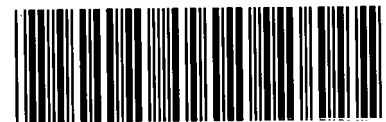


REGISTERED NUMBER: 06647488 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 30 June 2016
for
SAE EDUCATION LIMITED**

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for the Year Ended 30 June 2016**

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SAE EDUCATION LIMITED

**Company Information
for the Year Ended 30 June 2016**

DIRECTORS:

P Grant
S Jones

SECRETARY:

P Grant

REGISTERED OFFICE:

Littlemore Park
Armstrong Road
Oxford
OX4 4FY

REGISTERED NUMBER:

06647488 (England and Wales)

INDEPENDENT AUDITOR:

Deloitte LLP
Abbotts House, Abbey Street
RG1 3BD
Reading
Berkshire

**Strategic Report
for the Year Ended 30 June 2016**

The directors present their strategic report for the year ended 30 June 2016.

Review of business

The directors do not recommend the payment of a dividend (2015: £nil)

During the year turnover decreased by 92% from £6,741,064 to £1,214,160. The decrease is due to a provision for VAT being recorded. There was a loss for the year after tax of £3,765,175 (2015: loss for the year after tax of £1,007,819).

The directors expect the general level of activity in the company to increase in the future and the prospects to improve. This will occur via an increase in student numbers. Also the strict cost control measures that have been implemented will continue.

The Company (SAE UK) has been involved in a tribunal with HMRC since 2011 over HMRC's assertion that VAT was chargeable for the provision of Higher Education. HMRC were granted permission to appeal to the upper tribunal. The upper tribunal subsequently ruled in favour of HMRC. The Company applied to permission to appeal to the Court of Appeal and this was granted and will be heard in 2017.

Going concern

The directors have acknowledged the latest guidance regarding going concern. Whilst the current volatility in financial markets has created great uncertainty, the company continues trading as normal.

Navitas Limited has considerable financial resources, together with significant revenue streams across different geographic areas and industries and has expressed its willingness to continue to provide support to the company for the foreseeable future, and in particular for a period of at least twelve months from the date of these financial statements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence. Thus, they continue to adopt the going concern basis in preparing the annual report and financial statements.

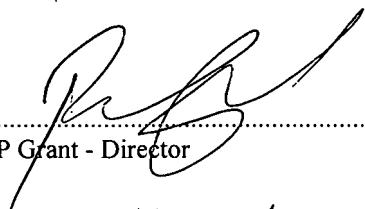
Principal risks and uncertainties

One of our key risks is a high attrition rate amongst students. This is mitigated by investment in staff training and development in order to provide first class student satisfaction.

Another key risk is maintaining the various designations and compliance obligations which the company has to meet. This is mitigated by having appropriate internal controls and processes and qualified staff.

All key risks are regularly reviewed and updated via the company risk register.

On behalf of the board:


.....
P Grant - Director

Date: 30th March 2017

**Directors' Report
for the Year Ended 30 June 2016**

The directors present their annual report with the audited financial statements of the company for the year ended 30 June 2016.

Principal activity

The principal activity of the company in the year under review was that of provision of educational courses teaching audio engineering, digital film making and creative media design skills.

Dividends

The directors do not recommend a dividend for the year ended 30 June 2016 (2015:nil).

Directors

P Grant has held office during the whole of the period from 1 July 2015 to the date of this report.

Other changes in directors holding office are as follows:

S de Castro Silva - resigned 28 July 2015

S Smith - resigned 19 February 2016

S Jones - appointed 19 February 2016

Statement as to disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with provisions of s418 of the Companies Act 2006.

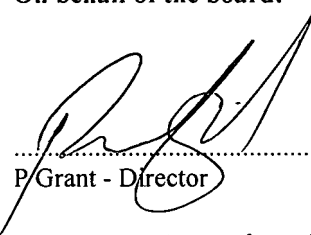
Director's indemnities

The company has not made qualifying third party indemnity provisions for the benefit of its directors, which were made during the year or remain in force at the date of this report.

