Grolier Limited

Report and Financial Statements

For the 18 month period ended
30 November 2016

Registered no. 00105368

DIRECTORS
R Robinson
A Hedden
N Dixon

AUDITORS
Ernst & Young LLP
No 1 Colmore Square
Birmingham
B4 6HQ

BANKERS
HSBC Bank plc
18 London Street
Norwich
NR2 1LG

REGISTERED OFFICE
Westfield Road
Southam
Warwickshire
CV47 0RA

STRATEGIC REPORT

The directors submit their strategic report for the period ended 30 November 2016.

PRINCIPAL ACTIVITIES AND FUTURE PROSPECTS

The Company is a wholly owned subsidiary of Grolier International Limited.

The Company is no longer actively trading. In December 2008 Scholastic Corporation, the Company's ultimate parent company, announced the business would close in a managed wind down process.

The Company is currently undergoing a managed wind down process.

PERFORMANCE, RESULTS AND DIVIDENDS

Operating loss for the period was £31,228 (2015: profit of £71,443). The net loss before taxation was £2,093,984 (2015: profit of £132,275) including interest receivable of £128,858 (2015: £93,519) and £2,783,405 (2015: £nil) impairment of a debtor which is expected to be waived as part of the wind up of the Company.

During the year the Company has transitioned from previously extant UK GAAP to Financial Reporting Standard 102. There were no impacts on the financial statements as a result of this which is explained in note 17 of the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's transactions have predominantly been in sterling but some intercompany balances are in other currencies and the Company has therefore been exposed to the movement in foreign exchange rates.

The Company has no third party debt and therefore has no interest rate and liquidity exposure.

By order of the Board

N Dixon
Director

Date: 30 August 2017

DIRECTORS' REPORT

The directors submit their directors' report for the period ended 30 November 2016.

The Company has taken advantage of the exemption permitted by the Companies Act 2006 not to prepare group accounts as the results of the Company and its subsidiaries are included in the financial statements of Scholastic Corporation. During the period, the company changed its accounting reference date to 30 November in anticipation of its liquidation.

DIRECTORS AND THEIR INTERESTS
The current directors are listed on page 1. The directors that served in the period are:

Director's name	Residence (if outside the UK)	Changes in the period
R Robinson	(Resident in the USA)	
A Hedden	(Resident in the USA)	
N Dixon		Appointed 18 July 2016

DIRECTORS' LIABILITIES
As permitted by the Companies Act 2006, the Company has insurance cover for the Directors against liabilities in relation to the Group.

EMPLOYEE INVOLVEMENT
The Company has no employees.

FUTURE DEVELOPMENTS
The Company is currently in a managed wind down having ceased trading in 2008.

GOING CONCERN
The financial statements have been prepared on a break-up basis, reflecting the planned closure of the Company. Accordingly adjustments have been made to reduce the carrying value of assets to their estimated realisable amount and to provide for any further liabilities which will arise.

AUDITORS
A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

N Dixon
Director

Date: 30 August 2017

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, Directors' Report and Financial Statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCHOLASTIC UK LIMITED

We have audited the financial statements of Scholastic UK Limited for the period ended 30 November 2016 which comprise the Income statement, the Balance Sheet, the Statement of changes in equity, and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The financial statements have been prepared on a break up basis.

This report is made solely to the company's members, as a body, in accordance with Sections Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCHOLASTIC UK LIMITED (continued)

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Ernst & Young LLP

Andrew Merrick, Senior Statutory Auditor
Ernst & Young LLP, Statutory Auditor
Birmingham

Date: 30/8/17

INCOME STATEMENT
For the period ended 30 November 2016

	Note	18 month period to 30 November 2016 £	12 month year to 31 May 2015 £
TURNOVER		-	-
Administrative expenses		31,228	(71,443)
OPERATING (LOSS)/PROFIT	4	(31,228)	71,443
Interest receivable and similar income		128,858	93,519
Interest payable and similar charges		(37,336)	(32,687)
Impairment charge		(2,154,278)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,093,984)	132,275
Tax on profit on ordinary activities	7	-	-
PROFIT FOR THE FINANCIAL YEAR		(2,093,984)	132,275

In December 2008 the Company took the decision to cease operations therefore all amounts relate to discontinued activities.

There are no items of other comprehensive income (2015: none) such that total comprehensive income comprises solely of the retained profit for the financial year.

The notes on pages 10 to 16 form part of these financial statements.

