or circumstances indicate that the carrying value may not be recoverable.

***Capitalised interest***

Interest incurred on borrowings financing the acquisition and development of properties is capitalised gross in the period up to completion of works.

***Deferred Taxation***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets;
- provision is made for the tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

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Notes to the financial statements  
at 31 August 2014

**1. ACCOUNTING POLICIES (CONTINUED)**

***Deferred Taxation continued***

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

***Leases***

Leasing arrangements that transfer substantially all of the risks and rewards of ownership to the lessee are treated as finance leases, as if the asset had been purchased outright. The asset is capitalised as a tangible fixed asset and is depreciated on a straight line basis in line with other similar tangible fixed assets or the lease term, whichever is shorter. The capital element of the lease commitment is recorded as a liability and the interest element is charged to the profit and loss account over the period of the lease.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

***Foreign currencies***

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

***Financial assets***

The Company classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially recognised at fair value (the transaction price plus directly attributable transaction costs). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available for sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administration expenses.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Loans and receivables are presented as debtors in the balance sheet.

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Notes to the financial statements  
at 31 August 2014

**1. ACCOUNTING POLICIES (CONTINUED)**

***Derivative financial instruments and hedging***

The Company uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives during the year are taken directly to the profit and loss account.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

***Cash and cash equivalents***

Cash and short term deposits in the balance sheet include cash at bank and in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Also included within cash and cash equivalents are restricted cash funds which have been transferred into a blocked account on deposit. This was a condition of the facility agreement with Barclays Bank PLC.

***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

***Provisions***

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that there will be an outflow of economic benefits to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

***Statement of cash flows***

In accordance with FRS 1 (revised) the Company has not prepared a statement of cash flows as its ultimate parent undertaking, Apollo Group Inc., produces publicly available consolidated financial statements.

***Revenue recognition***

Revenue represents the amounts receivable in respect of rent to various subsidiaries of the Company. Revenue is recognised only when the outcome of a transaction involving the rendering of services can be estimated reliably. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied: the revenue can be measured reliably; it is probable that the economic benefits will flow to the entity; the stage of completion at the balance sheet date can be measured reliably; and the costs relating to the transaction can be measured reliably.

***Pension policy***

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company and the annual contributions payable are charged to the profit and loss account.

***Dilapidation provision***

Provision for dilapidation represents the costs that will be incurred on the expiry of the lease term. Accordingly an asset is recognised which is amortised over the duration of the lease. Dilapidation costs are provided at the present value of the expenditure expected to settle the obligation. Estimated future costs of

Notes to the financial statements  
at 31 August 2014

**1. ACCOUNTING POLICIES (CONTINUED)**

Dilapidation are reviewed regularly and adjusted as appropriate for new circumstances. Changes in estimates are capitalised or reversed against the lease hold costs. Estimates are discounted at a pre-tax rate that reflects current market assessment of the time value of money.

***Onerous lease provision***

Onerous lease provision represents the cost that will be incurred for a lease for a property which will no longer be used by the Company. Costs are provided at the present value of the expenditure expected to settle the remaining lease obligations. Estimates are discounted at a pre-tax rate that reflects current market assessment of the time value of money.

***Going concern***

The Company's business activities, together with the factors likely to affect its future development and position, are set out on page 2 of the Strategic Report and page 3 in the Directors' Report.

The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its fellow subsidiaries.

Having assessed the responses of the directors of the Company, they have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of BPP Holdings Ltd to continue as a going concern.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

This is stated after charging:

	Year ended 31 August 2014	Year ended 31 August 2013
	£'000	£'000
Depreciation	3,744	3,659
Operating lease rentals – leasehold properties	3,252	4,164
Onerous lease provision	2,040	-
Exceptional costs	-	326
Impairment of investment in subsidiaries – BPP Nederland BV	-	5,122

Exceptional costs noted above relate to redundancy cost incurred within the year.

Refer to note 15 for more information on the onerous lease provision.

Notes to the financial statements  
at 31 August 2014

**3. LOSS ON SALE OF SUBSIDIARY**

	Year ended 31 August 2014	Year ended 31 August 2013
	£'000	£'000
Loss on disposal of subsidiary	(104)	-

The loss on disposal in the current year relates to the sale of subsidiary BPP Nederland BV on 2 January 2014.

