

GL EDUCATION (NO.2) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



GL EDUCATION (NO.2) LIMITED

COMPANY INFORMATION

DIRECTORS	Robert Dargue Gregor Watson
COMPANY SECRETARY	Roxburgh Milkins Limited
REGISTERED NUMBER	03819621
REGISTERED OFFICE	1st Floor Vantage London Great West Road Brentford Middlesex TW8 9AG
INDEPENDENT AUDITOR	KPMG LLP Chartered Accountants 1 Sovereign Square Sovereign Street Leeds LS1 4DA

GL EDUCATION (NO.2) LIMITED

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GL EDUCATION (NO.2) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The Company's principal activity is that of an investment holding company.

The directors have considered the potential impact on the business of the UK leaving the European Union (BREXIT). The directors are satisfied that there is currently no identifiable material adverse impact to the business as a result of this event.

RESULTS

The profit for the year, after taxation, amounted to £142,000 (2015: £140,000).

DIRECTORS

The directors who served during the year were:

Robert Dargue
Gregor Watson

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SMALL COMPANIES NOTE

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The company was exempt by virtue of section 414B of the Companies Act 2006 from the requirement to prepare a Strategic Report.

GL EDUCATION (NO.2) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

Robert Dargue
Director



Date: 1st September 2017

1st Floor Vantage London
Great West Road
Brentford
Middlesex
TW8 9AG

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

GL EDUCATION (NO.2) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GL EDUCATION (NO.2) LIMITED

We have audited the financial statements of GL Education (No.2) Limited for the year ended 31 December 2016, set out on pages 6 to 14. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

GL EDUCATION (NO.2) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GL EDUCATION (NO.2) 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Katharine L'Estrange (Senior Statutory Auditor)
for and on behalf of

KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

Date: 15 September 2017

GL EDUCATION (NO.2) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
Interest receivable and similar income	5	<u>178</u>	<u>175</u>
PROFIT BEFORE TAX		178	175
Tax on profit	6	<u>(36)</u>	<u>(35)</u>
PROFIT FOR THE YEAR		<u>142</u>	<u>140</u>

There was no other comprehensive income for 2016 (2015: £Nil).

The notes on pages 9 to 14 form part of these financial statements.

All amounts relate to continuing operations.

GL EDUCATION (NO.2) LIMITED
REGISTERED NUMBER:03819621

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
FIXED ASSETS			
Investments	7	244	244
CURRENT ASSETS			
Debtors: amounts falling due within one year	8	12,048	11,870
		<u>12,048</u>	<u>11,870</u>
Creditors: amounts falling due within one year	9	(80)	(44)
NET CURRENT ASSETS		<u>11,968</u>	<u>11,826</u>
NET ASSETS		<u>12,212</u>	<u>12,070</u>
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Capital contribution reserve	11	28,992	28,992
Profit and loss account	11	(16,780)	(16,922)
		<u>12,212</u>	<u>12,070</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Robert Dargue
Director



Date: 11th September 2017

The notes on pages 9 to 14 form part of these financial statements.

GL EDUCATION (NO.2) LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2016	-	28,992	(16,922)	12,070
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	142	142
AT 31 DECEMBER 2016	-	28,992	(16,780)	12,212

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2015	-	28,992	(17,062)	11,930
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	140	140
AT 31 DECEMBER 2015	-	28,992	(16,922)	12,070

The notes on pages 9 to 14 form part of these financial statements.

GL EDUCATION (NO.2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

GL Education (No. 2) Limited (Company registration number 03819621) is a limited liability company registered in England and Wales. The registered office is 1st Floor Vantage London, Great West Road, Brentford, Middlesex, TW8 9AG.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006. The amendments to FRS101 (2014/2015 Cycle) issued in July 2015 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts as a wholly owned subsidiary of GLE UK TopCo Limited. These financial statements present information about the Company.

The Company's ultimate UK parent undertaking, GLE UK Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of GLE UK Topco Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from C/O Roxburgh Milkins LLP, Merchants House North, Wapping Road, Bristol, BS1 4RW. Further details of the wider group structure can be found in note 13.

