

TSL Education SPV2 Limited

Annual Report and Financial Statements for the year ended 31 August 2009

Registration Number 6141051

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TSL Education SPV2 Limited

Annual Report and Financial Statements for the year ended 31 August 2009

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TSL Education SPV2 Limited

Directors' Report for the year ended 31 August 2009

The directors present their report and the audited financial statements of the Company for the year ended 31 August 2009

Principal Activity

The principal activity of the Company is a holding and finance company

Review of Business Developments

No new investments were made or new financing activities entered into during the year

Financial Performance in the Year

The Company's interest income for the year ended 31 August 2009 is £1.1 million (2008: £1.1 million) and relates to interest receivable from Group undertakings. The Company made a profit of £1.1 million for the year ended 31 August 2009 (2008: £1.1 million). The Directors do not recommend the payment of a dividend. The financial performance of the Group as a whole is set out in the financial statements of the Company's ultimate parent undertaking, TSL Education Group Limited.

The financial position of the Company is presented in the balance sheet. Total shareholders' funds at 31 August 2009 were £13.3 million (2008: £12.2 million) comprising current assets of £13.2 million (2008: £13.3 million) and current liabilities of £121.0 million (2008: £121.1 million).

Financial Risk Management

Interest Rate Risk

The Company and its subsidiaries have a high level of debt and changes in interest rates could have a significant impact on the Company's financial performance. To mitigate this risk, an indirect subsidiary of the Company has entered into interest rate swap agreements effectively resulting in fixed interest rate charges for the majority of the Group's debt.

Directors

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

Mr B P Gray
Mr M O'Sullivan
Ms L Rogers

Directors and Officers Indemnity

The Company maintains liability insurance for its directors and officers.

Going Concern

The directors believe that preparing the accounts on the going concern basis is appropriate. Please refer to the Accounting Policies note for further details.

TSL Education SPV2 Limited

Directors' Report for the year ended 31 August 2009 (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 elected to prepare 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

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.

Disclosure of information to Auditors

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

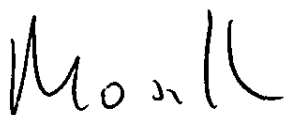
- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that 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 Company passed an Elective Resolution in 2004 to dispense with the obligation to appoint auditors annually. 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
16 December 2009

TSL Education SPV2 Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TSL EDUCATION SPV2 LIMITED

We have audited the financial statements of TSL Education SPV2 Limited for the year ended 31 August 2009 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 Directors' Responsibilities Statement 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 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 Sections 495 and 496 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.

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 2009 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 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.



Robin Holgate (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London, 17 December 2009

TSL Education SPV2 Limited

Profit and Loss Account for the year ended 31 August 2009

	Note	Year ended 31 August 2009 £'000	Year ended 31 August 2008 £'000
Interest receivable	3	<u>1,097</u>	<u>1,108</u>
Profit On Ordinary Activities Before Taxation		1,097	1,108
Tax on profit on ordinary activities	5	-	-
Profit For The Year	10	<u>1,097</u>	<u>1,108</u>

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

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

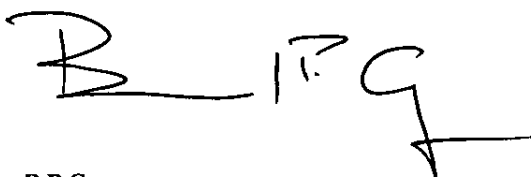
The notes on pages 7 to 12 form part of these financial statements

TSL Education SPV2 Limited

Balance Sheet as at 31 August 2009

	Note	31 August 2009 £'000	31 August 2008 £'000
Fixed Assets			
Investments	6	-	-
Current Assets			
Debtors	7	134,241	133,327
Creditors, Amounts Falling Due Within One Year	8	<u>(120,955)</u>	<u>(121,138)</u>
Net Current Assets		<u>13,286</u>	<u>12,189</u>
Total Assets Less Current Liabilities		13,286	12,189
Net Assets		<u>13,286</u>	<u>12,189</u>
Capital And Reserves			
Called up share capital	9	10,941	10,941
Profit and loss account	10	<u>2,345</u>	<u>1,248</u>
Total Shareholders' Funds	11	<u>13,286</u>	<u>12,189</u>

The financial statements on pages 5 to 12 were approved by the board of directors on 16 December 2009 and were signed on its behalf by



B P Gray
Director

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

TSL Education SPV2 Limited

Notes to the Financial Statements for the year ended 31 August 2009

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.

b) 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 accounts 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 SPV2 Limited

Notes to the Financial Statements (continued) for the year ended 31 August 2009

2 Operating Costs

In the year ended 31 August 2009, the auditors' remuneration from the Company of £2,500 was borne by the Company's subsidiary undertaking, TSL Education Limited. No amounts were recharged to the Company.

3 Interest Receivable

	Year ended 31 August 2009 £'000	Year ended 31 August 2008 £'000
Interest receivable and similar income		
Interest receivable from Group undertakings	1,097	1,108
	<u>1,097</u>	<u>1,108</u>

4 Staff Costs

The Company had no employees for the year ended 31 August 2009 (2008: 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. No amounts were recharged to the Company in respect of these services for the year ended 31 August 2009 (2008: £nil).