**4. INTEREST INCOME**

	Year ended 31 August 2014	Year ended 31 August 2013
	£'000	£'000
Interest on intercompany balances	2,311	1,842

**5. INTEREST COST**

	Year ended 31 August 2014	Year ended 31 August 2013
	£'000	£'000
Interest on intercompany balances	323	353
Parent Company – loan interest	25	24
Unwinding of discount in dilapidations	105	158
Onerous lease interest charge	28	-
Finance lease charge	69	72
Interest - other	4	6
	554	613

**6. AUDITOR REMUNERATION**

	Year ended 31 August 2014	Year ended 31 August 2013
	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	22	20

## Notes to the financial statements at 31 August 2014

### 7. DIRECTORS' REMUNERATION

	Year ended 31 August 2014	Year ended 31 August 2013
	£'000	£'000
Emoluments	939	749
Company contribution to pension schemes	7	6
	946	755

The amounts in respect of the highest paid director are as follows:

	Year ended 31 August 2014	Year ended 31 August 2013
	£'000	£'000
Emoluments	541	513
Company contribution to pension schemes	-	-

The emoluments above include amounts relating to a long term incentive plan which fell due within the year ended 31 August 2014 of £126,000 (2013: £nil).

Three of the directors are remunerated through another Group Company.

### 8. STAFF COSTS

Staff costs during the period amounted to

	Year ended 31 August 2014	Year ended 31 August 2013
	£'000	£'000
Wages and salaries	2,639	2,816
Social security costs	312	282
Other pension costs	48	51
	2,999	3,149

The Company provides a defined contribution pension plan to its employees. The pension plan is administered by an external pension provider. The Company is required to contribute a specified percentage of payroll costs to the scheme to fund the benefit and has no other obligation under the scheme other than to make the required contributions.

The monthly average number of employees including directors during the period was:

	Year ended 31 August 2014 No.	Year ended 31 August 2013 No.
Administration and Services	31	38

# Notes to the financial statements at 31 August 2014

## 9. TAX ON LOSS ON ORDINARY ACTIVITIES

### (a) Analysis of charge/(credit) in the period

	Year ended 31 August 2014	Year ended 31 August 2013
	£'000	£'000
UK corporation tax		
Current tax on loss for period	-	(202)
Tax under provided in prior periods	1,395	212
Group relief receivable	(50)	(1,031)
	1,345	(1,021)
Deferred tax (note 16)		
Origination and reversal of timing differences – current-year	(335)	42
Origination and reversal of timing differences – prior-year	(934)	(138)
Decrease in tax rate	33	22
	(1,236)	(74)
	109	(1,095)

### (b) Factors affecting current tax credit for the period

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below.

	Year ended 31 August 2014	Year ended 31 August 2013
	£'000	£'000
Loss on ordinary activities before tax	(5,788)	(6,987)
Loss on ordinary activities multiplied by the rate of corporation tax in the UK of 22.17% (2013: 23.58%)	(1,283)	(1,648)
Effect of:		
Disallowed expenses	1,541	(694)
Gains not taxed	-	98
Impairment of investment	(1,136)	1,307
Depreciation (below)/in excess of capital allowances	(139)	393
Tax under provided in prior periods	1,395	212
Losses carried forward	-	(502)
Other timing differences	967	81
Income not taxed	-	(268)
Current tax credit for period	1,345	(1,021)



## Notes to the financial statements at 31 August 2014

### 9. TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

The Finance Act 2013, which provides for a reduction in the main rate of UK Corporation Tax from 23% to 21%, effective 1 April 2014, and a further reduction to 20%, effective 1 April 2015, was substantively enacted on 17 July 2013. The future reduced rate has been reflected in the calculation of deferred tax.