BALANCE SHEET
At 30 November 2016

	Note	18 month period to 30 November 2016 £	12 month year to 31 May 2015 £
CURRENT ASSETS			
Debtors	9	282	2,790,338
Cash at bank		24,653	68,759
		24,935	2,859,097
CREDITORS: amounts falling due after one year	10	8,385,232	8,350,834
NET CURRENT LIABILITIES		(8,360,297)	(5,491,737)
PROVISIONS FOR LIABILITIES	12	897	775,473
NET LIABILITIES		(8,361,194)	(6,267,210)
CAPITAL AND RESERVES			
Share capital		4,758,000	4,758,000
Profit and loss account		(13,119,194)	(11,025,210)
		(8,361,194)	(6,267,210)

The notes on pages 10 to 16 form part of these financial statements.

Approved by the Board on 30 August 2017

N Dixon
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 November 2016

	Called up capital	Profit and loss account	Total equity
	£	£	£
At 1 June 2014	4,758,000	(11,157,485)	(6,399,485)
Result for the year	-	132,275	132,275
At 31 May 2015	4,758,000	(11,025,210)	(6,267,210)
Result for the year	-	(2,093,984)	(2,093,984)
At 31 May 2016	4,758,000	(13,119,194)	(8,361,194)

NOTES TO THE ACCOUNTS
At 30 November 2016

1. ACCOUNTING POLICIES

Statement of compliance
Grolier Limited is a limited liability company incorporated in England. The registered office is Westfield Road, Southam, Warwickshire, CV47 0RA.

The Company's financial statements have been prepared in compliance with FRS 102 'The Financial Reporting Standard for the UK and Republic of Ireland' as it applies to the financial statements of the Company for the year ended 30 November 2016. The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 June 2014. An explanation of how the transition to FRS 102 has affected the reported financial position and financial performance is given in note 17. During the period, the company changed its accounting reference date to 30 November in anticipation of its liquidation.

Basis of preparation
The financial statements have been prepared in accordance with applicable accounting standards on a break-up basis, reflecting the planned closure of the Company. Accordingly adjustments have been made to reduce the carrying value of assets to their estimated realisable amount and to provide for any further liabilities which will arise through to dissolution of the Company. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £.

Consolidation
The Company is exempt from the obligation to prepare and deliver group financial statements under section 401 of the Companies Act 2006, as the Company is included in the group financial statements of Scholastic Corporation a company incorporated in the USA. The financial statements therefore provide information about the Company and not its group.

Cash Flow
The Company is exempt from the provisions of FRS102, in respect of preparation of a Cash Flow Statement as it is included within the group financial statements of Scholastic Corporation, a US incorporated company. Scholastic Corporation controls more than 90% of the voting rights of the Company.

Judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Management do not believe there are any areas of estimation which could result in such differences.

Provisions
A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow off economic benefits will be required to settle the obligation. The effect of the time value of money is not material and therefore the provisions are not discounted.

NOTES TO THE ACCOUNTS
At 30 November 2016

2. STAFF COSTS

The Company does not have any employees other than its directors.

3. DIRECTORS EMOLUMENTS

The directors do not receive any remuneration for their services to the company which are considered to be incidental to their wider responsibilities within the Scholastic group of companies. None of the directors was a member of a money purchase pension scheme during the period or prior year.

4. OPERATING RESULT

The operating result is stated after charging/(crediting):

	18 month period to 30 November 2016 £	**12 month year to 31 May 2015 £**
Other operating leases	-	1,342
Auditor's remuneration	4,500	11,000
Foreign exchange differences	(93,978)	39,828
Exceptional items – Increase in onerous lease and dilapidation provision	-	27,275
Exceptional items – Pension Scheme winding up costs provision	-	187,521

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	18 month period to 30 November 2016 £	**12 month year to 31 May 2015 £**
Interest income on amounts owed by group undertakings	128,858	93,519
	128,858	93,519

NOTES TO THE ACCOUNTS
At 30 November 2016

6. INTEREST PAYABLE AND SIMILAR CHARGES

	18 month period to 30 November 2016 £	12 month year to 31 May 2015 £
Unwinding of discount on onerous lease provision	37,336	32,687
	37,336	32,687

7. TAX

(a) Tax on profit on ordinary activities

	18 month period to 30 November 2016 £	12 month year to 31 May 2015 £
Current tax		
UK corporation tax	-	-
Total tax	-	-

(b) Total tax

	18 month period to 30 November 2016 £	12 month year to 31 May 2015 £
(Loss)/Profit on ordinary activities before taxation	(2,093,984)	132,275
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 20% (2015: 20.83%)	(418,797)	27,553
Effect of:		
Impairment reversal not chargeable for tax purposes	430,856	-
Utilisation of tax losses	-	(11,819)
Short term timing differences	(108,701)	(15,734)
Tax losses carried forward	96,642	-
Total tax (note 7a)	-	-

The unrecognised deferred tax asset at 30 November 2016 has been calculated at 20%. As the Company has ceased operations it is not anticipated that any future changes to tax rates will have any impact on future tax payments to be made by the Company.

