



Financial statements CEG Administrative Services Limited

For the Year Ended 31 August 2014

THURSDAY



A430CMU8

A11

12/03/2015

#133

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
H Shah

Secretary

M Stanton

Auditor

Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
101 Cambridge Science Park
Milton Road
CAMBRIDGE
CB4 0FY

Contents

Strategic Report	3 - 4
Report of the directors	5 - 6
Independent auditor's report	7 - 8
Accounting policies	9-10
Profit and loss account	11
Balance sheet	12
Notes to the financial statements	13 - 20

Strategic Report

Principal activities

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

Business review

The company profit growth arose primarily from the dividend income from its investments which was then paid to its shareholders. The growth in turnover reflects the increase in Cambridge Education Group and the activity of the company to support that development. All of its turnover reflects income derived from charges to the group in respect of the services that the company delivers to support the activities of the various companies within the group.

Future developments

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

Financial key performance indicators

The Board and management use the following Key Performance Indicators (KPIs) to monitor the success of the total Cambridge Education Group and the contribution of this company towards those achievements:

- turnover growth;
- recurring operating profit as a percentage of turnover;
- turnover per employee; and
- recurring operating profit per employee;

During the year to 31 August 2014) Cambridge Education Group showed the following results:

- turnover continued to grow in line with expectations and was 28% above 2013;
- operating margins rose from 12.8% to 13.4%;
- turnover per employee rose 6.4% from £73,291 to £77,952; and
- operating profit per employee rose 11.8% from £9,358 to £10,463.

Principal risks and uncertainties

In common with other businesses of a similar nature, the Cambridge Education Group is exposed to a variety of risks and uncertainties. The directors believe the principal risks are:

- Impact of changes in global visa application processes;
- Global reduction in international movement;
- Adverse movements in interest and exchange rates;
- Significant disruption in the trading ability of the group due to global disease scares;

Policies are in place to monitor and manage each of these risks and in particular to assess the impact on the company as part of that wider 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

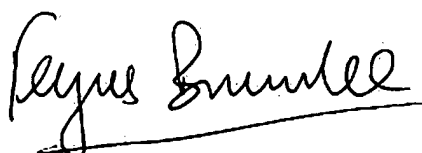
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

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.

This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, reading 'Fergus Brownlee', with a horizontal line drawn underneath the name.

Fergus Brownlee

CEO

22 December 2014

Report of the directors

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

Results and dividends

The profit for the year, after taxation, amounted to £7,610,510 (2013: £1,008,893). A dividend has been paid during the period of £8.9m (2013: £nil).

Directors

The directors who served the company during the year and since that date were as follows:

F Brownlee

M Stanton

H Shah

J Phillips

Appointed 22 October 2014

Appointed 18 December 2013 and resigned 31 October 2014

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.

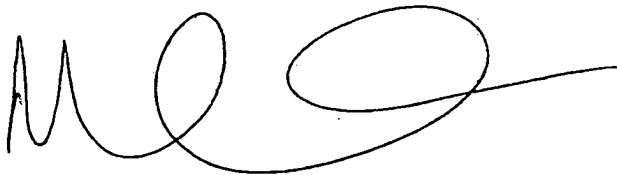
In so far as the directors are aware:

- 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, consisting of a stylized 'M' followed by a large loop and a horizontal line extending to the right.

M Stanton

Secretary

22 December 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 2014 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, 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.

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 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

22 December 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 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	2014 £	2013 £
Turnover	1	16,204,415	13,931,096
Other operating charges		15,469,691	12,309,465
Operating profit	3	734,724	1,621,631
Income from shares from group undertakings		7,200,000	-
Interest receivable		222,000	18,540
Profit on ordinary activities before taxation		8,156,724	1,640,171
Tax on profit on ordinary activities	6	546,214	631,278
Profit for the financial year	17	<u>7,610,510</u>	<u>1,008,893</u>

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

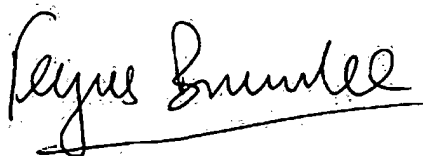
The company has no recognised gains or losses other than the results for the year as set out above.

