Alpha Plus Holdings plc

Annual Report and Financial Statements

31 August 2016

Company Registration No. 04418776

Alpha Plus Holdings plc

Company No. 04418776

Officers and advisors

Directors

Sir John Ritblat
G G Able
M J Sample
R D Jones
E M Francis
A D Kay
Dame Rosalind Savill
C B Wagman
S M Lancaster

Secretary

J C Norton

Registered office

50 Queen Anne Street
London
W1G 8HJ

Bankers

Barclays Bank PLC
Level 27
One Churchill Place
London E14 5HP

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Copies of these financial statements may be downloaded from the Company's website:
www.alphaplusgroup.co.uk/Investors

Alpha Plus Holdings plc

Company No. 04418776

Strategic Report

Principal activities

The principal activity of the Group in the year under review continued to be the ownership and management of schools and colleges in the United Kingdom and the supply of educational services. The Group operates 11 independent schools, 3 nurseries and 3 sixth form colleges. With the exception of 2 schools and 2 colleges, all of the Group's schools and colleges are based in Central London.

Review of business and financial performance

The Group continued to make good progress during the year under review.

Wetherby Senior School, a new boys' school, opened in Marylebone in September 2015. In the first year of operation pupils were only admitted in years 7 and 9. There has been overwhelming interest in the new school and pupil numbers have reached 135 in the current term and look set to grow rapidly over the next few years.

The relocation of DLD College from its two previous campuses, in Marylebone and Belgravia, to a new purpose-built facility in Westminster Bridge Road, London SE1 was completed in September 2015. Accommodating over 700 students, with more than 200 able to live on site, DLD is the only genuine sixth form boarding college in the heart of London.

In June 2016, as a consequence of declining student numbers, the Group announced that Abbey College Birmingham would close at the end of the 2015-16 academic year and the closure process has since been completed. Assistance was provided to domestic students to facilitate moves to other local colleges. International students were offered places at the Group's sixth form colleges in London, Cambridge and Manchester and the majority accepted these offers. Total costs incurred in relation to this closure amounted to £1.7m as further described in the accounts.

In July 2016, Abingdon House School, the Group's special education needs school, was sold to a Group which specialises in educating children with special education needs. The Group retained the freehold interest in the property occupied by the school in Rossmore Road, London NW1 but has granted a 25-year lease to the new owner. The retained freehold interest has consequently been accounted for as an investment property and a surplus of £2.2m arose on the revaluation of this property to fair value as at 31 August 2016.

Pupil numbers and international student numbers continued to grow strongly helped by the new DLD facility referred to above. Domestic student numbers in the Group's sixth form colleges, however, were lower than anticipated. Group revenue in the year ended 31 August 2016 was 13% higher than in the previous year at £90.1m (2015: £79.4m) with the increase being attributable to increased tuition fees, increased ancillary fees for educational visits and other extra-curricular activities, higher student accommodation income and increased pupil/student numbers which reached 4,289 (2015: 4,042) at the end of the year.

Operating expenses rose by 18% to £82.3m (2015: £69.9m). The increase reflects a combination of higher personnel costs due to both higher salaries and additional staff recruitment as well as higher premises costs largely attributable to the new leasehold premises in Westminster Bridge Road, London SE1 and the additional student accommodation on that site.

Strategic Report (continued)

Review of business and financial performance *continued*

Reported earnings before interest, tax, depreciation and amortisation ("EBITDA") declined by 18% to £7.8m (2015: £9.5m) as a consequence. Reported EBITDA has again been impacted by additional operating costs incurred as the Group expands and creates additional capacity. Adjusting for the short term impact of these items results in underlying EBITDA as follows:

	2016	2015
	£m	£m
Reported EBITDA	7.8	9.5
Establishment of Wetherby Senior School	1.6	-
Expansion costs at Chepstow House School	0.9	1.8
Expansion costs at DLD College	0.5	-
Relocation of Falcons School for Girls	0.8	0.8
Establishment of St Anthony's School for Girls	0.2	-
Underlying EBITDA	11.8	12.1

Since the year-end, Abbey College Cambridge has moved to its new purpose-built campus adjacent to Homerton College. Abbey College Cambridge can now accommodate around 580 students, 120 of whom can live on site.

The refurbishment of the long leasehold premises at Ivy House, North End Road, Hampstead, which the Group acquired in July 2015, was completed in the summer of 2016 and St Anthony's School for Girls, a new Catholic girls school, opened in these premises in September. The new school will educate girls from age 4-11 and will share the same ethos and values at St Anthony's School for Boys.

Financing

On 31 March 2016, the Company issued £80m 5% secured sterling bonds maturing in March 2024. The proceeds, after deducting issue expenses of £1.8m, amounted to £78.2m. As is the case with the Company's existing £48.5m 5.75% sterling bonds, the new 5% secured sterling bonds, are listed on the London Stock Exchange's Electronic Order Book for Retail Bonds ("ORB"), and are secured by way of a first legal mortgage over a portfolio of schools and properties owned by certain of the Company's subsidiaries [SPV'S] or, in the case of two of the properties, owned by wholly owned subsidiaries of DV4 Limited, the Company's ultimate holding company. Interest on the new bonds is payable in arrears on 30 September and 31 March in each year.

Following the issue, £34.1m was paid to the Company's immediate shareholder to fully redeem an existing shareholder loan. A further £45m has been loaned to the Company's ultimate holding company. This £45m loan, which attracts an interest rate of 7%, is repayable in full on 31 March 2024 but may be repaid early, in full or in part, by agreement between the parties.

Strategic Report (continued)

Future developments

In April 2016, the Group has announced that it will open a new school in New York City in September 2017. The school, which will be called Wetherby-Pembridge School New York, will be located in leasehold premises on the Upper East Side on East 96th Street near Central Park and will have a capacity of approximately 280 students. The school will follow the English National Curriculum. Students will enter the school for up to two years in preschool in a co-educational setting and will then progress to Kindergarten/Year 1 and be entered into a separate form of boys and girls, which will run initially to Grade 5/Year 6. The boys' form will be called Wetherby and the girls' form will be called Pembridge Hall.

The Group recently acquired new leasehold premises in Wetherby Gardens, London SW5 and has announced its intention to open a new boys-only pre-prep school, Wetherby Kensington, in September 2017. Wetherby Kensington will be a two form, non-selective, pre-preparatory school for boys from Reception to Year 3. It will follow exactly the same curriculum and share the same values and ethos as Wetherby School, and will be an integral part of the Wetherby group of schools, which also includes Wetherby Preparatory School and Wetherby Senior School. Boys at the school will receive the same high levels of academic education and pastoral care currently found at Wetherby School.

The Board expects short term future EBITDA to continue to be negatively impacted by costs associated with the current expansion program but anticipates significant medium / longer term growth as a consequence.

The Group continues to look for opportunities to expand its school and college portfolio both in the UK and overseas. This could involve the acquisition of existing schools as well as the identification of sites to which the Group's existing schools could move to increase capacity or sites where new schools could be established.

Board changes

There have been a number of changes at Board level. Jenny Aviss resigned on 21 August after 18 years of service with the Group, initially as head of Wetherby School and subsequently, since 2009, as Director of Schools. David Elliott resigned as Director of ICT on 31 May.

Further changes have taken place since the year-end. Julian Drinkall resigned his position as Chief Executive Officer in October. Liz Francis (as Director of Education) and Anthony Kay (as Director of College Operations) both joined the Board in October. The Group is currently seeking to recruit a new Chief Executive Officer and a new Director of Schools.

The Board thanks the departed Directors for their service and welcomes the new Board members.

Principal risks and financial risk management objectives and policies

The Group's activities expose it to a number of risks, both business and financial.

Strategic Report (continued)

Principal risks and financial risk management objectives and policies *continued*

Financial risks include interest risk, foreign currency risk, credit risk and liquidity risk. These risks are described further in note 24 to the financial statements.

