



Grant Thornton

Financial statements CEG Administrative Services Limited

For the Year Ended 31 August 2013

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COMPANIES HOUSE

Company No. 06355644

Officers and professional advisers

Company registration number	06355644
Registered office	Kett House Station Road CAMBRIDGE CB1 2JH
Directors	F Brownlee M Stanton J Phillips (appointed 18 December 2013)
Secretary	M Stanton
Bankers	National Westminster Bank PLC 23 Market Street CAMBRIDGE CB2 3PA
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 101 Cambridge Science Park Milton Road CAMBRIDGE CB4 0FY

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 August 2013.

Principal activities and business review

The principal activity of the company during the year was the provision of administrative services for other group companies.

The directors are pleased with the results for the year.

Future developments

The directors foresee a similar level of activity in the coming year.

Results and dividends

The profit for the year, after taxation, amounted to £1,008,893 (2012: £6,712,167). No dividend has been paid during the period (2012: £2,000,000).

Post balance sheet event

On 18 December 2013 the entire share capital of the parent undertaking Cambridge Education Holding 1 (Jersey) Limited was acquired by Bridgepoint a major private equity group.

Financial risk management objectives and policies

The company uses various financial instruments including loans and trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is working capital for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are cash flow interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Short-term flexibility is achieved by an asset backed bank lending facility.

Interest rate risk

The company finances its operations through a mixture of retained profits and bank borrowings. The company exposure to interest rate fluctuations on its borrowings is managed by the use of floating facilities as covered by interest-rate swap arrangements.

Directors

The directors who served the company during the year were as follows:

F Brownlee
M Stanton

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom 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 those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

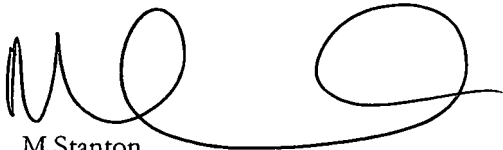
In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'M Stanton', written over a horizontal line.

M Stanton

Secretary

7 April 2014



Independent auditor's report to the members of CEG Administrative Services Limited

We have audited the financial statements of CEG Administrative Services Limited for the year ended 31 August 2013 which comprise the accounting policies, profit and loss account, balance sheet and the related notes. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2013 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 report of the directors 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 CEG Administrative Services Limited (continued)

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.

Grant Thornton UK LLP

ALISON SEEKINGS (Senior Statutory Auditor)

For and on behalf of

GRANT THORNTON UK LLP

STATUTORY AUDITOR

CHARTERED ACCOUNTANTS

CAMBRIDGE

11 April 2014

Accounting policies

Basis of accounting

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

The directors consider that the company has adequate group support to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Consolidation

The financial statements contain information about CEG Administrative Services 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 requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Cambridge Education Group Limited, a company registered in England and Wales.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts receivable for services to group companies.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 25% Straight Line
Equipment	- 25% Straight Line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company makes payments by way of defined contributions to the personal pension plans of certain staff members. The pension charge represents the aggregate amount payable by the company to those plans in respect of the year.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

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 an undiscounted 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.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2013 £	2012 £
Turnover	1	13,931,096	10,034,422
Other operating charges		12,309,465	8,976,708
Operating profit	3	1,621,631	1,057,714
Income from shares from group undertakings		-	5,900,000
Interest receivable		18,540	3,180
Profit on ordinary activities before taxation		1,640,171	6,960,894
Tax on profit on ordinary activities	6	631,278	248,727
Profit for the financial year	17	1,008,893	6,712,167

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

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	8	874,852	786,856
Investments	9	300	300
		<u>875,152</u>	<u>787,156</u>
Current assets			
Debtors: amounts falling due within one year	10	8,195,811	5,977,879
Debtors: amounts falling due after more than one year	10	63,030	-
Cash at bank		3,897,978	5,006,608
		<u>12,156,819</u>	<u>10,984,487</u>
Creditors: amounts falling due within one year	12	<u>10,777,289</u>	<u>10,525,854</u>
Net current assets/(liabilities)		<u>1,379,530</u>	<u>458,633</u>
Total assets less current liabilities		<u>2,254,682</u>	<u>1,245,789</u>
Capital and reserves			
Called-up equity share capital	16	100	100
Profit and loss account	17	2,254,582	1,245,689
Shareholders' funds	18	<u>2,254,682</u>	<u>1,245,789</u>