Auditor

The auditor, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:


.....
P Grant - Director

Date: 30th March 2017

**Report of the Directors
for the Year Ended 30 June 2016**

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 Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

**Report of the Independent Auditor to the Members of
SAE Education Limited**

We have audited the financial statements of SAE Education Limited for the year ended **Error! Reference source not found.** which comprise the Income statement, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, Cash flow statement and the related notes 1 to 15. 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), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, 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, 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' Report set out on page 3, 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 30 June 2016 and of its loss 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.

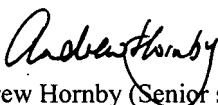
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Andrew Hornby (Senior statutory auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Reading, RG1 3BD, United Kingdom

Date: 30 / 3 / 17

SAE EDUCATION LIMITED (REGISTERED NUMBER: (06647488))

**Income Statement
for the Year Ended 30 June 2016**

	Notes	2016 £	2015 £
TURNOVER		1,214,160	6,741,064
Cost of sales		<u>(2,721,513)</u>	<u>(4,107,184)</u>
GROSS (LOSS)/PROFIT		(1,507,353)	2,633,880
Administrative expenses		<u>(5,169,593)</u>	<u>(6,818,963)</u>
		(6,676,946)	(4,185,083)
Other operating income		<u>3,326,685</u>	<u>3,233,791</u>
OPERATING LOSS		(3,350,261)	(951,292)
Interest payable and similar charges	4	<u>(84,814)</u>	<u>(56,527)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(3,435,075)	(1,007,819)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u><u>(3,435,075)</u></u>	<u><u>(1,007,819)</u></u>

SAE EDUCATION LIMITED (REGISTERED NUMBER: (06647488))

**Statement of Other Comprehensive Income
for the Year Ended 30 June 2016**


	Notes	2016 £	2015 £
LOSS FOR THE YEAR		(3,435,075)	(1,007,819)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(3,435,075)</u>	<u>(1,007,819)</u>

SAE EDUCATION LIMITED (REGISTERED NUMBER: (06647488))

**Balance Sheet
30 June 2016**

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	7	1,672,690	1,770,015
Investments	8	-	9
		<u>1,672,690</u>	<u>1,770,024</u>
CURRENT ASSETS			
Debtors	9	4,609,686	4,099,460
Cash at bank and in hand		<u>163,618</u>	<u>195,169</u>
		4,773,304	4,294,629
CREDITORS			
Amounts falling due within one year	10	<u>(15,648,705)</u>	<u>(11,832,289)</u>
NET CURRENT LIABILITIES		<u>(10,875,401)</u>	<u>(7,537,660)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(9,202,711)</u>	<u>(5,767,636)</u>
RESERVES			
Retained earnings	12	<u>(9,202,711)</u>	<u>(5,767,636)</u>
		<u>(9,202,711)</u>	<u>(5,767,636)</u>

The financial statements were approved by the Board of Directors on and were signed on its behalf by:


.....
P Grant - Director

SAE EDUCATION LIMITED (REGISTERED NUMBER: (06647488))

**Statement of Changes in Equity
for the Year Ended 30 June 2016**

	Retained earnings £	Total equity £
Balance at 1 July 2014	(4,759,817)	(4,759,817)
Changes in equity		
Total comprehensive loss	<u>(1,007,819)</u>	<u>(1,007,819)</u>
Balance at 30 June 2015	<u>(5,767,636)</u>	<u>(5,767,636)</u>
Changes in equity		
Total comprehensive loss	<u>(3,435,075)</u>	<u>(3,435,075)</u>
Balance at 30 June 2016	<u><u>(9,202,711)</u></u>	<u><u>(9,202,711)</u></u>

SAE EDUCATION LIMITED (REGISTERED NUMBER: (06647488))