### 10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Leasehold improvements £'000	Fixtures and Fittings £'000	Equipment £'000	Capital work in progress £'000	Total £'000
<i>Cost or valuation</i>						
At 1 September 2013	61,295	14,608	2,181	1,454	1,635	81,173
Additions	557	1,574	162	6	178	2,477
Disposals	-	(1,732)	(405)	(75)	-	(2,212)
Reclassifications	157	1,279	146	180	(1,762)	-
At 31 August 2014	62,009	15,729	2,084	1,565	51	81,438
<i>Depreciation</i>						
At 1 September 2013	13,603	7,585	1,404	446	-	23,038
Provided during the year	1,362	1,749	361	272	-	3,744
Disposals	-	(1,732)	(405)	(75)	-	(2,212)
At 31 August 2014	14,965	7,602	1,360	643	-	24,570
<i>Net book value</i>						
At 31 August 2014	47,044	8,127	724	922	51	56,868
At 31 August 2013	47,692	7,023	777	1,008	1,635	58,135

Freehold land and buildings include £3,260,000 (2013: £3,260,000) of interest capitalised in respect of a loan to finance the acquisition and development of a freehold property.

Leased assets included above:

	Freehold land & buildings £'000	Leasehold improvements £'000	Fixtures and Fittings £'000	Equipment £'000	Capital work in progress £'000	Total £'000
<i>Net book value</i>						
At 31 August 2014	-	-	-	709	-	709
At 31 August 2013	-	-	-	933	-	933

# Notes to the financial statements at 31 August 2014

## 11. INVESTMENTS

	Investment in subsidiary undertakings £'000	Other Investments (*) £'000	Total £'000
<b>Cost</b>			
At 1 September 2013	57,050	8	57,058
Purchase of shares in subsidiary undertakings	2,331	-	2,331
Sale of BPP Nederland BV	(8,061)	-	(8,061)
Voluntarily Struck off the Register of companies	(2,600)	-	(2,600)
Sale of BPP Professional Education Malta Limited (Joint Venture)	-	(8)	(8)
For the year ended 31 August 2014	48,720	-	48,720
<b>Provision</b>			
At 1 September 2013	(15,635)	-	(15,635)
Sale of BPP Nederland BV - impairment of investment in subsidiary	5,122	-	5,122
Voluntarily Struck off the Register of companies	2,525	-	2,525
For the year ended 31 August 2014	(7,988)	-	(7,988)
For the year ended 31 August 2014	40,732	-	40,732
For the year ended 31 August 2013	41,415	8	41,423

(\*) Other investments relates to investments in Joint Ventures.

Purchase of shares in subsidiary undertaking	Percentage of shares purchased	Consideration & costs £'000
2014		
BPP Actuarial Education Limited	11.05%	2,331

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Notes to the financial statements  
at 31 August 2014
**11. INVESTMENTS (CONTINUED)****Voluntarily struck off the companies register**

	Percentage shares disposed	Value of investment £000s
Linguarama Alton plc	100	2,600*
BPP Hyperion B.V.	100	-
BPP CPD Courses Limited	100	-
Total		2,600

\*The Linguarama Alton PLC investment had been previously impaired by £2,525,000 resulting in a net write off of investment of £75,000 in the year.

The Company's principal trading subsidiary undertakings as at 31 August 2014 are:

	Percentage of issued share capital and voting rights held directly or indirectly by BPP Holdings Ltd	Country of registration or incorporation
BPP Professional Education Limited **	100	England and Wales
BPP Learning Media Limited **	100	England and Wales
BPP Actuarial Education Limited	92.02	England and Wales
BPP International Limited	100	England and Wales
BPP University Limited	100	England and Wales
BPP CI Limited **	100	Channel Islands

\*\* Investment held indirectly

For all overseas companies except BPP International Ltd the country of registration or incorporation is also the principal country of operation. For BPP International Ltd, the principal area of operation is in Eastern Europe. All companies undertake training and education as the nature of their business.

## Notes to the financial statements at 31 August 2014

### 12. DEBTORS

	2014	2013
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade receivables	13	1
Amounts due from subsidiary undertakings	229	6,858
Intercompany in respect of group corporation tax relief	50	339
Other debtors	489	285
Other taxes	463	47
Prepayments	388	702
	<b>1,632</b>	<b>8,232</b>
<b>Amounts falling due in over one year</b>		
Prepayments	52	64
Deferred Tax	197	-
Amounts due from subsidiary undertakings	80,100	80,100
	<b>80,349</b>	<b>80,164</b>

Amounts due from subsidiary undertakings falling due in over one year represent loans without fixed repayment dates.