Business risks include the Group's ability to attract pupils and students which can be adversely impacted by the general economic environment. Consideration is given to this when establishing tuition fee levels. The Group could also be negatively impacted by matters affecting the reputation of the Group's educational operations. The Group has developed a "Gold Standard" as the benchmark of the quality of education it aims to deliver in its schools and colleges. The Group also has internal review procedures to maintain educational standards and to comply with all relevant regulations. In addition, the Group's schools and colleges are subject to regular inspection by Ofsted and the Independent Schools Inspectorate and all have been rated excellent, outstanding or good in the most recent inspections.

Approved by the Board of Directors and signed on behalf of the Board.

J C Norton

Secretary

6 December 2016

Alpha Plus Holdings plc

Company No. 04418776

Directors Report

The Directors present their annual report and the audited Group financial statements for the year ended 31 August 2016.

Directors

The Directors who served during the year were:

Sir John Ritblat	Non-Executive Chairman
G G Able	Deputy Chairman
C J J Drinkall	Chief Executive Officer (resigned 12 October 2016)
M J Sample	Director of Finance
J J Aviss	Director of Schools (resigned 21 August 2016)
R D Jones	Director of Property
D Elliott	Director of ICT (resigned 31 May 2016)
Dame Rosalind Savill	Non-Executive Director
C B Wagman	Non-Executive Director
S M Lancaster	Non-Executive Director

The following have been appointed as Directors since the end of the financial year:

E M Francis	Director of Education (appointed 11 October 2016)
A D Kay	Director of College Operations (appointed 11 October 2016)

Directors' interests

As at 31 August 2016, the Directors, and their connected parties, collectively held £32,000 nominal value of the Company's secured sterling bonds.

Corporate Governance

Since the ordinary shares of the Company are not listed on any stock exchange, the Company is not required to comply with any UK corporate governance regime. However, certain aspects of the Group's governance are set out below:

Audit Committee

The Audit Committee comprises Mr C B Wagman (Chairman of the Committee), Sir John Ritblat and Mr Anandh Owen. The Audit Committee meets twice a year and is responsible for reviewing and reporting to the Board on a range of matters including the interim and annual financial statements, the appropriateness of the Group's accounting policies and practices and the effectiveness of the Group's internal control and risk management systems. The Audit Committee also advises the Board on the appointment of external auditors, their remuneration for audit and non-audit work, their cost effectiveness, independence and objectivity, as well as discussing the nature, scope and results of the annual audit with the external auditors.

Directors Report (continued)

Corporate Governance *continued*

Preparation of financial information

The Group operates a centralised accounting function. Annual budgets and monthly internal management accounts are prepared by the finance function and are reviewed by the Director of Finance prior to submission to the Board. Any significant variances between actual and budget performance are investigated and explained as part of this process. The Audit Committee and the Board also review both the interim and annual Group financial statements. The Audit Committee receives reports from management and the external auditors regarding all matters pertinent to the financial statements including significant judgements and any changes in accounting policies and estimates.

Going concern

The financial statements have been prepared on a going concern basis. In considering whether this is appropriate, the Directors have taken into account the following:

- The Group has substantial net assets and held £8.3m of cash at 31 August 2016. Current liabilities include £26.0m of deferred income that will not be settled in cash.

- The Group is principally financed by £128.5m of secured sterling bonds which are listed on the London Stock Exchange Order Book for Retail Bonds (“ORB”). These bonds mature in December 2019 and March 2024. No repayments of capital fall due before the maturity date.

- The Group has loaned £45.0m to the ultimate parent company. Although repayment is not due until March 2024, early repayment may be made by agreement with the borrower (see note 15 to the financial statements).

The Directors have referred to cash flow forecasts for the coming year in order to understand the capital requirements of the Group. As a result, the Directors have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future, and consider it appropriate to prepare the financial statements on a going concern basis.

Staff policies

The Group seeks to involve all employees in the development of the Group’s business. The Directors regularly visit all of the Group’s schools and colleges to provide updates to staff. The Group undertakes to provide employees with information of concern to them that is likely to affect their interests.

The Group supports the principle of equal opportunities in employment and opposes all forms of discrimination. Every step is taken to ensure that individuals are treated equally and fairly and decisions on recruitment, training, promotion and career development are based only on objective and job related criteria. The Group gives full and fair consideration to applications for employment from disabled persons and also seeks to continue to employ, with suitable training, if appropriate, any person who becomes disabled whilst employed by the Group.

Further details regarding the Group’s employees are provided in note 7 to the financial statements.

Directors Report (continued)

Anti-slavery and human trafficking statement

Alpha Plus is a values-led organisation that maintains high expectations of its own conduct and of those with whom it works. The Group's code of ethical and professional conduct is an integral part of the Alpha Plus Gold Standard of educational excellence. The Group takes pride in its reputation and recognises that its values are just as important as the services it provides. The Group is rigorous in the recruitment and development of people and in the selection and management of suppliers. The Group expects Directors and all other employees within the Group, along with its suppliers, to act with the highest levels of professionalism and integrity, and within the law. The principles of the Group's code apply to all dealings with those who interact with, or may be affected by, the activities of the Group. This includes pupils, parents, employees, customers, suppliers, inspectors and regulators, shareholders, local communities and the environment in which the Group operates.

Consistent with its commitment to act ethically in all relationships and a zero tolerance of unethical or exploitative employment practices, the Group is committed to doing whatever it can to combat slavery and human trafficking. The Group will not engage in business with any party whom it deems to present a risk of participating in slavery or human trafficking.

Charitable and political donations

The Group made charitable donations of £7,000 (2015: £32,000) during the year.

Responsibility statements under the Disclosure and Transparency Rules

Each of the Directors listed above who were members of the Board at the time of approving the financial statements confirm that, to the best of their knowledge and belief:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole; and

- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' Report are shown above. Having made enquiries of fellow Directors and of the Group's auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Group's auditor in connection with preparing their report) of which the Group's auditor is unaware; and

- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditor is aware of that information.

Directors Report (continued)

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditor of the Group is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.

J C Norton

Secretary

6 December 2016

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, 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 Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company 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 Group and the Company, and of the profit or loss of the Group and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with IFRSs as adopted by European Union, subject to any material departures disclosed and explained in the Group financial statements;
- state whether the Company financial statements have been prepared in accordance with applicable UK Accounting Standards, subject to any material departures disclosed and explained in the Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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 Alpha Plus Holdings plc

We have audited the financial statements of Alpha Plus Holdings plc for the year ended 31 August 2016 which comprise Group Statement of Comprehensive Income, the Group and parent company Balance Sheet, the Group and Parent Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes 1 to 28. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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, 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 Statement of Directors' Responsibilities set out on page 11, 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 Group's and the parent 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 Strategic Report and the Directors' 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 Group's and of the parent company's affairs as at 31 August 2016 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditor's Report to the Members of Alpha Plus Holdings plc (continued)

Opinion on other matters 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.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Ernst & Young LLP

Eamonn McGrath (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London

1. The maintenance and integrity of the Alpha Plus Holdings plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Group statement of comprehensive income

for the year ended 31 August 2016

	Notes	2016 £000	2015 £000
Revenue	6	90,055	79,400
Operating expenses	6	(82,281)	(69,877)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")		7,774	9,523
Depreciation	12	(5,784)	(4,823)
Operating profit		**1,990**	**4,700**
Loss on disposal of property, plant and equipment	8	(200)	(133)
College closure costs	8	(1,656)	-
Profit on sale of business	8	455	-
Profit before interest and tax		589	4,567
Finance costs	9	(4,682)	(2,976)
Finance income	10	1,771	141
(Loss)/profit before tax		**(2,322)**	**1,732**
Tax credit/(expense)	11	871	(500)
(Loss)/profit for the year		**(1,451)**	**1,232**
Exchange differences on translation of foreign operations		(3)	-
Revaluation of land and buildings		2,165	-
Total comprehensive income for the year		**711**	**1,232**

Group balance sheet

as at 31 August 2016

	Notes	2016 £000	2015 £000
Non-current assets			
Property, plant and equipment	12	124,153	125,427
Investment property	13	10,892	4,292
Intangible assets	14	2,238	2,238
Financial assets	15	5,589	1,500
Deferred tax assets	11	2,628	1,757
		145,500	135,214
Current assets			
Trade and other receivables	16	4,504	3,537
Other financial assets	15	46,313	-
Cash	17	8,320	13,649
		59,137	17,186
Assets held for sale	18	953	-
		60,090	17,186
Total assets		**205,590**	**152,400**
Current liabilities			
Trade and other payables	20	41,702	37,534
Loans and borrowings	19	2,385	565
		44,087	38,099
Non-current liabilities			
Trade and other payables	20	2,944	1,033
Loans and borrowings	19	126,374	81,794
		129,318	82,827
Total liabilities		**173,405**	**120,926**
Net assets		**32,185**	**31,474**
Equity attributable to equity shareholders			
Share capital	21	16	16
Revaluation reserve		2,165	-
Foreign currency translation reserve		(3)	-
Retained earnings		30,007	31,458
Total equity		**32,185**	**31,474**

The financial statements were approved by the Board and authorised for issue on 6 December 2016.