**Cash Flow Statement
for the Year Ended 30 June 2016**

	Notes to cash flow	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	1	637,465	1,227,077
Interest paid		<u>(84,814)</u>	<u>(56,527)</u>
Net cash from operating activities		<u>552,651</u>	<u>1,170,550</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(679,372)	(617,443)
Sale of tangible fixed assets		<u>5,887</u>	<u>-</u>
Net cash from investing activities		<u>(673,485)</u>	<u>(617,443)</u>
Cash flows from financing activities			
Decrease/(increase) net interco balance		<u>89,283</u>	<u>(546,803)</u>
Net cash from financing activities		<u>89,283</u>	<u>(546,803)</u>
(Decrease)/increase in cash and cash equivalents		(31,551)	6,304
Cash and cash equivalents at beginning of year	2	<u>195,169</u>	<u>188,865</u>
Cash and cash equivalents at end of year	2	<u><u>163,618</u></u>	<u><u>195,169</u></u>

**Notes to the Cash Flow Statement
for the Year Ended 30 June 2016**

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2016	2015
	£	£
Loss before taxation	(3,435,075)	(1,007,819)
Depreciation charges	770,810	660,201
Finance costs	<u>84,814</u>	<u>56,527</u>
	(2,579,451)	(291,091)
Increase in trade and other debtors	(424,580)	1,710,398
Increase/(decrease) in trade and other creditors	<u>3,641,496</u>	<u>(192,230)</u>
Cash generated from operations	<u><u>637,465</u></u>	<u><u>1,227,077</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 June 2016

	30.6.16	1.7.15
	£	£
Cash and cash equivalents	<u><u>163,618</u></u>	<u><u>195,169</u></u>

Year ended 30 June 2015

	30.6.15	1.7.14
	£	£
Cash and cash equivalents	<u><u>195,169</u></u>	<u><u>188,865</u></u>

**Notes to the Financial Statements
for the Year Ended 30 June 2016**

1. STATUTORY INFORMATION

SAE Education Limited is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The company meets the definition of a qualifying entity and as permitted by paragraph 8 of FRS101, the company, a wholly owned subsidiary of Navitas Limited, has elected to take advantage of the disclosure exemptions as set out in note 2. These group financial statements are available to the public and can be obtained as set out in note 12.

2. ACCOUNTING POLICIES

Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) "Reduced Disclosure Framework" issued by the Financial Reporting Council. Accordingly, in the year ended 30 June 2016 the Company has changed its accounting framework from Financial Reporting Standard for Smaller Entities (FRSSE) to FRS 101 and has, in doing so, applied the requirements of IFRS1.6-33 and related appendices. The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006. As a result of adopting FRS101, no accounting policies have changed to comply with the standard. For more information see note 15 below.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets
- the requirements of IFRS 7 Financial Instruments: Disclosures.

Turnover

Turnover represents tuition fees due and is stated net of VAT. Turnover is recognised spread over the length of the relevant course. All turnover arises in the UK from a single principal activity.

SAE UK has been involved in a dispute with HMRC since 2011 as to whether SAE UK provides exempt education for the purposes of UK VAT. The matter has been heard by the First-Tier Tribunal and the Tribunal ruled in favour of SAE UK.

HMRC subsequently sought leave from the First-Tier Tribunal to appeal this decision.

Permission to appeal to the Upper Tribunal was granted subsequent to this hearing. The upper tribunal rules in favour of HMRC. SAE UK were granted leave to appeal to the court of Appeal and this will be heard in June 2017. SAE UK have provided for the VAT liability in its accounts.

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2016**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

Furniture & Equipment - 20% to 25% straight line

Leasehold improvements are depreciated over 10 years, in accordance with the length of the lease.

Taxation

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

Deferred 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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Functional currency

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Deferred income

Revenue from tuition fees is recognised across the period of the trimester as a proportion of the total trimester days. All other revenue is recognised when charged to the students.