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	8	941,316	874,852
Investments	9	300	300
		941,616	875,152
Current assets			
Debtors: amounts falling due within one year	10	8,382,706	8,195,811
Debtors: amounts falling due after more than one year	10	3,708,403	63,030
Cash at bank		-	3,897,978
		12,091,109	12,156,819
Creditors: amounts falling due within one year	12	12,067,533	10,777,289
Net current assets/(liabilities)		23,576	1,379,530
Total assets less current liabilities		965,192	2,254,682
Capital and reserves			
Called-up equity share capital	16	100	100
Profit and loss account	17	965,092	2,254,582
Shareholders' funds	18	965,192	2,254,682

These financial statements were approved by the directors and authorised for issue on 22 December 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:

	2014 £	2013 £
United Kingdom	<u>16,204,415</u>	<u>13,931,096</u>

2 Other operating charges

	2014 £	2013 £
Administrative expenses	<u>15,469,691</u>	<u>12,309,465</u>

3 Operating profit

Operating profit is stated after charging/(crediting):

	2014 £	2013 £
Depreciation of owned fixed assets	536,774	421,374
Auditor's remuneration:		
Audit fees	49,773	54,753
Non-audit fees	28,512	38,408
Operating lease costs:		
- Land and buildings	169,990	174,666
Net profit on foreign currency translation	<u>(122,266)</u>	<u>(3,120)</u>

4 Particulars of employees

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

	2014 No	2013 No
Number of administrative staff	<u>118</u>	<u>102</u>

The aggregate payroll costs of the above were:

	2014 £	2013 £
Wages and salaries	5,664,246	4,733,612
Social security costs	517,515	428,025
Other pension costs	51,855	27,135
	<u>6,233,616</u>	<u>5,188,772</u>

5 Directors

Remuneration in respect of directors was as follows:

	2014 £	2013 £
Remuneration receivable (including pension contributions)	<u>670,892</u>	<u>515,362</u>

Remuneration of highest paid director:

	2014 £	2013 £
Total remuneration (excluding pension contributions)	<u>361,037</u>	<u>314,522</u>

Number of directors in company pension schemes 1 (2013: nil).

6 Taxation on ordinary activities

(a) Analysis of charge in the year

	2014 £	2013 £
Current tax:		
UK Corporation tax based on the results for the year at 22.16% (2013 – 23.58%)	565,059	488,141
Under provision in prior year	7,712	97,973
Total current tax	<u>572,771</u>	<u>586,114</u>
Deferred tax:		
Origination and reversal of timing differences (note 11)	(14,516)	16,968
Adjustments in respect of prior periods	(12,041)	3,203
Effect of tax rate change on opening balance	-	24,993
Short term timing differences	-	-
Total deferred tax (note 11)	<u>(26,557)</u>	<u>45,164</u>
Tax on profit on ordinary activities	<u>546,214</u>	<u>631,278</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 22.16% (2013 - 23.58%).

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>8,156,724</u>	<u>1,640,171</u>
Profit on ordinary activities by rate of tax	1,807,547	386,766
Fixed asset differences	676	720
Expenses not deductible for tax purposes	268,178	120,661
Income not deductible for tax purposes	(1,595,520)	
Capital allowances for period in excess of depreciation	42,075	25,935
Tax credits	-	-
Group relief surrendered	-	-
Adjustments to tax charge in respect of previous periods	7,712	97,973
Receipt for group relief		361,988
Group income		(361,988)
Other short term timing differences	42,103	(45,941)
Total current tax (note 6(a))	<u>572,771</u>	<u>586,114</u>

7 Dividends

	2014 £	2013 £
Ordinary shares of £1 each		
Interim dividend paid	<u>8,900,000</u>	<u>-</u>

8 Tangible fixed assets

	Leasehold Land & Buildings £	Fixtures & Fittings £	Equipment £	Total £
Cost				
At 1 September 2013	106,647	201,154	2,297,870	2,605,671
Additions	10,572	6,612	586,693	603,877
Disposals	-	-	(1,706)	(1,706)
At 31 August 2014	<u>117,219</u>	<u>207,766</u>	<u>2,882,857</u>	<u>3,207,842</u>
Depreciation				
At 1 September 2013	39,928	178,291	1,512,600	1,730,819
Charge for the year	12,894	12,495	511,385	536,774
Disposals	-	-	(1,067)	(1,067)
At 31 August 2014	<u>52,822</u>	<u>190,786</u>	<u>2,022,918</u>	<u>2,266,526</u>
Net book value				
At 31 August 2014	<u>64,397</u>	<u>16,980</u>	<u>859,939</u>	<u>941,316</u>
At 31 August 2013	<u>66,719</u>	<u>22,863</u>	<u>785,270</u>	<u>874,852</u>

9 Investments

Company

	£
Cost	
At 1 September 2013 and 31 August 2014	<u>300</u>
Net book value	
At 31 August 2014 and 31 August 2013	<u>300</u>

Subsidiary Undertakings

At 31 August 2014 the company held more than 20% of the allotted share capital of the following principal subsidiary undertakings:

