

# **TSL Education Finance Limited**

**Annual Report and Financial Statements  
for the year ended 31 August 2013**

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# **TSL Education Finance Limited**

## **Annual Report and Financial Statements for the year ended 31 August 2013**

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# **TSL Education Finance Limited**

## **Directors' Report for the year ended 31 August 2013**

The directors present their report and the audited financial statements of the Company for the year ended 31 August 2013.

### **Principal Activity**

The principal activity of the Company is of a holding company.

### **Review of Business Activities and Future Developments**

During the year the Company's ultimate parent company was acquired by TES Global Limited. No new investments were made or new financing activities entered into during the year by the Company, nor are any significant changes expected in the coming year.

### **Financial Performance in the Year**

During the year, the Company had no operating expenses (2012: £nil operating expenses). The Company's net interest charge for the year is £2.1 million (2012: £1.9 million) and relates to net interest charged by fellow Group undertakings. The Company made a loss of £2.1 million (2012: £1.9 million loss).

The directors do not recommend the payment of a dividend (2012: nil). The financial performance of the Group as a whole for the year ended 31 August 2013 is set out in the financial statements of TSL Education Group Limited.

The financial position of the Company is presented in the balance sheet. Total shareholders' deficit at 31 August 2013 was £12.1 million (2012: £10.0 million total shareholders' deficit) comprising net current liabilities of £12.1 million (2012: £10.0 million liabilities).

### **Directors**

The directors during the year and up to the date of signing the financial statements were as follows:

Mr M O'Sullivan  
Ms L Rogers  
Mr W Donoghue

(Appointed 4 April 2013)

### **Directors and Officers Indemnity**

The Company maintains liability insurance for its directors and officers and had this in place throughout the year and up to the date of signing the financial statements.

### **Going Concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support provided by TSL Education Group Limited. Please refer to the Accounting Policies note for further details.

### **Financial Risk Management and Principle Risks and Uncertainties**

The Company is a holding company and does not face any direct external risks.

## **TSL Education Finance Limited**

### **Directors' Report for the year ended 31 August 2013 (continued)**

#### **Statement of Directors' Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Disclosure of information to Auditors**

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

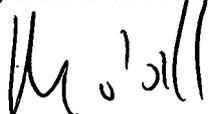
- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

#### **Independent Auditors**

The auditors are deemed to be re-appointed in accordance with the provision of s487 of the Companies Act 2006. PricewaterhouseCoopers LLP have indicated their willingness to serve as auditors for the coming year and they will therefore continue to serve as auditors for the Company.

By order of the board



M O'Sullivan  
Company secretary

**Registration Number: 05560466**

# TSL Education Finance Limited

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TSL EDUCATION FINANCE LIMITED

We have audited the financial statements of TSL Education Finance Limited for the year ended 31 August 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### Respective responsibilities of directors and auditors

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### 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 Directors' report to identify material inconsistencies with the audited financial statements. 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 31 August 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

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

### Matters on which we are required to report by exception

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

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



**Brian Henderson (Senior Statutory Auditor)**  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London,

12 December 2013

## TSL Education Finance Limited

### Profit and Loss Account for the year ended 31 August 2013

	Note	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
Administrative expenses		-	-
<b>Operating Result</b>	2	-	-
Interest payable and similar charges	3	<u>(2,093)</u>	<u>(1,920)</u>
<b>Loss On Ordinary Activities Before Taxation</b>		<b>(2,093)</b>	<b>(1,920)</b>
Tax on loss on ordinary activities	5	-	-
<b>Loss For The Financial Year</b>	10	<b><u>(2,093)</u></b>	<b><u>(1,920)</u></b>

The results disclosed above relate entirely to continuing operations.

There are no other recognised gains and losses in the year other than those reflected in the profit and loss account above and therefore no separate statement of total recognised gains and losses is presented.

The notes on pages 7 to 12 form part of these financial statements.

## TSL Education Finance Limited

### Balance Sheet as at 31 August 2013

	Note	31 August 2013 £'000	31 August 2012 £'000
<b>Fixed Assets</b>			
Investments	6	-	-
<b>Current Assets</b>			
Debtors	7	13,221	13,221
<b>Creditors: Amounts falling due within one year</b>	8	<u>(25,344)</u>	<u>(23,251)</u>
<b>Net Current Liabilities</b>		<u>(12,123)</u>	<u>(10,030)</u>
<b>Total Assets Less Current Liabilities</b>		<u>(12,123)</u>	<u>(10,030)</u>
<b>Capital And Reserves</b>			
Called up share capital	9	70,823	70,823
Profit and loss account	10	<u>(82,946)</u>	<u>(80,853)</u>
<b>Total Shareholders' Deficit</b>	11	<u>(12,123)</u>	<u>(10,030)</u>

The financial statements on pages 5 to 12 were approved by the board of directors on 17 December 2013 and were signed on its behalf by:



L Rogers  
Director

The notes on pages 7 to 12 form part of these financial statements.