M J Sample
Director of Finance

Group statement of changes in equity

for the year ended 31 August 2016

	Issued capital	Revaluation reserve	Foreign currency translation reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
As at 1 September 2014	16	-	-	30,226	30,242
Profit and total comprehensive income for the year	-	-	-	1,232	1,232
At 31 August 2015	16	-	-	31,458	31,474
Loss for the year	-	-	-	(1,451)	(1,451)
Other comprehensive income	-	2,165	(3)	-	2,162
At 31 August 2016	**16**	**2,165**	**(3)**	**30,007**	**32,185**

Group statement of cash flows

for the year ended 31 August 2016

	Notes	2016 £000	2015 £000
Cash generated from operations	27	13,385	14,312
College closure costs	8	(1,051)	-
Deposits paid on new operating leases		(3,480)	-
Net cash inflow from operating activities		**8,854**	**14,312**
Investing activities			
Proceeds/(cost of disposal) from sale of property, plant and equipment		180	(31)
Additions of property, plant and equipment		(11,105)	(18,105)
Net proceeds from sale of business	8	455	-
Net cash outflow from investing activities		**(10,470)**	**(18,136)**
Financing activities			
Interest received		78	141
Interest paid		(2,822)	(2,793)
Loan granted to parent undertaking		(45,000)	-
Payment of finance lease liabilities		(61)	(51)
Proceeds from other loans and borrowings		-	8,000
Repayment of other loans and borrowings		(34,085)	(800)
Proceeds from issue of 5% secured sterling bonds		80,000	-
Cost of issuing 5% secured sterling bonds		(1,840)	-
Net cash (outflow)/inflow from financing activities		**(3,730)**	**4,497**
Net (decrease)/increase in cash and cash equivalents		**(5,346)**	**673**
Exchange differences		17	-
Cash and cash equivalents at 1 September		13,649	12,976
Cash and cash equivalents at 31 August	17	**8,320**	**13,649**

Notes forming part of the accounts

1. Corporate information

The consolidated financial statements of Alpha Plus Holdings plc and its subsidiaries ("the Group") for the year ended 31 August 2016 were authorised for issue in accordance with a resolution of the Directors on 6 December 2016. The Company is incorporated and domiciled in the United Kingdom.

The principal activity of the Group is the provision of educational services.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand (£000), except when otherwise indicated.

Consistent accounting policies and presentation have been used in both years presented in the financial statements, except that:

- In 2016 investment property is now presented separately on the face of the balance sheet and, consequently, £4.3m of investment property, which was included within property, plant and equipment in the 2015 financial statements, has this year been re-presented as investment property in the 2015 comparatives; and
- A rent deposit of £1.5m has been re-presented as a non-current asset rather than a current asset in the 2015 comparatives to properly reflect the date of recovery of that asset. This deposit is also presented as a non-current asset in 2016.

In addition, the comparative to the disclosed fair value of the 5.75% secured sterling bonds in note 24 has been corrected to £51.0m.

None of these changes impact the reported profit or net assets of the Group in either year.

2.2 Basis of consolidation

The Group financial statements comprise the financial statements of Alpha Plus Holdings plc and its subsidiaries as at 31 August 2016.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

2.3 Summary of significant accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units, being schools and colleges, that are expected to benefit from the combination.

b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The specific recognition criteria described below must also be met before revenue is recognised.

Rendering of education and related services

Tuition fees together with fees for ancillary education-related services and student accommodation (exclusive of VAT) are recognised in the period that those services are provided.

Notes forming part of the accounts (continued)

2.3 Summary of significant accounting policies *continue*d

b) Revenue recognition *continued*

Interest income

Interest income is recognised using the effective interest rate approach.

c) Taxes

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

d) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Freehold buildings 1-2%
- Freehold land is not depreciated.
- Leasehold land & buildings Shorter of the length of the lease and the useful life of the property
- Fixtures, fittings and equipment 25% - 33%
- Major improvement works expenditure on freehold buildings and long leaseholds is depreciated over seven years.

Assets under development are not depreciated until such time as the respective asset is brought into use for educational purposes.

The Directors review estimated useful lives and residual values annually and make provision for impairment if considered appropriate.

Notes forming part of the accounts (continued)

2.3 Summary of significant accounting policies *continue*d

e) Assets held for sale

The Group classifies non-current assets as assets held for sale if their carrying amounts will be recovered through a sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less anticipated disposal costs.

f) Investment property

Investment properties are initially recognised at cost including transaction costs. Transfers are made to or from investment property at carrying value if there is a change in use.

Investment properties are subsequently stated at fair value. Gains or losses arising from changes in fair values resulting from a change of use are included in other comprehensive income. Other revaluation gains or losses are included in profit or loss. Fair values are determined by the Directors' taking into account information received from external independent experts.

g) Leases

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

h) Receivables

Receivables are recognised at fair value and subsequently measured at amortised cost using the effective interest rate (EIR) method, less any impairment.

i) Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at bank and on hand and short-term deposits with a maturity of three months or less.

j) Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method.

k) Pensions

A significant number of the Group's employees are members of the Teachers' Pension Scheme, an unfunded defined benefit scheme (note 25). The Group is unable to identify its share of the underlying assets and liabilities of this scheme and so has treated this scheme as a multi-employer defined contribution scheme. The Group also operates a group personal pension plan which is a defined contribution pension scheme. Contributions payable for the year are charged in the income statement.

In addition, a small number of the Group's employees are members of the Independent Schools' Pension Scheme. This scheme is also accounted for as a multi-employer defined contribution scheme (see note 25).

Notes forming part of the accounts (continued)

2.3 Summary of significant accounting policies *continue*d

l) Deferred income

School and college tuition fees are payable in advance. Fees are initially recognised as deferred income and are then transferred to the income statement over the period of time to which the fees relate.

m) Share-based payments

The Group operates a long term incentive plan for certain employees. Awards made under this plan are accounted for as cash-settled share-based payments. A liability is recognised for such Awards at fair value and these are subsequently re-measured at fair value at each reporting date.

n) Foreign currencies

Transactions in foreign currencies are initially recorded at the respective currency spot rate. Monetary assets and liabilities denominated in foreign currencies are translated at the currency spot rate at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

On consolidation, the assets and liabilities of foreign operations are translated into Sterling at the prevailing exchange rate on the reporting date and the statements of profit or loss are translated at the average exchange rate applicable during the reporting period. Exchange differences arising are recognised in other comprehensive income.

2.4 Going concern

The financial statements have been prepared on a going concern basis. In considering whether this is appropriate, the Directors have taken into account the following:

- The Group has substantial net assets and held £8.3m of cash at 31 August 2016. Current liabilities include £26.0m of deferred income that will not be settled in cash.
- The Group is principally financed by £128.5m of 5.75% secured sterling bonds which are listed on the London Stock Exchange Order Book for Retail Bonds ("ORB"). These bonds mature in December 2019 and March 2024. No repayments of capital fall due before the maturity date.
- The Group has loaned £45.0m to the ultimate parent company. Although repayment is not due until March 2024, early repayment may be made by agreement with the borrower (see note 15).