NOTES TO THE ACCOUNTS
At 30 November 2016

8. DEFERRED TAX

The Company has unrecognised deferred tax assets as follows:

	18 month period to 30 November 2016 £	12 month year to 31 May 2015 £
Depreciation in advance of capital allowances	112,305	112,305
Tax losses	2,424,557	2,316,566
Other timing differences	-	155,095
	2,536,861	2,583,966

The deferred tax assets are not expected to be recognised given the winding up of the Company.

9. DEBTORS: amounts falling due within one year

	18 months to 30 November 2016 £	12 month year to 31 May 2015 £
Other debtors	-	2,783,405
VAT	282	6,933
	282	2,790,338

During the period, an impairment charge of £2,783,405 was made for a balance which is expected to be waived as part of the wind up of the Company.

10. CREDITORS: amounts falling due within one year

	18 months to 30 November 2016 £	12 month year to 31 May 2015 £
Amount due to group undertakings	8,379,907	8,285,929
Trade creditors	-	35,578
Social security and other taxes	-	522
Accrued expenses	5,325	28,805
	8,385,232	8,350,834

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

NOTES TO THE ACCOUNTS
At 30 November 2016

11. OPERATING LEASE COMMITMENTS

	18 months to 30 November 2016	12 month year to 31 May 2015
	£	£
Land & Buildings		
Expiring:		
Between one and five years	-	60,720

12. PROVISIONS FOR LIABILITIES

	18 months to 30 November 2016	12 month year to 31 May 2015
	£	£
Other provisions:		
Onerous lease and dilapidations	-	495,750
Provision for winding up costs	897	279,723
	897	775,473

	18 months to 30 November 2016	12 month year to 31 May 2015
	£	£
Onerous lease and dilapidations		
As at 1 June 2015	495,750	543,478
(Released)/Charged in the year	(49,956)	28,725
Unwinding of the discount	37,336	32,687
Utilised	(483,130)	(109,140)
As at 30 November 2016	-	495,750

	18 months to 30 November 2016	12 month year to 31 May 2015
	£	£
Provision for winding up costs of the pension scheme		
As at 1 June 2015	279,723	307,531
(Released)/Charged in the year	(57,248)	186,521
Utilised	(221,578)	(214,329)
As at 30 November 2016	897	279,723

The provision represents professional and legal fees expected to arise from the winding up of the Grolier International Limited Pension Plan. These costs are expected to be incurred within the next year.

NOTES TO THE ACCOUNTS
At 30 November 2016

13. SHARE CAPITAL

	2016	2015	2016	2015
	No	**No**	**£**	**£**
Allotted, called up and fully paid:				
Redeemable Preference shares of £1 each	4,742,000	4,742,000	4,742,000	4,742,000
Ordinary shares of £1 each	16,000	16,000	16,000	16,000
	4,758,000	4,758,000	4,758,000	4,758,000

The redeemable preference shares are redeemable at par at the Company's option and carry no rights to dividends. On winding-up of the Company, holders of preference shares are entitled to receive repayment of the capital paid and to share in the remaining assets of the Company equally with the ordinary shareholders after repayment of the nominal capital paid up in respect of ordinary shares. Preference shareholders have the right to receive notice of, attend, speak and vote at any General meeting of the Company. The shares are 100% owned by Grolier International Limited.

14. PENSION COMMITMENTS

During the period, the Company wound up the defined benefit pension scheme. The assets of the scheme were held separately from those of the Company in an independently administered fund. The pension cost charge representing contributions by the Company to the fund amounted to nil (2015: nil). There were no unpaid contributions outstanding at 30 November 2016 (2015: nil).

15. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption allowed by FRS 102 paragraph 33 not to disclose related party transactions with other wholly owned companies within the group.

There were no other related party transactions during the year.

16. PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The Company's immediate parent undertaking is Grolier International Limited, a company incorporated in England & Wales, by virtue of it holding 100% of the share capital of the Company.
The smallest and largest group to which the Company is a member and for which group accounts are drawn is Scholastic Corporation, a company incorporated in the USA.
The Company's ultimate parent undertaking and controlling party is Scholastic Corporation, which is incorporated in the USA. Copies of Scholastic Corporation's financial statements, which include the Company, are available from its registered office: 557 Broadway, New York, NY10012.

NOTES TO THE ACCOUNTS
At 30 November 2016

17. TRANSITION TO FRS 102

For all periods up to and including 31 May 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom Generally Accepted Accounting Practice (UK GAAP). The financial statements for the period ended 30 November 2016 are the first the Company has prepared in accordance with FRS 102 'The Financial Reporting Standard for the UK and Republic of Ireland'. The Company's date of transition to FRS 102 is therefore 1 June 2014.
As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 June 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 May 2015.

There are no adjustments to the financial statements following the transition to FRS 102.