# **TSL Education Finance Limited**

## **Notes to the Financial Statements for the year ended 31 August 2013**

### **1 Accounting Policies**

#### **a) Basis of Preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of TSL Education Group Limited. The directors have received confirmation that TSL Education Group Limited intends to support the Company for at least one year from the date that these financial statements are signed.

#### **b) Fixed Asset Investments**

Investments are stated at cost less provision for impairment. Reviews for impairment are carried out by the Company at each balance sheet date and whenever there is any indication that an investment may be impaired. If there is any indication that investments have suffered an impairment loss, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the loss. Impairment losses are recognised immediately in the profit and loss account.

#### **c) Cash Flow Statement**

The Company has taken advantage of the exemption contained within FRS 1 (revised 1996) "Cash flow statements" not to prepare a cash flow statement as the cash flows of the Company are included in the consolidated group cash flow statement of TSL Education Group Limited. The Company is a wholly owned subsidiary of TSL Education Group Limited, whose financial statements are publicly available.

#### **d) Consolidated Financial Statements**

The Company is a wholly-owned subsidiary of TSL Education Group Limited and is included in the consolidated financial statements of that company which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

#### **e) Taxation**

Corporation tax payable is provided on taxable profits at the current rate.

#### **f) Deferred Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

## TSL Education Finance Limited

### Notes to the Financial Statements (continued) for the year ended 31 August 2013

#### 2 Operating Result

In the year ended 31 August 2013, the auditor's remuneration for the Company of £2,500 (2012: £2,500) for audit services was borne by the Company's subsidiary undertaking, TSL Education Limited. No amounts were recharged to the Company.

#### 3 Net Interest Payable and Similar Charges

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
Interest payable and similar charges		
Interest payable to Group undertakings	(2,093)	(1,920)
<b>Net interest payable and similar charges</b>	<b><u>(2,093)</u></b>	<b><u>(1,920)</u></b>

#### 4 Staff Costs

The Company had no employees for the year ended 31 August 2013 (2012: nil).

##### Directors' emoluments

The Directors are remunerated by TSL Education Limited and TSL Education Group Limited. Their emoluments are deemed to be wholly attributable to their services to these companies. Accordingly, the Directors received no emoluments for services provided to the Company (2012: nil). No amounts were recharged to the Company in respect of these services during the year (2012: nil).

#### 5 Tax On Loss On Ordinary Activities

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
Analysis of tax for the year		
Current tax		
Current year corporation tax	<u>-</u>	<u>-</u>

There is no deferred tax (2012: nil) and no unrecognised deferred tax (2012: nil).

## TSL Education Finance Limited

### Notes to the Financial Statements (continued) for the year ended 31 August 2013

#### 5 Tax On Loss On Ordinary Activities (continued)

##### Factors affecting current tax charge for the year

The tax assessed for the year is higher (2012: higher) than the standard rate of corporation tax in the UK of 23.58% (2012: 25.17%). The main rate of UK corporation tax fell from 24% to 23% with effect from 1 April 2013. A reconciliation of the current tax credit for the year, to the tax on losses at the standard rate, is shown below:

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
Loss on ordinary activities before tax	(2,093)	(1,920)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.58% (2012: 25.17%)	<u>(494)</u>	<u>(483)</u>
<b>Tax impact of adjustments</b>		
Provision for impairment of amounts owed by Group undertakings and fixed asset investments - for which no tax relief is available	-	-
Imputed interest income	443	433
Group relief for nil consideration	<u>51</u>	<u>50</u>
<b>Current tax credit for the year</b>	<u>-</u>	<u>-</u>

The corporation tax losses for the year ended 31 August 2013 have been surrendered to fellow group undertakings. No payment for this surrender is to be made to the Company. The corporation tax losses for the year ended 31 August 2012 were surrendered to fellow group undertakings. No payment for this surrender was made to the Company.

#### 6 Fixed Asset Investments

	Subsidiary Undertakings £'000
<b>Cost</b>	
At 1 September 2012 and 31 August 2013	70,998
<b>Provision for impairment</b>	
At 1 September 2012	70,998
Charge for the year	-
At 31 August 2013	<u>70,998</u>
<b>Net book value</b>	
At 31 August 2013	-
At 31 August 2012	-

The investment balance represents the Company's investment in TSL Education Acquisition Limited. An impairment charge of £71.0 million was recognised in the year ended 31 August 2010 as an exceptional item in administrative expenses to reflect a significant drop in teacher turnover due to the recession. This indicated that the value of the underlying subsidiary no longer supported the value of the investment.