5 Tax On Profit On Ordinary Activities

	Year ended 31 August 2009 £'000	Year ended 31 August 2008 £'000
Analysis of tax for the year		
Current tax		
Current corporation tax credit	-	-

There is no deferred tax (2008: nil) and no unrecognized deferred tax (2008: nil).

TSL Education SPV2 Limited

Notes to the Financial Statements (continued) for the year ended 31 August 2009

5 Tax On Profit On Ordinary Activities (continued)

Factors affecting current tax charge for the year

The tax assessed for the year is lower (2008 lower) than the standard rate of corporation tax in the UK of 28% (2008 29 17%). The main rate of UK corporation tax fell from 30% to 28% with effect from 1 April 2008. A reconciliation of the current tax charge for the year, to the tax on profit at the standard rate, is shown below

	Year ended 31 August 2009 £'000	Year ended 31 August 2008 £'000
Profit on ordinary activities before tax	1,097	1,108
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 29 17%)	<u>307</u>	<u>323</u>
Tax impact of adjustments		
Group relief for nil consideration	<u>(307)</u>	<u>(323)</u>
Current tax credit for the year	<u>-</u>	<u>-</u>

The corporation tax charge for the year ended 31 August 2009 has been reduced due to losses surrendered by a subsidiary undertaking. No payment for this surrender is to be made by the Company. The corporation tax charge for the year ended 31 August 2008 was reduced due to losses surrendered by a subsidiary undertaking. No payment for this surrender was made by the Company.

6 Investments

	Subsidiary Undertakings £'000
Cost and net book value	
At 1 September 2008	-
Additions	<u>-</u>
At 31 August 2009	<u>-</u>

The balance above represents the Company's investment in TSL Education SPV3 Limited

TSL Education SPV2 Limited

Notes to the Financial Statements (continued) for the year ended 31 August 2009

6 Investments (continued)

The details of the Company's subsidiary undertakings as at 31 August 2009 are as follows

	Country of registration	Nature of business	Percentage holding of ordinary shares
Direct subsidiary undertakings			
TSL Education SPV3 Limited	England and Wales	Holding Company	100%
Indirect subsidiary undertakings			
TSL Education SPV4 Limited	England and Wales	Holding Company	100%
TSL Education Holdings Limited	England and Wales	Holding Company	100%
TSL Education Acquisition Limited	England and Wales	Holding Company	100%
TSL Education Finance Limited	England and Wales	Holding Company	100%
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 Limited	England and Wales	Information Provider	100%

The directors believe that the book value of investments is supported by the value in use of the underlying subsidiaries

7 Debtors

	31 August 2009 £'000	31 August 2008 £'000
Amounts falling due within one year		
Amounts due from Group undertakings	134,241	133,327
	<u>134,241</u>	<u>133,327</u>

Amounts due from Group undertakings are unsecured and repayable on demand. An amount of £121.1 million (2008: £121.1 million) is interest free and the remaining balance bears interest at a rate of 9 % per annum (2008: 10%).

8 Creditors: Amounts Falling Due Within One Year

	31 August 2009 £'000	31 August 2008 £'000
Amounts due to Group undertakings	120,955	121,138
	<u>120,955</u>	<u>121,138</u>

Amounts due to Group undertakings are unsecured and repayable on demand. An amount of £121.1 million (2008: £121.1 million) is interest free and the remaining balance bears interest at a rate of 9 % per annum (2008: 10%).

TSL Education SPV2 Limited

Notes to the Financial Statements (continued) for the year ended 31 August 2009

9 Called Up Share Capital

The share capital of the Company is shown below

	Authorised Number '000	£'000	Allotted, issued and fully paid Number '000	£'000
Equity				
Ordinary Shares of £1 each – 31 August 2008 and 31 August 2009	10,941	10,941	10,941	10,941

10 Reserves

	Profit and Loss Account £'000
At 1 September 2008	1,248
Profit for the year	1,097
At 31 August 2009	2,345

11 Reconciliation of Movements in Total Shareholders' Funds

	31 August 2009 £'000	31 August 2008 £'000
Opening shareholders' funds	12,189	11,081
Profit for the year	1,097	1,108
Closing shareholders' funds	13,286	12,189

12 Contingent liabilities

At 31 August 2009, the Company had £nil of contingent liabilities (2008 £nil)

13 Commitments

At 31 August 2009, the Company had £nil of capital and other commitments (2008 £nil)

TSL Education SPV2 Limited

Notes to the Financial Statements (continued) for the year ended 31 August 2009

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 related party transactions with other members of its group of companies, which are at least 90% owned on the grounds that it is a wholly owned subsidiary of a group headed by TSL Education Group Limited, whose accounts are publicly available

15 Ultimate Parent Company and Ultimate Controlling Party

The directors consider that the ultimate controlling party of the Company is Charterhouse General Partners (VIII) Limited, a company incorporated in England & Wales, on behalf of the funds under its management

The immediate parent undertaking is TSL Education Group Limited, a company registered in England & Wales

The parent undertaking of both the largest and smallest group of undertakings for which group financial statements are drawn up, and of which the Company is a member, is TSL Education Group Limited, a company incorporated in England & Wales

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