These financial statements were approved by the directors and authorised for issue on 7 April 2014, and are signed on their behalf by:

F Brownlee

Director



Company Registration Number: 06355644

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
 An analysis of turnover is given below:

	2013 £	2012 £
United Kingdom	<u>13,931,096</u>	<u>10,034,422</u>

2 Other operating charges

	2013 £	2012 £
Administrative expenses	<u>12,309,465</u>	<u>8,976,708</u>

3 Operating profit

Operating profit is stated after charging/(crediting):

	2013 £	2012 £
Depreciation of owned fixed assets	421,374	403,604
Auditor's remuneration:		
Audit fees	54,753	35,000
Non-audit fees	38,408	64,914
Operating lease costs:		
- Land and buildings	174,666	118,368
Net profit on foreign currency translation	<u>(3,120)</u>	<u>(201)</u>

4 Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2013	2012
	No	No
Number of administrative staff	<u>102</u>	<u>82</u>

The aggregate payroll costs of the above were:

	2013	2012
	£	£
Wages and salaries	4,733,612	3,983,489
Social security costs	428,025	345,564
Other pension costs	27,135	22,145
	<u>5,188,772</u>	<u>4,351,198</u>

5 Directors

Remuneration in respect of directors was as follows:

	2013	2012
	£	£
Remuneration receivable (including pension contributions)	<u>515,362</u>	<u>486,959</u>

Remuneration of highest paid director:

	2013	2012
	£	£
Total remuneration (excluding pension contributions)	<u>314,522</u>	<u>307,395</u>

Number of directors in company pension schemes nil (2012: nil).

6 Taxation on ordinary activities

(a) Analysis of charge in the year

	2013 £	2012 £
Current tax:		
UK Corporation tax based on the results for the year at 23.58% (2012 – 25.16%)	488,141	255,488
Over/under provision in prior year	97,973	522
Total current tax	<u>586,114</u>	<u>256,010</u>
Deferred tax:		
Origination and reversal of timing differences (note 11)	16,968	(18,211)
Adjustments in respect of prior periods	3,203	-
Effect of tax rate change on opening balance	24,993	-
Short term timing differences	-	10,928
Total deferred tax (note 11)	<u>45,164</u>	<u>(7,283)</u>
Tax on profit on ordinary activities	<u>631,278</u>	<u>248,727</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23.58% (2012 - 25.16%).

	2013 £	2012 £
Profit on ordinary activities before taxation	<u>1,640,171</u>	<u>6,960,894</u>
Profit on ordinary activities by rate of tax	386,766	1,751,361
Fixed asset differences	720	-
Expenses not deductible for tax purposes	120,661	52,689
Capital allowances for period in excess of depreciation	25,935	25,453
Tax credits	-	35
Group relief surrendered	-	(123,132)
Adjustments to tax charge in respect of previous periods	97,973	522
Receipt for group relief	361,988	33,274
Group income	(361,988)	(1,484,440)
Other short term timing differences	(45,941)	248
Total current tax (note 6(a))	<u>586,114</u>	<u>256,010</u>

7 Dividends

	2013 £	2012 £
Ordinary shares of £1 each		
Interim dividend paid	<u>-</u>	<u>2,000,000</u>

8 Tangible fixed assets

	Leasehold Land & Buildings £	Fixtures & Fittings £	Equipment £	Total £
Cost				
At 1 September 2012	106,647	201,154	1,788,500	2,096,301
Additions	-	-	509,370	509,370
At 31 August 2013	<u>106,647</u>	<u>201,154</u>	<u>2,297,870</u>	<u>2,605,671</u>
Depreciation				
At 1 September 2012	28,197	160,352	1,120,896	1,309,445
Charge for the year	11,731	17,939	391,704	421,374
At 31 August 2013	<u>39,928</u>	<u>178,291</u>	<u>1,512,600</u>	<u>1,730,819</u>
Net book value				
At 31 August 2013	<u>66,719</u>	<u>22,863</u>	<u>785,270</u>	<u>874,852</u>
At 31 August 2012	<u>78,450</u>	<u>40,802</u>	<u>667,604</u>	<u>786,856</u>