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

	2014	2013
	£'000	£'000
Loans from parent company	-	3,521
Other loans	2,350	2,013
Obligations under finance leases	224	201
Trade payables	96	84
Corporation tax	304	304
Amounts due to subsidiary undertakings	5,754	3,059
Amounts due to parent undertakings	665	629
Other creditors	313	455
Accruals	3,303	1,311
	<b>13,009</b>	<b>11,577</b>

In 2014, loans from the parent Company bear interest at 0.31% per annum.

Other loans comprise loan notes issued in respect of the purchase of BPP Actuarial Education Limited. During the year the loan note holders redeemed £1,980,000 (2013: £1,496,000) of loan notes. The loan notes may be repaid in April or November of each year at the option of the loan note holders until 2024. The loan notes bear interest at the rate of six-months LIBOR less a margin.

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Notes to the financial statements  
at 31 August 2014
**14. CREDITORS: AMOUNTS FALLING DUE IN OVER ONE YEAR**

	2014	2013
	£'000	£'000
Obligations under finance leases	497	721
Other creditors	3,431	2,998
	<b>3,928</b>	<b>3,719</b>

The carrying amount of creditors approximates their fair value.

**15. PROVISION FOR LIABILITIES**

	Deferred taxation	Provision for onerous lease	Provision for property costs	Total
	£'000	£'000	£'000	£'000
At 1 September 2013	1,039	-	2,531	3,570
Arising during the period	-	2,040	59	2,099
P&L credit in the period	(1,039)	-	(259)	(1,298)
Utilised in period	-	(44)	(286)	(330)
Unwinding of discount on dilapidations provision	-	-	105	105
For the year ended 31 August 2014	-	1,996	2,150	4,146

The provision for property costs relates to dilapidation costs that are expected to be incurred when the leases expire of which £561,000 is expected to be utilised within the next year and £1,589,000 thereafter. Dilapidation provisions are made on all properties and the provision will be utilised at the earliest of the lease expiry date or when the break is exercised. They are provided at the present value of the expenditure expected to settle the obligation.

The provision for onerous lease relates to costs for onerous lease commitments on a property that became vacant during the year of which £266,000 is expected to be utilised within the next year and £1,730,000 thereafter. Payment for this is expected to be made over the next three years. Provision has been made at the present value of costs for rent, rates and service charges for the period until the next lease break.

# Notes to the financial statements at 31 August 2014

## 16. DEFERRED TAXATION

	2014 £'000	2013 £'000
As at 1 September	(1,039)	(1,094)
Arising in the year	1,236	55
Deferred Tax asset/(Liability)	197	(1,039)

The amounts provided are as follows:

Capital allowances in advance of depreciation	(460)	(749)
Tax losses carried forward	-	(532)
Other timing differences	657	242
Deferred Tax asset/(Liability)	197	(1,039)

A deferred tax asset has not been recognised on capital losses being carried forward. Such losses can only be utilised if there are future chargeable gains on assets sold without it being possible to claim rollover relief. The total amount not recognised is £84,000 (2013: £84,000). At present, it is not envisaged that these losses will be utilised in the foreseeable future.

## 17. FINANCIAL INSTRUMENTS

The following tables illustrate the maturity profile of the anticipated future cash flows including interest for the financial liabilities of the Company for the year ended 31 August 2013 and 31 August 2014. The cash flows are shown on an undiscounted basis which therefore differs from both the carrying value and the fair value.

### Year ended 31 August 2014

	Within 1 year £'000	1 – 2 years £'000	2 – 3 years £'000	3 – 4 years £'000	More than 4 years £'000	Total £'000
<b>Non-interest bearing</b>						
Trade and other payables (current)	(6,515)	-	-	-	-	(6,515)
	(6,515)	-	-	-	-	(6,515)

### Year ended 31 August 2013

	Within 1 year £'000	1 – 2 years £'000	2 – 3 years £'000	3 – 4 years £'000	More than 4 years £'000	Total £'000
<b>Non-interest bearing</b>						
Trade and other payables (current)	(3,772)	-	-	-	-	(3,772)
	(3,772)	-	-	-	-	(3,772)

Notes to the financial statements  
at 31 August 2014

*Analysis of financial assets and financial liabilities*

*Year ended 31 August 2014*

	Loans and receivables	Amortised cost	Total carrying value
	£'000	£'000	£'000
Cash	4,845	-	4,845
Borrowings due within one year	-	(2,350)	(2,350)
Trade and other receivables (current)	1,194	-	1,194
Trade and other receivables (non-current)	80,100	-	80,100
Trade and other payables (current)	-	(6,515)	(6,515)
	86,139	(8,865)	77,274