The Directors have referred to cash flow forecasts for the coming year in order to understand the capital requirements of the Group. As a result, the Directors have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future, and consider it appropriate to prepare the financial statements on a going concern basis.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Key estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the Group financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Notes forming part of the accounts (continued)

3. Significant accounting judgements, estimates and assumptions *continued*

Recognition of deferred tax assets – the Group has significant unutilised tax losses (see note 11). IAS 12 provides that deferred tax assets should be recognised in respect of unutilised losses where it is probable that taxable profits will subsequently arise against which the losses can be utilised. The Directors have prepared and reviewed future financial projections for the Group and have concluded that it is appropriate to recognise a £2.6m deferred tax asset in this regard.

In addition, the carrying value of properties owned by the Group is higher than the tax base cost. This represents a temporary difference for deferred tax purposes and a subsequent deferred tax liability is recognised. However, this liability may be offset against losses arising in the Company's immediate parent company which has undertaken to make those losses available to the Company as necessary sufficient to cover the reversal of the temporary timing differences.

Valuation of investment property – the Group has investment property with a fair value of £10.9m (2015: £4.3m) at the balance sheet date. The assumptions underlying the fair value assessment are described in note 13.

4. Standards issued but not yet effective

A number of Standards have been issued but are not yet effective up to the date of issuance of the Group's financial statements.

Whilst IFRS 16 will require the recognition of operating lease commitments (see note 23) on balance sheet, management does not currently believe that any other new standards will have any significant impact on the financial statements.

5. Segmental information

The Group's chief operating decision maker is the Board of Directors. The Board views the Group's portfolio of schools and colleges as a single operational segment and, consequently, no further detailed segmental analysis has been included in these financial statements.

6. Revenue and operating expenses

Revenue, all of which derives from continuing operations, relates to the provision of educational services in the UK.
Operating expenses may be analysed as follows:

	2016	**2015**
	£000	**£000**
Staff and other direct costs	56,561	48,288
Administrative expenses	25,720	21,589
	82,281	**69,877**

	2016	**2015**
	£000	**£000**
Operating expenses include:		
Auditors remuneration – audit of the financial statements	32	30
Auditors remuneration – statutory audits of subsidiaries	55	50
Other fees paid to the auditors	90	10
Cash-settled share-based payment expense	472	564
Operating lease expense - land and buildings	7,177	5,123

Other fees payable to the auditors relate to certain agreed upon procedures. In addition, fees totalling £50,000 paid to the auditors in connection with the issue of 5% secured sterling bonds have been treated as bond issue costs and deducted from the carrying value of the bonds (see note 19).

Notes forming part of the accounts (continued)

7. Information regarding directors and employees

	2016	2015
	£000	£000
Wages and salaries	35,019	30,435
Social security costs	3,401	2,866
Other pension costs	2,575	1,924
	40,995	**35,225**

The average monthly full time equivalent number of employees during the year was:	Number	Number
Directors	8	8
Head teachers	20	18
Teachers and tutors	735	652
Office administration	125	109
Others	83	71
	971	**858**

	2016	2015
	£000	£000
Directors' emoluments	803	926
Directors' pension contributions to money purchase schemes	28	79
Termination benefits	30	-
Share-based payment expense	472	564
	1,333	**1,569**
Information regarding the highest paid Director is as follows:		
Emoluments	211	193

In addition to the emoluments disclosed above, The Group made contributions totalling £12,000 (2015: £40,000) to a money purchase pension scheme in respect of the highest paid Director. Four Directors, defined as key management personnel in accordance with IFRS, accrued pension benefits under defined contribution schemes in 2016 (2015: 5). Three Directors received Awards during the year under the Group's new Long Term Incentive Plan as further described in note 26.

The Group's Chief Executive Officer resigned in October 2016 and received a payment of £393,000 in respect of Awards under the Group's long term incentive plan and a payment of £332,000 in respect of termination benefits.

Notes forming part of the accounts (continued)

8. College closure costs and profit on sale of business

College closure costs

In June 2016, the Group announced the closure of Abbey College Birmingham. Costs associated with this closure were as follows:

	£000
Staff termination	721
Provision for onerous lease costs	200
Other closure costs	130
	1,051
Impairment of fixed assets	427
Loss on disposal of fixed assets	178
Total closure costs	**1,656**

The freehold property previously occupied by Abbey College Birmingham at 6-10 St Paul's Square, Birmingham has subsequently been marketed for sale and consequently this property has been reclassified as an asset held for sale at the reporting date (see note 18). The provision for onerous lease costs relates to a short leasehold property and includes anticipated future rent, business rates and other maintenance costs as well an any costs to assign or surrender the lease.

Profit on sale of business

On 8th July 2016, the Group completed the sale of Abingdon House School for total consideration of £687,000 summarised as follows:

Plant & Equipment	**£000**
Sale proceeds	180
Net book value	(78)
Profit on disposal	**102**
Business and other assets	
Sale proceeds	507
Costs of disposal	(52)
Profit on disposal	**455**

The loss on disposal of £200,000 in the income statement represents the net impact of the £102,000 profit on disposal shown above and net losses on the disposal of other assets totalling £302,000.

Notes forming part of the accounts (continued)

9. Finance costs

	2016	2015
	£000	**£000**
Interest on 5.75% secured sterling bonds	2,789	2,789
Interest on 5% secured sterling bonds	1,666	-
Amortisation of secured sterling bonds issue costs	194	182
Bank interest	18	-
Finance charges payable under finance leases	14	3
Other interest payable	1	2
	4,682	**2,976**

10. Finance income

	2016	2015
	£000	**£000**
Bank interest	78	141
Other interest receivable	1,336	-
Foreign exchange translation differences	357	-
	1,771	**141**

Other interest receivable predominantly relates to interest on a £45 million loan to the ultimate parent undertaking which was advanced in April 2016 and attracts interest at 7% per annum (see also note 15).

11. Taxation

The major components of the tax credit/(expense) for the year ended 31 August 2016 were:

	2016	2015
	£000	**£000**
Current tax:		
Current tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	871	(335)
Tax losses	-	(165)
Tax credit/(expense) reported in the statement of comprehensive income	**871**	**(500)**

Notes forming part of the accounts (continued)

11. Taxation *continued*

A reconciliation between tax expense and the product of accounting profit multiplied by the UK corporation tax rate for the years ended 31 August 2016 and 2015 is as follows:

	2016	2015
	£000	**£000**
(Loss)/profit before tax	**(2,322)**	**1,732**
At UK corporation tax rate of 20% (2015: 20.58%)	464	(356)
Movements in recognition of deferred tax assets	(280)	(290)
Expenses not deductible	(242)	(220)
Group relief	974	366
Chargeable gain	(45)	-
Tax credit/(expense)	**871**	**(500)**

Deferred tax

	Consolidated balance sheet		Consolidated income statement	
	2016	**2015**	**2016**	**2015**
	£000	**£000**	**£000**	**£000**
Accelerated depreciation for tax purposes	1,971	929	(1,042)	419
Unutilised tax losses	7,498	6,687	(811)	165
Difference between carrying value of property and tax base cost	(7,077)	(5,915)	1,162	(87)
Other timing differences	236	56	(180)	3
	2,628	**1,757**		
Deferred tax (credit)/expense			**(871)**	**500**

Reflected in the balance sheet as follows:		
Deferred tax assets	2,628	1,757
Deferred tax liabilities	-	-
Net deferred tax assets	**2,628**	**1,757**

Reconciliation of net deferred tax assets	**2016**	**2015**
	£000	**£000**
Opening balance	1,757	2,257
Tax credit/(expense) recognised during the period	871	(500)
Closing balance	**2,628**	**1,757**

Notes forming part of the accounts (continued)

11. Taxation *continued*

Deferred tax *continued*

The Group has tax losses of £4.619m (2015: £4.398m) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. The tax value of these losses is £905,000 (2015: £880,000) of which £377,000 (2015: £772,000) has been recognised at 31 August 2016.

The carrying value of properties owned by the Group is £42.3m (2015: £29.6m) higher than the tax base cost. This includes a £2.2m surplus, disclosed within other comprehensive income, arising on the revaluation of a property in Rossmore Road which, following a change of use, is now treated as an investment property. This represents a temporary difference for deferred tax purposes and a subsequent deferred tax liability of £7.077m (2015: £5.915m) is recognised. However, this liability may be offset against losses arising in the Company's immediate parent company which has undertaken to make those losses available to the Company as necessary sufficient to cover the reversal of the temporary timing differences.