9 Investments

Company

	£
Cost	
At 1 September 2012 and 31 August 2013	<u>300</u>
Net book value	
At 31 August 2013 and 31 August 2012	<u>300</u>

Subsidiary Undertakings

At 31 August 2013 the company held 100% of the allotted ordinary share capital of the following:

	Country of incorporation	Proportion held	Nature of business
CEG UFP Limited	England	100%	Education
CEG Colleges Limited	England	100%	Holding company
Stafford House Companies Limited	England	100%	Holding company

10 Debtors

Amounts falling due within one year	2013	2012
	£	£
Trade debtors	804	15,140
Amounts owed by group undertakings	7,502,603	5,433,938
Prepayments and accrued income	542,752	333,985
Deferred taxation (note 11)	149,652	194,816
	<u>8,195,811</u>	<u>5,977,879</u>
 Amounts falling due after more than one year	 2013	 2012
	£	£
Amounts owed by group undertakings	<u>63,030</u>	<u>-</u>

Amounts due over one year represent interest bearing loans which have no fixed repayment date and are not expected to be repaid within one year.

11 Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2013	2012
	£	£
Included in debtors (note 10)	<u>149,652</u>	<u>194,816</u>

The movement in the deferred taxation account during the year was:

	2013	2012
	£	£
Balance brought forward	194,816	187,533
Profit and loss account movement arising during the year	(45,164)	7,283
Balance carried forward	<u>149,652</u>	<u>194,816</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2013	2012
	£	£
Excess of taxation allowances over depreciation on fixed assets	92,788	81,409
Short term timing differences	56,864	113,407
	<u>149,652</u>	<u>194,816</u>

12 Creditors: amounts falling due within one year

	2013	2012
	£	£
Overdrafts	-	2,109,271
Trade creditors	494,393	279,427
Amounts owed to group undertakings	7,798,905	5,791,162
Corporation tax	488,146	264,016
Social security and other taxes	1,607	1,507
Accruals and deferred income	1,994,238	2,080,471
	<u>10,777,289</u>	<u>10,525,854</u>

13 Commitments under operating leases

At 31 August 2013 the company had annual commitments under non-cancellable operating leases as set out below.

	2013		2012	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	4,418	-	-	20,400
Within 2 to 5 years	-	-	118,368	-
After more than 5 years	106,860	-	-	-
	<u>111,278</u>	<u>-</u>	<u>118,368</u>	<u>20,400</u>

14 Contingent liabilities

A cross guarantee agreement has been entered into with the Group's bankers, National Westminster Bank Plc, whereby all positive balances that exist within the group headed by Cambridge Education Group Limited (the parent undertaking), or any of its subsidiaries, may be called upon to secure or repay any net bank indebtedness. At 31 August 2013 and 2012 there was group indebtedness of £nil.

15 Related party transactions

As a wholly-owned subsidiary of Cambridge Education Group Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group on the grounds that accounts are publicly available from Companies House.

16 Share capital

Authorised share capital:

	2013 £	2012 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2013		2012	
	No	£	No	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

17 Profit and loss account

	2013 £	2012 £
Balance brought forward	1,245,689	(3,466,478)
Profit for the financial year	1,008,893	6,712,167
Dividends	-	(2,000,000)
Balance carried forward	<u>2,254,582</u>	<u>1,245,689</u>

18 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	1,008,893	6,712,167
Dividends	-	(2,000,000)
Opening shareholders' deficit	1,245,789	(3,466,378)
Closing shareholders' funds	<u>2,254,682</u>	<u>1,245,789</u>

19 Ultimate controlling party

At year end the ultimate parent undertaking was Cambridge Education Holding 1 (Jersey) Limited, a company incorporated in Jersey and the ultimate controlling party was considered to be Palamon Capital Partners LP by virtue of its shareholding in Cambridge Education Holding 1 (Jersey) Limited.

The intermediate parent company, Cambridge Education Group Limited, incorporated in England and Wales, is the parent undertaking of the largest group which prepares publicly available consolidated financial statements. Copies of the consolidated financial statements may be obtained from Companies House.

The ultimate controlling party, Palamon Capital Partners LP, sold the entire share capital of Cambridge Education Holding 1 (Jersey) Limited on 18 December 2013. Bridgepoint Europe IV Fund is now the ultimate controlling party and Bridgepoint Advisers Limited is the ultimate parent company.