## TSL Education Finance Limited

### Notes to the Financial Statements (continued) for the year ended 31 August 2013

#### 6 Fixed Asset Investments (continued)

The details of the Company's subsidiary and joint venture undertakings as at 31 August 2013 are as follows:

	Country of registration	Nature of business	Percentage holding of ordinary shares
<b>Direct subsidiary undertakings</b>			
TSL Education Acquisition Limited	England and Wales	Holding company	100%
<b>Indirect subsidiary undertakings</b>			
TSL Education Limited	England and Wales	Publisher	100%
The Times Educational Supplement Limited	England and Wales	Dormant	100%
The Times Higher Education Supplement Limited	England and Wales	Dormant	100%
Educational Exhibitions Limited	England and Wales	Dormant	100%
Nursery World Limited	England and Wales	Dormant	100%
Education Data Surveys Ltd	England and Wales	Information Provider	100%
EnglishTeaching.co.uk Ltd	England and Wales	Information Provider	100%
Electronic Blackboard Limited	England and Wales	Information Provider	100%
BrightSpark Education Limited	England and Wales	Online Tutoring Service	100%
TSL Education US, Inc	United States of America	Holding Company	100%
<b>Joint ventures</b>			
Sandgate Systems Limited	England and Wales	Software Management Systems	50%
SML JV LLC	United States of America	Information Provider	50%

#### 7 Debtors

	31 August 2013 £'000	31 August 2012 £'000
<b>Amounts falling due within one year</b>		
Amounts owed by Group undertakings	13,221	13,221
	<u>13,221</u>	<u>13,221</u>

Amounts owed by Group undertakings are unsecured, repayable on demand and bear interest at a rate of 9% per annum (2012: 9%). Due to the impairment recognised in the 31 August 2010 year, the directors have decided not to recognise interest due from Group undertakings until the value in use of the underlying business has substantially recovered.

## TSL Education Finance Limited

### Notes to the Financial Statements (continued) for the year ended 31 August 2013

#### 8 Creditors: Amounts Falling Due Within One Year

	31 August 2013 £'000	31 August 2012 £'000
Amounts owed to Group undertakings	<u>25,344</u>	<u>23,251</u>
	<u>25,344</u>	<u>23,251</u>

Amounts owed to Group undertakings are unsecured, repayable on demand and bear interest at a rate of 9% per annum (2012: 9%).

#### 9 Called Up Share Capital

The share capital of the Company is shown below.

	Authorised Number	£'000	Allotted and fully paid Number	£'000
<b>Equity</b> Ordinary Shares of £1 each – 31 August 2013 and 31 August 2012	<u>70,822,500</u>	<u>70,823</u>	<u>70,822,500</u>	<u>70,823</u>

#### 10 Profit And Loss Account

	£'000
At 1 September 2012	(80,853)
Loss for the financial year	<u>(2,093)</u>
At 31 August 2013	<u>(82,946)</u>

#### 11 Reconciliation of Movements in Shareholders' Deficit

	31 August 2013 £'000	31 August 2012 £'000
Opening shareholders' deficit	(10,030)	(8,110)
Loss for the financial year	<u>(2,093)</u>	<u>(1,920)</u>
Closing shareholders' deficit	<u>(12,123)</u>	<u>(10,030)</u>

#### 12 Contingent liabilities

At 31 August 2013, the Company had £nil of contingent liabilities (2012: £nil).

## **TSL Education Finance Limited**

### **Notes to the Financial Statements (continued) for the year ended 31 August 2013**

#### **13 Commitments**

At 31 August 2013, the Company had £nil of capital and other commitments (2012: £nil).

#### **14 Related Party Transactions**

The Company has taken advantage of the exemption contained under paragraph 3(c) from the provisions of FRS 8, "Related Party Disclosures", not to disclose transactions entered into between two or more members of a group, provided any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

#### **15 Ultimate Parent Company and Ultimate Controlling Party**

The directors consider that the ultimate controlling party of the Company is TPG Capital LLP, headquartered in the US, on behalf of the funds under its management.

The immediate parent undertaking is TSL Education Holdings Limited a company registered in England and Wales.

The parent undertaking of both the largest and smallest group of undertakings for which group financial statements are drawn up for the year ended 31 August 2013, and of which the Company is a member, is TSL Education Group Limited, a company incorporated in England & Wales. The ultimate parent undertaking of TSL Education Group Limited is TES Global Investments S.à.r.l., a company incorporated in Luxembourg. The first group financial statements for this group will be for the period to 31 August 2014.

Copies of the TSL Education Group Limited consolidated financial statements, which include the Company's results, are available from The Company Secretary, TSL Education Group Limited, 26 Red Lion Square, London WC1R 4HQ.