At 31 August 2016, the Group had unrecognised deferred tax assets in respect of tax losses carried forward of £471,000 (2015: £108,000) and depreciation in excess of capital allowances of £432,000 (2015: £357,000) which have not been recognised because, in the opinion of the Directors, it is not sufficiently certain that taxable profits will arise against which to offset them.

Change in corporation tax rate
The headline rate of corporation tax was reduced from 1 April 2015 to 20%. On 8 July 2015, the UK Chancellor proposed a reduction in UK corporation tax rates to 19% from 1 April 2017 and 18% from 1 April 2020. Deferred tax has been calculated at the resultant rate applicable in the year the timing differences are expected to reverse.

Notes forming part of the accounts (continued)

12. Property, plant and equipment

	Freehold land and buildings	Long leasehold land and buildings	Leasehold improvements	Fixtures and equipment	Assets under development	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost						
At 1 September 2014	100,091	3,226	17,649	23,279	-	144,245
Additions	972	-	3,904	5,026	8,203	18,105
Re-presented as investment property	(4,292)	-	-	-	-	(4,292)
Disposals	(567)	(5)	-	(975)	-	(1,547)
At 31 August 2015	96,204	3,221	21,553	27,330	8,203	156,511
Additions	867	-	1,533	5,205	4,026	11,631
Revaluation surplus	2,165	-	-	-	-	2,165
Presented as investment property	(6,826)	-	-	-	-	(6,826)
Reclassified as asset held for sale	(1,160)	-	(441)	-	-	(1,601)
Disposals	(978)	-	(644)	(3,641)	-	(5,263)
At 31 August 2016	**90,272**	**3,221**	**22,001**	**28,894**	**12,229**	**156,617**
Depreciation and impairment						
At 1 September 2014	3,676	256	5,728	18,046	-	27,706
Depreciation charge for the year	1,075	64	928	2,756	-	4,823
Disposals	(567)	-	-	(878)	-	(1,445)
At 31 August 2015	4,184	320	6,656	19,924	-	31,084
Depreciation charge for the year	968	64	1,216	3,536	-	5,784
Impairment	-	-	427	-	-	427
Presented as investment property	(226)	-	-	-	-	(226)
Reclassified as asset held for sale	(210)	-	(438)	-	-	(648)
Disposals	(298)	-	(419)	(3,240)	-	(3,957)
At 31 August 2016	**4,418**	**384**	**7,442**	**20,220**	**-**	**32,464**
Net book value						
At 31 August 2016	**85,854**	**2,837**	**14,559**	**8,674**	**12,229**	**124,153**
At 31 August 2015	92,020	2,901	14,897	7,406	8,203	125,427

The impairment charge of £427,000 in the year to 31 August 2016 relates to the Group's property in Water Street, Birmingham and arose as a consequence of the Group's decision in June 2016 to close Abbey College Birmingham which previously operated from these premises.

Freehold and leasehold land and buildings and assets under development with a carrying value of £107.3m (2015: £68.4m) are subject to a first charge to secure the Company's secured sterling bonds.

Finance leases
The carrying value of plant and equipment held under finance leases at 31 August 2016 was £466,000 (2015: £nil). The cost of finance leased assets included in additions to fixtures and equipment capitalised during the year was £526,000 (2015: £nil). The depreciation charge for the year includes £60,000 in respect of leased assets (2015: £nil).

Notes forming part of the accounts (continued)

13. Investment property

	2016	2015
	£000	**£000**
Opening balance as at 1 September	4,292	-
Transfer from property, plant and equipment	6,600	4,292
Closing balance as at 31 August	**10,892**	**4,292**

Investment property at 31 August 2015 represented a residential property in Hampstead, London NW3. The Directors consider its cost to be a reasonable assessment of fair value as at 31 August 2016, with no significant unobservable inputs included in their assessment. During the year, the Group sold the business and assets of Abingdon House School but retained its interest in the freehold property occupied by the school in Rossmore Road, London NW1. A new 25 year lease was granted to the purchaser and consequently the property has been reclassified as an investment property. The Directors have determined that, based on an internal appraisal, the fair value of this property is £6.6m and the revaluation surplus shown in note 12 represents the resultant fair value adjustment to carrying value. In carrying out the fair value assessment of Abingdon House, the Directors have used the income capitalisation method including inputs that fall under Level 3 ("significant unobservable inputs") of the fair value hierarchy described in IFRS 13.

Description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation technique	**Significant unobservable inputs**	**2016**	**2015**
School investments	Income capitalisation	Net initial yield	5%	-

Under the income capitalisation method, the annual rental income is divided by the net initial yield to determine a capital value which is then reduced by the acquisition costs a third party purchaser may reasonably expect to incur in order to determine fair value.

	2016	2015
	£000	**£000**
Rental income derived from investment properties	91	39
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the year	(8)	(2)
	83	**37**

There are no restrictions in respect of the Group's ability to sell any of its investment properties and the Group has no contractual obligations to develop or maintain its investment properties.

Notes forming part of the accounts (continued)

14. Intangible assets

	Goodwill	Other	Total
	£000	**£000**	**£000**
Cost			
At 1 September 2014 and at 31 August 2015 and 2016	**7,923**	**32**	**7,955**
Provision for impairment			
At 1 September 2014 and at 31 August 2015 and 2016	**5,717**	**-**	**5,717**
Net book value			
At 1 September 2014 and at 31 August 2015 and 2016	**2,206**	**32**	**2,238**

Goodwill has been allocated, for impairment testing, to cash generating units (schools or colleges or groups of schools and colleges) that benefit from the synergies of the combination. Of the net book value of £2.206m at 31 August 2016, £1.808m relates to a portfolio of 11 schools and colleges acquired in 2002. The recoverable value of goodwill is subject to annual impairment review based on the fair value of the Group's business as determined by an external valuer.

Key assumptions used in fair value calculations

The key assumptions for the fair value calculations are projected pupil/student numbers and annual fees per pupil/student. The Group prepares forecasts covering a five year period. Earnings beyond this period are extrapolated using a long term growth rate of 2% per annum. These cash flows are discounted at a pre-tax rate of 9.0% (2015: 7.7%) per annum.

Sensitivity to changes in assumptions

There are no reasonably possible changes in the assumptions in the fair value calculations that would result in the impairment of goodwill as stated above.

15. Financial assets

	2016	2015
	£000	**£000**
Loan to parent company	46,313	-
Deposits receivable	4,684	1,500
Deferred lease expense	905	-
	51,902	**1,500**
Current	46,313	-
Non-current	5,589	1,500
	51,902	**1,500**

On 1 April 2016, the Company advanced a loan of £45,000,000 to the ultimate parent company. This loan has a long-stop repayment date of 31 March 2024 but may be repaid at any earlier date by agreement between the parties and is consequently treated as a current asset. Interest of 7% per annum is receivable by the Company in respect of this loan and the figures above includes £1,313,000 of accrued interest.

15. Financial assets *continued*

Deposits receivable at 31 August 2016 also include £2,935,000 representing the fair value of US$5,000,000 deposited with the Group's bankers as security for the issuance of a standby letter of credit to the landlord of premises the Group has agreed to lease in New York.

16. Trade and other receivables

	2016	2015
	£000	£000
Trade receivables	329	175
Other receivables	1,158	357
Prepayments	3,017	3,005
	4,504	**3,537**

As at 31 August 2016, trade receivables with an initial value of £600,000 (2015: £596,000) were impaired and fully provided for. Movements in the provision for impairment of receivables are shown below:

	£000
At 1 September 2014	453
Charge for the year	246
Utilised	(77)
Unused amounts released	(26)
At 31 August 2015	596
Charge for the year	252
Utilised	(248)
At 31 August 2016	**600**

Ageing analysis of trade receivables past due not impaired

	2016	2015
	£000	£000
<30 days	179	87
30-60 days	50	31
60-90 days	32	27
> 90 days	68	30
	329	**175**

All of the amounts disclosed above are considered collectable.

There are no significant concentrations of credit risk in trade and other receivables. Trade and other receivables are non-interest bearing.