*Year ended 31 August 2013*

	Loans and receivables	Amortised cost	Total carrying value
	£'000	£'000	£'000
Cash	152	-	152
Borrowings due within one year	(3,521)	(2,013)	(5,534)
Trade and other receivables (current)	7,191	-	7,191
Trade and other receivables (non-current)	80,100	-	80,100
Trade and other payables (current)	-	(3,772)	(3,772)
	83,922	(5,785)	78,137

# Notes to the financial statements at 31 August 2014

## *Fair values of financial assets and liabilities*

	Book value		Fair value	
	At 31 August 2014 £'000	At 31 August 2013 £'000	At 31 August 2014 £'000	At 31 August 2013 £'000
<b>Financial assets</b>				
Cash	4,845	152	4,845	152
Trade and other receivables (current)	1,194	7,191	1,194	7,191
Trade receivables (non-current)	80,100	80,100	80,100	80,100
	86,139	87,443	86,139	87,443
	Book value		Fair value	
	At 31 August 2014 £'000	At 31 August 2013 £'000	At 31 August 2014 £'000	At 31 August 2013 £'000
<b>Financial liabilities</b>				
Borrowings due within one year	(2,350)	(5,534)	(2,350)	(5,534)
Trade payables (current)	(6,515)	(3,772)	(6,515)	(3,772)
	(8,865)	(9,306)	(8,865)	(9,306)

Market values were used to determine the fair value of borrowings and loan notes.

Other financial assets and liabilities approximate their carrying amounts largely due to the short-term nature of these instruments.

### *Interest rate risk*

The Company manages its exposure to interest rate fluctuations by keeping its borrowings at a fixed rate or within an acceptable range of fixed rates.

### *Liquidity risk*

The Company manages its risk in meeting its obligations for its financial liabilities by disclosure of maturity analysis for all financial liabilities at the reporting date. This shows the remaining contractual maturities for all financial liabilities.

## 18. AUTHORISED AND ISSUED SHARE CAPITAL

	Share Capital £'000
<i>Allotted, called up and fully paid</i>	
154,570,000 ordinary shares of 10p each	
At 1 September 2013	15,457
Issued during the year	-
For the year ended 31 August 2014	15,457



## Notes to the financial statements at 31 August 2014

### 19. RESERVES

	Share premium £'000	Capital redemption reserve £'000	Other reserves £'000	Profit & loss account £'000	Total Reserves £'000
At 1 September 2013	12,491	1,017	16,469	123,806	153,783
Retained loss for year	-	-	-	(5,897)	(5,897)
For the year ended 31 August 2014	12,491	1,017	16,469	117,909	147,886

Other reserves are non-distributable.

Included in the profit and loss account are reserves totalling £95.3m that were created as a result of a group reorganisation in 2006. These reserves, although currently not distributable, will become potentially distributable upon, and to the extent of, repayment of intra-group loans with qualifying consideration.

### 20. OBLIGATIONS UNDER LEASES

Capital Commitments are as follows:

	2014 £'000	2013 £'000
Finance leases		
Finance leases entered into	-	922

The Company had annual commitments under non-cancellable operating leases as follows:

	2014 £'000	2013 £'000
Leasehold property		
Leases expiring within one year	294	901
Leases expiring within two to five years	1,088	813
Leases expiring in more than five years	2,830	3,318
	4,212	5,032

### 21. CAPITAL COMMITMENTS

Amounts contracted but not provided for in the accounts amounted to £nil (2013: £nil) for the Company.

### 22. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption allowed in FRS 8 and has not disclosed details of related party transactions with entities within the Apollo Group Inc.

### 23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Apollo Education Group Inc. (formerly Apollo Group Inc.) is the Company's ultimate parent company where the results of this company are consolidated. BPP Holdings Limited is the intermediate parent of the company. Apollo Education Group Inc. (formerly Apollo Group Inc.) is the smallest and the largest group where the results of this company are consolidated. Copies of Apollo Education Group Inc's. (formerly Apollo Group Inc.) financial statements can be obtained from 4025 S Riverpoint, Phoenix, AZ 85040, USA.