Subsidiary undertakings	Class of share held	Proportion of voting rights and shares held	Nature of business
-------------------------	---------------------	---------------------------------------------	--------------------

Direct shareholdings

Stafford House Companies Limited	Ordinary shares	100%	Interim holding company
CEG UFP Limited	Ordinary shares	100%	Interim holding company
CEG Colleges Limited	Ordinary shares	100%	Interim holding company

9 Investments (continued)

Indirect shareholdings

Subsidiary undertakings	Class of share held	Proportion of voting rights and shares held	Nature of business
Cambridge Arts & Sciences Limited	Ordinary shares	100%	Pre-university study programmes
CATS Canterbury Limited	Ordinary shares	100%	Pre-university study programmes
CATS Colleges London Limited	Ordinary shares	100%	Pre-university study programmes
Stafford House Study Holidays Limited	Ordinary shares	100%	Nationwide summer English language programmes
Stafford House School of English Limited	Ordinary shares	100%	Year round English language programmes
London South Bank Foundation Campus Limited	Ordinary shares	100%	Provision of on site university foundation courses
CEG UCLAN Foundation Campus Limited	Ordinary shares	100%	Provision of on site university foundation courses
Coventry Foundation Campus Limited	Ordinary shares	100%	Provision of on site university foundation courses
FoundationCampus London Limited	Ordinary shares	100%	Provision of on site university foundation courses
CEG FoundationCampus Sunderland Limited	Ordinary shares	100%	Provision of on site university foundation courses
Amsterdam FoundationCampus B.V.^	Ordinary shares	100%	Provision of on site university foundation courses

^ Incorporated in the Netherlands.

10 Debtors

Amounts falling due within one year	2014	2013
	£	£
Trade debtors	804	804
Amounts owed by group undertakings	7,841,665	7,502,603
Prepayments and accrued income	364,028	542,752
Deferred taxation (note 11)	176,209	149,652
	<u>8,382,706</u>	<u>8,195,811</u>

Amounts falling due after more than one year	2014	2013
	£	£
Amounts owed by group undertakings	<u>3,708,403</u>	<u>63,030</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:

	2014	2013
	£	£
Included in debtors (note 10)	<u>176,209</u>	<u>149,652</u>

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

	2014	2013
	£	£
Balance brought forward	149,652	194,816
Profit and loss account movement arising during the year	26,557	(45,164)
Balance carried forward	<u>176,209</u>	<u>149,652</u>

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

	2014	2013
	£	£
Excess of taxation allowances over depreciation on fixed assets	149,652	92,788
Short term timing differences	26,557	56,864
	<u>176,209</u>	<u>149,652</u>

12 Creditors: amounts falling due within one year

	2014	2013
	£	£
Overdrafts	8,733,929	-
Trade creditors	171,001	494,393
Amounts owed to group undertakings	495,860	7,798,905
Corporation tax	565,069	488,146
Social security and other taxes	84,589	1,607
Accruals and deferred income	2,017,095	1,994,238
	<u>12,067,543</u>	<u>10,777,289</u>

13 Commitments under operating leases

At 31 August 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	2014		2013	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	-	4,418	-
Within 2 to 5 years	-	-	-	-
After more than 5 years	-	-	106,860	-
	<u>-</u>	<u>-</u>	<u>111,278</u>	<u>-</u>

14 Contingent liabilities

A cross guarantee agreement has been entered into with 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 2014 and 2013 there was group indebtedness of £nil.

Following the acquisition of Cambridge Education Group by Bridgepoint, a cross guarantee was entered into with the syndicate of banks providing funding to Camelot Holdco Limited. At 31 August 2014 there was £82m drawn under the facilities provided by the banks.

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:

	2014 £	2013 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2014		2013	
	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

	2014 £	2013 £
Balance brought forward	2,254,582	1,245,689
Profit for the financial year	7,610,510	1,008,893
Dividends	(8,900,000)	-
Balance carried forward	<u>965,092</u>	<u>2,254,582</u>

18 Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Profit for the financial year	7,610,510	1,008,893
Dividends	(8,900,000)	-
Opening shareholders' deficit	2,254,682	1,245,789
Closing shareholders' funds	<u>965,192</u>	<u>2,254,682</u>

19 Ultimate controlling party

The intermediate parent company, Cambridge Education Group Limited is the parent undertaking of the largest group which prepares publicly available consolidated financial statements including results of the company for the full year. Copies of the consolidated financial statements may be obtained from Companies House.

The ultimate controlling party is Bridgepoint Europe IV Fund, managed by Bridgepoint Advisers Limited, which owns the majority of the shares in the ultimate parent company on behalf of various funds.

Camelot Topco 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.