Notes forming part of the accounts (continued)

17. Cash and short term deposits

	2016	2015
	£000	£000
Cash at bank and in hand	**8,320**	**13,649**

Cash at bank earns interest at floating rates based on bank deposit rates.

18. Assets held for sale

	2016	2015
	£000	£000
Freehold property	**953**	**-**

In June 2016, the Group announced the closure of Abbey College Birmingham (see note 8). Subsequent to that decision, the property previously occupied by the college at 6-10 St Paul's Square, Birmingham has been marketed for sale and hence has been presented as an asset held for sale.

19. Loans and borrowings

	2016	2015
	£000	£000
Current loans and borrowings		
5.75% secured sterling bonds	564	564
5% secured sterling bonds	1,666	-
Obligations under finance leases	155	1
	2,385	**565**
Non-current loans and borrowings		
5.75% secured sterling bonds	47,824	47,709
5% secured sterling bonds	78,239	-
Amounts due to immediate parent company	-	34,085
Obligations under finance leases	311	-
	126,374	**81,794**

The secured sterling bonds are secured by way of a first legal mortgage over a portfolio of assets held by certain of the Company's subsidiaries and other related companies. This security portfolio is subject to annual external professional valuation and the Company is obligated to ensure that the value of the security portfolio is not less than 1.5 times the principal amount of the bonds in issue. Additional properties can be added to the security portfolio in the event of a shortfall. At the most recent valuation date, 1 March 2016, the security portfolio was valued at 1.75 times (1 September 2015: 2.42 times) the principal amount of the bonds in issue.

Interest on the 5.75% secured sterling bonds is payable twice a year, on 18 June and 18 December and the bonds mature on 18 December 2019. The current amount shown above of £0.564m represents accrued interest. The non-current amount is net of unamortised issue costs of £0.676m (2015: £0.791m) which are being amortised over the seven year life of the bonds.

Notes forming part of the accounts (continued)

19. Loans and borrowings *continued*

The Company issued £80m 5% secured sterling bonds on 31st March 2016. The current amount shown above of £1.666m represents accrued interest. The non-current amount is net of unamortised issue costs of £1.761m (2015: £nil) which are being amortised over the eight year life of the bonds. Interest on the 5% secured sterling bonds is payable twice a year, on 30 September and 31 March and the bonds mature on 31 March 2024.

In addition to the £80m nominal value bonds issued on 31st March 2016, a further £50m of 5% secured sterling bonds were also issued on that date but are held on behalf of the Company by Deutsche Bank AG who were appointed as Retained Bond Custodian. The Company has waived its rights to receive payments of interest for as long as the Retained Bond Custodian continues to hold these bonds.

Amounts owed to the immediate parent company, DV4 Holdings Alpha Plus Co. Ltd, were previously secured by a first ranking fixed and floating charge over those assets of the Group that do not form part of the portfolio securing the 5.75% sterling bonds referred to above and a second ranking fixed and floating charge over those assets that also secure the 5.75% sterling bonds. The amount owed to the immediate parent was repaid in full on 1 April 2016.

At 31 August 2016, the Group had £5 million (2015: £5 million) of undrawn committed borrowing facilities.

20. Trade and other payables

	2016	2015
	£000	**£000**
Current		
Trade payables	746	1,634
Other payables	10,763	10,153
Social security and other taxes	926	833
Accruals	3,275	3,228
Deferred income	25,992	21,686
	41,702	**37,534**
Non-current		
Cash-settled share-based payments	1,136	664
Other payables	1,808	369
	2,944	**1,033**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled in accordance with the supplier's terms of business.
- Other payables are primarily pupil and student deposits which are non-interest bearing. These are usually either offset against final term school fees or are returned when the student leaves the school or college.

Notes forming part of the accounts (continued)

21. Share capital

	2016	2015
	£000	£000
5,000 Ordinary Shares of £1 each - issued and fully paid	5	5
45,000 Ordinary Shares of £1 each - issued and 25p paid	11	11
1 Preference Share of £1	-	-
	16	**16**

The Ordinary Shares entitle the holder to one vote for each share held.

The Preference Share, which carries no voting rights, entitles the holder to be paid out of the surplus assets of the Company arising on a return of assets in a liquidation, a reduction of capital or otherwise, in priority to the holders of the Ordinary Shares.

22. Related party disclosures

Balances and transactions between the Company and its wholly owned subsidiaries listed below (all of which are related parties and are incorporated in England and Wales) have been eliminated on consolidation and so are not disclosed in this note:

Alpha Plus Group Limited

Alpha Plus Education Limited

Alpha Plus Schools Limited

Alpha Plus Developments Limited

The Directors consider DV4 Limited, a company registered in the British Virgin Islands, to be the ultimate parent company and controlling party of the Group. The immediate parent company is DV4 Holdings Alpha Plus Co. Limited, a company registered in the British Virgin Islands. As disclosed in note 15, at 31 August 2015 the Group owed £34,085,000 to its immediate parent company. This loan was repaid in full on 1 April 2016. No interest payable was paid to the immediate parent company in respect of this loan).

On 1 April 2016, the Company advanced a loan of £45,000,000 to the ultimate parent company. This loan has a nominal repayment date of 31 March 2024 but may be repaid at an earlier date by agreement between the parties. Interest of 7% per annum is receivable by the Company in respect of this loan.

The security portfolio relating to the Group’s 5% secured sterling bonds includes two freehold properties that are owned by subsidiary companies of the Group’s ultimate parent company.

These financial statements represent the smallest and largest group of which the Company is a member and for which consolidated statements are publicly available.

Notes forming part of the accounts (continued)

22. Related party disclosures *continued*

Compensation of key management personnel
Key management personnel comprise the Company's Board of Directors. The amounts in the table below were recognised as an expense in the reporting period:

	2016	2015
	£000	**£000**
Short-term employment benefits	803	926
Employer's national insurance	109	125
Post-employment benefits (including pension contributions)	28	79
Termination benefits	30	-
Share-based payment expense	472	564
	1,442	**1,694**

As at 31 August 2016, the Directors and their connected parties collectively held £32,000 (2015: £50,000) nominal value of the Company's secured sterling bonds and interest of £2,000 (2015: £3,000) was receivable by them thereon.

23. Commitments and contingencies

Operating lease commitments – Group as lessee
Future minimum rentals payable under non-cancellable operating leases as at 31 August were as follows:

	Land and buildings	
	2016	**2015**
	£000	**£000**
Not later than one year	9,946	5,477
After one year but not more than five years	39,268	15,255
After five years	178,915	56,347
	228,129	**77,079**

In September 2015, the Group signed new 25 year leases for a new, purpose-built, educational facility with on-site student accommodation in Westminster Bridge Road, London SE1. The initial annual rent commitment for this facility is £1.7 million for the educational facility and £3.2m for the student accommodation.

The Group has also agreed to lease a new, purpose-built, educational facility with on-site student accommodation in Cambridge. The total annual rent commitment for this facility, including the student accommodation, will be £2.3 million.

In March 2016, the Group signed an agreement to lease premises in East 96th Street in Manhattan, New York on a 20-year term with a 10-year tenant's break option.. The Group is scheduled to take occupation of these premises on 1 June 2017 but this is subject to the landlord completing a building refurbishment project. The initial annual rent commitment for these premises is £1,214,000.

Notes forming part of the accounts (continued)

23. Commitments and contingencies *continued*

Finance lease commitments

The Group has entered into finance leases for various items of office equipment. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments were as follows:

	2016		2015	
	Minimum payments	**Present value of payments**	**Minimum payments**	**Present value of payments**
	£000	**£000**	**£000**	**£000**
Not later than one year	200	155	1	1
After one year but not more than five years	323	311	-	-
Total minimum lease payments	523	466	1	1
Less amounts representing finance charges	(57)		-	
Present value of minimum lease payments	466		1	

Capital commitments

At 31 August 2016, the Group was committed to capital expenditure totalling £nil (2015: £340,000).

Contingent liabilities

Eight (2015: 8) employees were members of the Independent Schools' Pension Scheme, a multi-employer defined benefit scheme. The Group has been notified by the trustee of this scheme that, as at 30 September 2014 (the most recent date for which information is available).in the event of the Group withdrawing from the scheme, an amount of £350,000 would be payable into this scheme.