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

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 IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

In accordance with FRS 101 the Company has not made the disclosures mentioned above as it was a wholly owned subsidiary undertaking of GLE UK Topco Limited who produces fully consolidated accounts which are publically available.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate having reviewed forecasts, as the company has a net asset and net current asset position and is able to meet its liabilities as they fall due for at least the next 12 months.

2.4 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.7 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (continued)

2.8 FINANCIAL INSTRUMENTS

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below.

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are recognised within administrative expenses in the Income statement, on confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off including any associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

Loans and payables

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of financial position.

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

Amounts due from group undertakings

The directors consider all amounts due from group undertakings to be recoverable. This is on the basis of the GLE UK Topco Limited group being profitable, being considered a going concern and upon review of future forecasts.

4. OPERATING PROFIT

The remuneration of the auditor of £550 (2015: £518) was borne by a fellow group undertaking in the current and preceding year.

The Company has no employees during the current or preceding year other than the directors. Directors remuneration relating to GL Education (No. 2) Limited group of £1,000 (2015: £1,000) was borne by a fellow group company (GL Education Group Limited) in both the current and prior period.

GL EDUCATION (NO.2) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016****5. INTEREST RECEIVABLE**

	2016 £000	2015 £000
Interest receivable from group companies	<u>178</u>	<u>175</u>
	<u>178</u>	<u>175</u>

6. TAXATION

	2016 £000	2015 £000
CORPORATION TAX		
Current tax on profits for the year	<u>36</u>	<u>35</u>
TOTAL CURRENT TAX	<u>36</u>	<u>35</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2015: the same as) the standard rate of corporation tax in the UK of 20% (2015: 20.25%) as set out below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	<u>178</u>	<u>175</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	36	35
EFFECTS OF:		
Group relief utilised	(36)	(35)
Payments made in respect of group relief	<u>36</u>	<u>35</u>
TOTAL TAX CHARGE FOR THE YEAR	<u>36</u>	<u>35</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted in the Finance Act 2016.

The deferred tax at 31 December 2016 has been calculated based on these rates.

GL EDUCATION (NO.2) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
COST OR VALUATION	
At 1 January 2016	244
At 31 December 2016	<u>244</u>
NET BOOK VALUE	
At 31 December 2016	<u>244</u>
At 31 December 2015	<u>244</u>

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
DP Publications Limited (1)	UK	Ordinary	100 %	Dormant

1 - Registered office is C/O Roxburgh Milkins LLP Merchants House North, Wapping Road, Bristol, United Kingdom, BS1 4RW

8. DEBTORS

	2016 £000	2015 £000
Amounts owed by group undertakings	<u>12,048</u>	11,871
	<u>12,048</u>	<u>11,871</u>

The amounts owed by group undertakings are unsecured, repayable on demand and are charged interest at 1.5%.

GL EDUCATION (NO.2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £000	2015 £000
Amounts owed to group undertakings	80	36
Corporation tax	-	8
	<u>80</u>	<u>44</u>

The amounts owed to group undertakings are unsecured, repayable on demand and are charged interest at 1.5%.

10. SHARE CAPITAL

	2016 £	2015 £
SHARES CLASSIFIED AS EQUITY		
ALLOTTED, CALLED UP AND FULLY PAID		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

The ordinary shares have the right to one vote per share and there are no restrictions over dividends.

11. RESERVES

Capital contribution reserve

The capital contribution reserve relates to contributions from owners to the entity that do not give rise to a liability.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses and all are considered distributable.

12. CONTINGENT LIABILITIES

Under a group registration, the Company is jointly and severally liable for VAT at 31 December 2016 with other companies in the Group headed by GLE UK Topco Limited. The total group VAT liability at the year end was £79,940.

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At 31 December 2016, the immediate parent company was GL Education Group Limited, a company incorporated and registered in England and Wales. The results of the company are included within the consolidated accounts of GLE UK TopCo Limited. The directors consider that Levine Leichtman Capital Partners Fund V, L.P. and LLC Co-Investment Fund, L.P. (collectively "LLCP"), Delaware, USA, registered entities (registered numbers; 5199388 and 5604129), were the ultimate parent undertakings of the company at 31 December 2016.