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2016**

2. ACCOUNTING POLICIES - continued

Related parties transactions

The company is a wholly owned subsidiary of Navitas Limited; the consolidated financial statements of which are publicly available. Accordingly, the company has taken advantage of the disclosure exemptions as permitted by FRS101 "Reduced Disclosure Framework" and the requirements of IAS24 Related Party Disclosures, from disclosing transactions within group companies.

Royalty costs

The company accrues for royalty obligations to its degree awarding university as a percentage of its applicable turnover as determined by the tuition delivery model. Royalty costs are recorded within cost of sales in the profit and loss account, with any unpaid balances at period end recorded as accruals and included as part of Creditors: Amounts due within one year.

The company has paid a royalty to its parent company, Navitas Limited, in recognition of the intellectual property value held by the global group. The payment is a percentage of its turnover and is recorded with cost of sales in the profit and loss account.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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 company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that have no stated interest rate (and do not constitute a financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2016**

2. ACCOUNTING POLICIES - continued

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The judgements and estimations that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are around bad debt provisioning which is dealt with on a case by case basis based on the assessment of expected recoveries from sponsor bodies or students.

Other areas such as depreciation considerations of estimated useful lives and residual values are not expected to materially misstate the financial statements.

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2016**

3. EMPLOYEES AND DIRECTORS

	2016	2015
	£	£
Wages and salaries	4,294,977	4,115,617
Social security costs	356,724	336,891
Other pension costs	41,492	37,554
	<u>4,693,193</u>	<u>4,490,062</u>

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

	2016	2015
Administration & Teaching	<u>130</u>	<u>122</u>

Staff costs include the emoluments of four directors during the year.

	2016	2015
	£	£
Directors' remuneration	380,957	259,033
Directors' pension contributions to money purchase schemes	<u>1,221</u>	<u>1,079</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2016	2015
Money purchase schemes	<u>2</u>	<u>3</u>

Information regarding the highest paid director is as follows:

	2016	2015
	£	£
Emoluments	177,256	135,923
Pension contributions to money purchase schemes	<u>734</u>	<u>724</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Interest payable to group undertakings	<u>84,814</u>	<u>56,527</u>

5. LOSS BEFORE TAXATION

The loss before taxation is stated after charging:

	2016	2015
	£	£
Other operating leases	764,510	698,758
Depreciation - owned assets	770,810	660,201
Auditor's remuneration	<u>25,000</u>	<u>29,521</u>

6. TAXATION

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 30 June 2016 nor for the year ended 30 June 2015.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2016

6. TAXATION - continued

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
Loss on ordinary activities before income tax	<u>(3,765,166)</u>	<u>(1,007,819)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.750%)	(753,033)	(209,122)
Effects of:		
Movement in short term timing differences	-	4,081
Tax effect of expenses not deductible in determining taxable profit	73,707	54,312
Losses not previously recognised	679,326	175,180
Capital allowances in excess of depreciation	<u>-</u>	<u>(24,451)</u>
Tax expense	<u>-</u>	<u>-</u>

The standard rate of UK corporation tax reduced from 21% to 20% on the 1 April 2015. The Finance Act (No. 2) 2015 includes legislation which will reduce the rate further to 19% from 1 April 2017 and to 18% from 1 April 2020. The Finance Act (No. 2) was given Royal Assent on 18 November 2015. The Finance Bill 2016 was substantively enacted on 6 September 2016, further reducing the corporation tax rate to 17% as of 1 April 2020. This is an additional 1% cut on top of the reduction to 18% enacted in the Finance Act (No. 2) 2015. The company will only recognise the impact of the rate change which is substantively enacted at the balance sheet date in its financial statements, begin at 18%.