24. Financial risk management objectives and policies

The Group is exposed to a variety of business risks. A register of all key risks is maintained and regularly reviewed by the Directors. This register records an assessment of the likelihood of the risk having a negative impact on the business as well as the potential significance of such an event. Mitigating actions are also recorded and monitored by the Board.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's principal financial liability comprises secured sterling bonds which mature in December 2019 and March 2024. Since the interest rate on these secured bonds is fixed, the Group is not exposed to any significant interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency exchange rates. The Group's exposure to foreign current risk primarily relates to the Group's proposed new school in New York. The Group has not hedged its exposure to movement in the US Dollar to Sterling exchange rate.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities primarily from outstanding trade receivables and to a lesser extent from cash deposits and from the loan advanced to the ultimate parent company.

Trade receivables

The Group considers the credit risk in respect to trade receivables to be low, as all fees are payable in advance and the Group reserves the right to exclude a particular pupil/student where fees remain unpaid. Outstanding customer receivables are regularly monitored by each school or college and debt collection agents/solicitors are engaged wherever appropriate.

Notes forming part of the accounts (continued)

24. Financial risk management objectives and policies continued

Credit risk *continued*

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's head office finance department. Any surplus funds are held on current account or short term deposit with approved counterparties, usually UK clearing banks.

The Directors regularly review surplus funds held and seek to minimise the concentration of risks and therefore mitigate financial loss through any potential counterparty's failure.

The Group's maximum exposure to credit risk for the components of the balance sheet at 31 August 2016 and 2015 is the carrying amounts indicated in notes 15,16 and 17 respectively.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring regularly updated cash flow forecasts. The Group has assessed the risk of having insufficient financial resources and has concluded it to be low (as further explained in note 2.4 "Going Concern").

Details of undrawn committed borrowing facilities are set out in note 19.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	< 3 mths	**3-12 mths**	**1-5 years**	**>5 years**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
At 31 August 2016					
5.75% secured sterling bonds	-	2,789	55,473	-	**58,262**
5% secured sterling bonds	2,000	2,000	16,000	92,000	**112,000**
Obligations under finance leases	50	150	323	-	**523**
Trade and other payables	746	10,763	-	-	**11,509**
Total	**2,796**	**15,702**	**71,796**	**92,000**	**182,294**
At 31 August 2015					
5.75% secured sterling bonds	-	2,789	58,262	-	61,051
Amount due to parent company	-	-	34,085	-	34,085
Obligations under finance leases	1	-	-	-	1
Trade and other payables	1,634	10,153	-	-	11,787
Total	1,635	12,942	92,347	-	106,924

Capital management

Capital includes net debt and equity attributable to the equity holders of the parent. The Group includes within net debt, interest and non-interest bearing loans and borrowings less cash and cash equivalents. The Group issued £80m of new secured sterling bonds during the year and, as a consequence, has amended the primary objective of the Group's capital management which is now to ensure that it maintains a net debt/equity ratio below 500% (previously 300%) to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

Notes forming part of the accounts (continued)

24. Financial risk management objectives and policies *continued*

	2016	2015
	£000	£000
5.75% secured sterling bonds	48,388	48,273
5% secured sterling bonds	79,905	-
Amounts due to parent company	-	34,085
Obligations under finance leases	466	1
Less: cash and short-term deposits	(8,320)	(13,649)
Net debt	120,439	68,710
Equity	31,675	31,474
Total capital	**152,114**	**100,184**
Net debt to equity ratio	380%	218%

Fair values
A comparison by class of the carrying amounts and fair value of the Group's financial instruments is set out below:

	Fair value		Carrying amount	
	2016	2015	2016	2015
	£000	£000	£000	£000
Financial assets				
Trade and other receivables	1,487	532	1,487	532
Loan to parent company	46,313	-	46,313	-
Other financial assets	3,840	-	3,840	-
Cash	8,320	13,649	8,320	13,649
Total	**59,960**	**14,181**	**59,960**	**14,181**
Financial liabilities				
Trade and other payables	11,509	11,787	11,509	11,787
5.75% secured sterling bonds	52,789	50,994	48,388	48,273
5% secured sterling bonds	86,721	-	79,905	-
Amounts due to parent company	-	34,085	-	34,085
Obligations under finance leases	466	1	466	1
Total	**151,485**	**96,867**	**140,268**	**94,146**

24. Financial risk management objectives and policies *continued*

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current assets and liabilities approximate to their carrying amounts largely due to the short-term maturities of the instruments.
- The fair value of borrowings is evaluated, in the case of the secured sterling bonds, by reference to listed prices and, otherwise, by discounting expected future cash flows at prevailing market rates for instruments with substantially the same terms and characteristics.

25. Pensions and other post-employment benefit plans

At 31 August 2016, the Group had 318 (2015: 276) staff who were members of the Teachers' Pension Scheme, an unfunded defined benefit pension scheme. The last formal actuarial valuation undertaken for this scheme was in 2004. Actuarial valuations for unfunded public service pension schemes were subsequently suspended by HM Treasury. The Group is, consequently, unable to identify its share of the underlying assets and liabilities of this scheme on a consistent and reasonable basis. This scheme has, therefore, been treated as a multi-employer defined contribution scheme in these financial statements.

In addition, 8 (2015: 8) employees were members of the Independent Schools' Pension Scheme which is also a multi-employer defined benefit scheme. Detailed analysis of the Group's share of the assets and liabilities of the scheme is unavailable but the Group has been notified by the trustee of this scheme that, as at 30 September 2014 (the most recent date for which information has been provided by the scheme's trustees), in the event of the Group withdrawing from the scheme, an amount of £350,000 would be payable into this scheme.

26. Long term incentive plan – share-based payments

The Board established a Long Term Incentive Plan ("LTIP") in June 2014 under which "Awards" may be made to eligible employees. An Award represents the right to receive a cash payment based upon the increase in the enterprise value of Alpha Plus Holdings plc and its subsidiaries which is exercisable in accordance with the LTIP rules. Enterprise value is determined by the Directors at their absolute discretion but having taken into account the most recent external valuation of the Group or, if there has been an Exit event, the basis on which the Group was valued for the purposes of the Exit. Awards may be exercised at any time after the third anniversary of the award commencement date and will automatically lapse on the seventh anniversary of that date.

As at 1 September 2015, three participants had received Awards with an award commencement date of 1 September 2013 representing an aggregate 0.3% of the Group's enterprise value. There are no vesting conditions attaching to these awards. Four participants had received Awards, representing 2.4% of the Group's enterprise value, with an award commencement date of 1 September 2014. Performance conditions attach to these Awards such that the aggregate 2.4% may be varied, upward or downward by an aggregate of 0.24% per annum during the vesting period and the two years thereafter, assuming the Awards have not be exercised, dependent on the achievement of the performance conditions by the Award holders. One participant had received a further Award with a commencement date of 1 September 2014.

Three participants subsequently received further Awards, representing 0.3% of the Group's enterprise value, with an award commencement date of 1 September 2015.

One of the Award holders left the Group's employment on 21 August 2016 and consequently that holder's Awards have lapsed. The expense recognised in previous years of £88,000 in respect of these lapsed Awards has been credited to operating expenses.

The resultant net accounting charge for all Awards for the current year of £472,000 (2015: £564,000) has been included within operating expenses in the Group Statement of Comprehensive Income.

Notes forming part of the accounts (continued)

27. Operating cash flow

	2016	2015
	£000	£000
(Loss)/profit before tax	(2,322)	1,732
Adjustments to reconcile (loss)/profit before tax to cash generated from operations:		
Depreciation of property, plant and equipment	5,784	4,823
Loss on disposal of property, plant and equipment	200	133
College closure costs	1,656	-
Profit on the sale of business	(455)	-
Cash-settled share-based payments	472	564
Finance income	(1,771)	(141)
Finance costs	4,682	2,976
Foreign exchange translation differences	-	-
Working capital adjustments:		
(Increase)/decrease in trade and other receivables	(468)	86
Increase in trade and other payables	5,607	4,139
Cash generated from operations	**13,385**	**14,312**

28. Events after the reporting period

On 30 September 2016, the Group acquired a 25-year leasehold interest in premises in Wetherby Gardens, London SW5. Following an 18-month rent free period, the initial annual rent in respect of these premises will be £350,000.