7. TANGIBLE FIXED ASSETS

	Long leasehold £	Furniture and Equipment £	Totals £
COST			
At 1 July 2015	1,735,608	2,323,088	4,058,696
Additions	212,240	467,132	679,372
Disposals	<u>(32,000)</u>	<u>(48,842)</u>	<u>(80,842)</u>
At 30 June 2016	<u>1,915,848</u>	<u>2,741,378</u>	<u>4,657,226</u>
DEPRECIATION			
At 1 July 2015	604,320	1,684,361	2,288,681
Charge for year	222,906	547,904	770,810
Eliminated on disposal	<u>(26,113)</u>	<u>(48,842)</u>	<u>(74,955)</u>
At 30 June 2016	<u>801,113</u>	<u>2,183,423</u>	<u>2,984,536</u>
NET BOOK VALUE			
At 30 June 2016	<u>1,114,735</u>	<u>557,955</u>	<u>1,672,690</u>
At 30 June 2015	<u>1,131,288</u>	<u>638,727</u>	<u>1,770,015</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2016

8. INVESTMENTS

	Shares in group undertakings £
COST	
At 1 July 2015	9
Impairment	(9)
At 30 June 2016	-
NET BOOK VALUE	
At 30 June 2016	-
At 30 June 2015	9

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	522,313	219,438
Amounts owed by group undertakings	3,370,859	3,285,213
Other debtors	87,252	1,530
Prepayments and accrued income	629,262	593,279
	<u>4,609,686</u>	<u>4,099,460</u>

Deferred tax assets of £996,809 (2014: £871,220) in relation to losses carried forward have not been recognised on the basis that the Directors consider there to be uncertainty over the timing and extent of possible future use.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	1,011,885	256,408
Accruals and deferred income	3,567,800	3,546,238
Amounts owed to group undertakings	8,097,858	7,922,938
Social security and other taxes	105,135	106,705
VAT	2,866,027	-
	<u>15,648,705</u>	<u>11,832,289</u>

The amounts owed to group undertakings are not secured and have a variable rate of interest. These amounts are payable on demand.

11. LEASING AGREEMENTS

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

	2016 £	2015 £
Within one year	957,774	725,793
Between one and five years	3,483,495	2,346,997
In more than five years	382,014	544,949
	<u>4,823,283</u>	<u>3,617,739</u>

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2016**

12. ULTIMATE PARENT COMPANY

The ultimate parent company is Navitas Limited which is a company incorporated in Australia and listed on the Australian Stock Exchange. This is the smallest and largest company to consolidate the results of the company. The accounts of Navitas Limited may be obtained from Level 8, Brookfield place, 125 St Georges Terrace, Perth, Western Australia, Australia 6000.

13. RELATED PARTY DISCLOSURES

Transactions with group companies were:

Study resources, course material, equipment, administrative expenses and management charges amounting to £1,230,746 (2015: £2,698,115) were charged to the company by SAE Technology Group Holdings BV. SAE Education Limited charged £3,326,685 (2015: £3,233,791) to SAE Technology BV in respect of Global Costs paid during the year. The amount owed by the company to SAE Technology BV at the year end was £889,451 (2015: £812,197). The amount owed by SAE Technology BV to the company at period end was £3,326,859 (2015: £2,421,594).

There were no examination royalty fees charged during the year (2015: £599,701) by Navitas SAE Holdings PTY Limited under the terms of a formal agreement between the two companies.

The amount owed by the company to Navitas SAE Holdings PTY Limited at the year end was £599,701 (2015: £599,701).

14. GUARANTEE

The Company is incorporated as a company limited by guarantee having no share capital and, in accordance with the memorandum of association, the members of the Company are liable to contribute up to £1 each in the event of the Company being wound up.

15. EXPLANATION OF TRANSITION TO FRS101

This is the first year that the company has presented its financial statements under FRS101. The following disclosures are required in the year of transition. The last financial statements under United Kingdom Generally Accepted Accounting Practice (UK GAAP) were for the year ended 30 June 2015 and the date of transition to FRS101 was therefore 1 July 2014. As a result of adopting FRS101, no accounting policies have changed to comply with the standard. The reported equity and profit as at 1 July 2014 and 30 June 2015 was as reported under UK GAAP.