The Group's Chief Executive Officer resigned from the Group in October 2016. The Group is currently in the process of recruiting a replacement.

Alpha Plus Holdings plc

Company Financial Statements

31 August 2016

Company Registration No. 04418776

Company balance sheet

as at 31 August 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Investments	3	24,058	24,058
Current assets			
Debtors	4	112,801	67,145
Cash at bank and in hand		5	151
		112,806	67,296
Creditors: amounts falling due within one year	6	(2,235)	(564)
Net current assets		110,571	66,732
Total assets less current liabilities		134,629	90,790
Creditors: amounts falling due after more than one year	7	(126,063)	(81,793)
Net assets		**8,566**	**8,997**
Equity attributable to equity shareholders			
Share capital	8	16	16
Retained reserves		8,550	8,981
Total equity		**8,566**	**8,997**

The financial statements were approved by the Board and authorised for issue on 6 December 2016

M J Sample
Director of Finance

Company statement of changes in equity

for the year ended 31 August 2016

	Issued share capital	Retained reserves	Total equity
	£000	**£000**	**£000**
As at 1 September 2014	16	8,632	8,648
Profit and total comprehensive income for the year	-	349	349
At 31 August 2015	16	8,981	8,997
Loss and total comprehensive deficit for the year	-	(431)	(431)
At 31 August 2016	**16**	**8,550**	**8,566**

Notes forming part of the accounts

1. Basis of preparation

The parent company financial statements of Alpha Plus Holdings plc (the Company) are presented as required by the Companies Act 2006 and were approved for issue on 6 December 2016. These financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of IFRS 7 Financial Instruments: Disclosures;
- The requirements of paragraphs 91-99 of IFRS 13: Fair Value Measurement;
- The requirements of paragraphs 10(d) and 134-136 of IAS 1: Presentation of Financial Statements;
- The requirements of IAS 7: Statement of Cash Flows;
- The requirements of paragraphs 30-31 of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors;
- The requirements in IAS 24: Related Party Disclosures to disclose related party transactions entered into between members of a group provided that any subsidiary which is party to the transaction is wholly owned by such a member; and
- The requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36: Impairment of Assets.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act and have not presented an income statement or statement of comprehensive income for the Company. The profit for the period is disclosed in the statement of changes in equity

2. Summary of significant accounting policies

a) Investments

Investments in subsidiaries are shown at cost less provision for impairment.

b) Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

3. Investments

	Subsidiary undertakings
	£000
Cost and net book value	
At 1 September 2014, 31 August 2015 and 31 August 2016	**24,058**

Notes forming part of the accounts (continued)

3. Investments *continued*

Name of company	Country of registration	Nature of business	Proportion held
Alpha Plus Group Limited	England & Wales	Education	100%
Alpha Plus Education Limited	England & Wales	Education	100%
Alpha Plus Developments Limited	England & Wales	Investment company	100%

Alpha Plus Developments Limited is the limited partner, and holds a 99.99% economic interest, in Alpha Plus US LP, a New York State registered limited partnership formed to own and operate Wetherby-Pembridge School, New York which is scheduled to open in September 2017.

As at 31 August 2016, the Company also held indirectly ordinary share capital of the following:

Name of company	Country of registration	Nature of business	Proportion held
Alpha Plus Schools Limited	England & Wales	Education	100%
Abbey College Limited	England & Wales	Dormant	100%
A.W.& P. Patton Limited	England & Wales	Dormant	100%

4. Debtors

	2016	2015
	£000	£000
Amount owed by parent undertaking	46,313	-
Amounts owed by Group undertakings	66,488	66,774
Deferred tax (note 5)	-	371
	112,801	**67,145**

On 1 April 2016, the Company advanced a loan of £45,000,000 to the ultimate parent company. This loan has a nominal repayment date of 31 March 2024 but may be repaid at an earlier date by agreement between the parties and is consequently treated as a current asset. Interest of 7% per annum is receivable by the Company in respect of this loan.

Notes forming part of the accounts (continued)

5. Deferred tax

	2016	2015
	£000	£000
Unutilised tax losses	**-**	**371**
Reflected in the balance sheet as follows:		
Deferred tax assets	-	371
Deferred tax liabilities	-	-
Net deferred tax assets	**-**	**371**

Reconciliation of net deferred tax assets	2016	2015
	£000	£000
Opening balance	371	373
Tax charge recognised during the year	(371)	(2)
Closing balance	**-**	**371**

6. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
5.75% secured sterling bonds	564	564
5% secured sterling bonds	1,666	-
Accruals	5	-
	2,235	**564**

7. Creditors: amounts falling due after more than one year

	2016	2015
	£000	£000
5.75% secured sterling bonds	47,824	47,709
5% secured sterling bonds	78,239	-
Amounts owed to immediate parent undertaking	-	34,084
	126,063	**81,793**

The secured sterling bonds are secured by way of a first legal mortgage over a portfolio of assets held by certain of the Company's subsidiaries and other related companies. This security portfolio is subject to annual external professional valuation and the Company is obligated to ensure that the value of the security portfolio is not less than 1.5 times the principal amount of the bonds in issue. Additional properties can be added to the security portfolio in the event of a shortfall. At the most recent valuation date, 1 March 2016, the security portfolio was valued at 1.75 times (1 September 2015: 2.42 times) the principal amount of the bonds in issue.

Notes forming part of the accounts (continued)

7. Creditors: amounts falling due after more than one year *continued*

Interest on the 5.75% secured sterling bonds is payable twice a year, on 18 June and 18 December and the bonds mature on 18 December 2019. The current amount shown above of £564,000 represents accrued interest. The non-current amount is net of unamortised issue costs of £0.676m (2015: £0.791m) which are being amortised over the seven year life of the bonds. Interest on the 5% secured sterling bonds is payable twice a year, on 30 September and 31 March and the bonds mature on 31 March 2024. The current amount shown above of £1,666,000 represents accrued interest. The non-current amount is net of unamortised issue costs of £1.761m (2015: £nil) which are being amortised over the eight year life of the bonds

Amounts owed to the immediate parent company, DV4 Holdings Alpha Plus Co. Ltd, were previously secured by a first ranking fixed and floating charge over those assets of the Group that do not form part of the portfolio securing the 5.75% sterling bonds referred to above and a second ranking fixed and floating charge over those assets that also secure the 5.75% sterling bonds. The amount owed to the immediate parent was repaid in full on 1 April 2016.

8. Issued share capital

	2016	2015
	£000	£000
5,000 Ordinary Shares of £1 each - issued and fully paid	5	5
45,000 Ordinary Shares of £1 each - issued and 25p paid	11	11
1 Preference Share of £1	-	-
	16	16

Ordinary Shares entitle the holder to one vote for each share held.

The Preference Share, which carries no voting rights, entitles the holder to be paid out of the surplus assets of the Company arising on a return of assets in a liquidation, a reduction of capital or otherwise, in priority to the holders of the Ordinary Shares.

9. Related party disclosures

The Company has taken advantage of the exemption not to disclose transactions with its wholly-owned subsidiaries. Details of a loan from the parent company are described in note 7.

The Company's key management personnel are its Board of Directors each of whom is remunerated by one of the Company's subsidiary undertakings (see note 7 to the Group financial statements). As at 31 August 2016, the Directors and their connected parties collectively held £32,000 (2015: £50,000) nominal value of the Company's secured sterling bonds and interest was receivable by them thereon.

10. Auditor's remuneration

The remuneration payable to the auditor in respect of the audit of the Company only financial statements amounted to £3,000 (2015: £3,000).

11. Ultimate and immediate parent company and controlling party

The Directors consider DV4 Limited, a company registered in the British Virgin Islands, to be the ultimate parent company and controlling party. This is the largest and smallest group into which the Company is consolidated.

The immediate parent company is DV4 Holdings Alpha Plus Co. Limited, a company registered in the British Virgin Islands.