

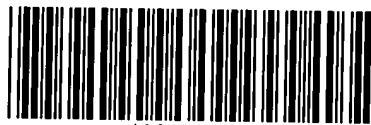
# Financial Statements

## GSM London Holdings Limited

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**For the year ended 30 September 2016**

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**Registered number: 07477490**

## Company Information

**Registered number** 07477490

**Registered office** GSM London Study Centre  
56 Tabard Street  
London  
SE1 4LG

**Directors** D P K Bogg  
C M Holmes  
M K O'Donnell

**Independent auditor** Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

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## **Directors' Report**

**For the year ended 30 September 2016**

The directors present their report and the audited financial statements for the year ended 30 September 2016.

### **Principal activities**

The principal activity of the company is the development of a group focused on the provision of higher education, principally through the strategic development of GSM London.

### **Results and dividends**

The loss for the year, after taxation, amounted to £1,345,986 (2015: £948,805).

The directors have not recommended a dividend (2015: £Nil).

### **Directors**

The directors who served during the year were:

R D Hodsdon (appointed 3 December 2015, resigned 26 August 2016)

W G Hunt (resigned 22 October 2016)

S K Jain (resigned 21 July 2016)

M Needley (resigned 1 February 2017)

A Wheaton (resigned 30 September 2016)

### **Qualifying third party indemnity provisions**

Throughout the year, a qualifying third party indemnity provision for the benefit of the directors was in force.

### **Directors' responsibilities statement**

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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## Directors' Report (continued)

For the year ended 30 September 2016

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.

### Going concern

The financial statements have been prepared on a going concern basis, which is dependent on the continuing financial and operational support of the ultimate parent company, Clipper Group Limited. Clipper Group Limited has indicated its intention to continue to provide such support for the foreseeable future. The group completed a refinancing in December 2016, providing access to additional monies for the group, including GSM London Holdings Limited. Accordingly, the directors consider it is appropriate to prepare the financial statements on a going concern basis.

### 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 that director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- that 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, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

This report was approved by the board on 23 February 2017 and signed on its behalf.



M K O'Donnell  
Director



## Independent Auditor's Report to the Members of GSM London Holdings Limited

We have audited the financial statements of GSM London Holdings Limited for the year ended 30 September 2016 which comprise the statement of income and retained earnings, 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), including FRS 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 set out on pages 1 and 2, 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](http://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 30 September 2016 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:



## Independent Auditor's Report to the Members of GSM London Holdings Limited

- 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 prepare financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

*Grant Thornton UK LLP*

**Richard Shaw**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
**London**

Date: **22/2/17**

# Statement of income and retained earnings

For the year ended 30 September 2016

	Note	2016 £	2015 £
<b>Turnover</b>	2	<b>808,313</b>	500,000
Administrative expenses		(806,512)	(1,366,674)
Employee settlements		(316,975)	-
Professional fees		(720,778)	-
Total administrative expenses		(1,844,265)	(1,366,674)
<b>Operating loss</b>	4	<b>(1,035,952)</b>	(866,674)
Interest receivable and similar income	6	606,567	577,733
Interest payable and similar charges	7	(843,620)	(732,863)
<b>Loss on ordinary activities before taxation</b>		<b>(1,273,005)</b>	(1,021,804)
Tax on loss on ordinary activities	8	(72,981)	72,981
<b>Loss for the financial year</b>		<b>(1,345,986)</b>	(948,823)
<b>Retained profit brought forward</b>	3	<b>1,458,089</b>	2,406,912
<b>Retained profit carried forward</b>		<b>112,103</b>	1,458,089

All amounts relate to continuing operations.

There were no recognised gains and losses for 2016 or 2015 other than those included in the Profit and loss account.

The notes on pages 7 to 15 form part of these financial statements.



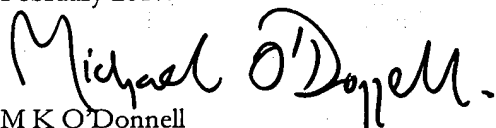
# Balance Sheet

As at 30 September 2016

	Note	£	2016 £	2015 £
<b>Fixed assets</b>				
Tangible assets	9		3,923	11,987
Investments	10		<u>424,510</u>	<u>424,510</u>
			<b>428,433</b>	<b>436,497</b>
<b>Current assets</b>				
Debtors	11	7,687,798	6,291,069	
Cash in hand		<u>56,032</u>	<u>77,400</u>	
		<b>7,743,830</b>	<b>6,368,469</b>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(8,044,838)</u>	<u>(5,331,555)</u>	
<b>Net current (liabilities) / assets</b>			<u><b>(301,008)</b></u>	<u><b>1,036,914</b></u>
<b>Net assets</b>			<u><b>127,425</b></u>	<u><b>1,473,411</b></u>
<b>Capital and reserves</b>				
Called up share capital	14		12,674	12,674
Share premium account			2,648	2,648
Profit and loss account			<u>112,103</u>	<u>1,458,089</u>
<b>Shareholders' funds</b>			<u><b>127,425</b></u>	<u><b>1,473,411</b></u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 February 2017.



M K O'Donnell  
Director

The notes on pages 7 to 15 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 30 September 2016

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with new UK financial reporting Standards (FRS 102) and the Companies Act 2006. The financial statements have been prepared on the historical cost basis. This is the first year the financial statements have been prepared under the new FRS 102 at the transition date of 1 October 2014. The principal accounting policies adopted in the preparation of the accounts are set out below and any changes restated in the previous year. The transitional movements are shown in note 3 to the accounts. All amounts are shown in pounds sterling.

### 1.2 Consolidation

The company was, at the end of the period, a wholly-owned subsidiary of another company incorporated in the European Economic Area and in accordance with the Companies Act 2006, it is not required to produce, and has not published, consolidated accounts. Consequently, these financial statements therefore present information about the company as an individual undertaking and not about its group.

### 1.3 Going concern

The financial statements have been prepared on a going concern basis, which is dependent on the continuing financial and operational support of the ultimate parent company, Clipper Group Limited. Clipper Group Limited has indicated its intention to continue to provide such support for the foreseeable future. The group completed a refinancing in December 2016, providing access to additional monies for the group, including GSM London Holdings Limited. Accordingly, the directors consider it is appropriate to prepare the financial statements on a going concern basis.

### 1.4 Disclosure exemptions

The company meets the definition of a qualifying entity under FRS102 as the results of the company are consolidated into Clipper Group Limited's financial statements which are publicly available. In accordance with FRS102 S1.12, the company has taken advantage of the exemptions in respect of the preparation of a cash flow statement.

### 1.5 Turnover

Turnover comprises fees receivable from other companies within the Group for management services.

### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are initially recorded at cost. Where contributions to fixed assets are received from lessors, the amounts receivable are deducted from the cost of the associated asset such that the net amount capitalised represents the cost to the company.

# Notes to the Financial Statements

For the year ended 30 September 2016

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment	4 years straight line
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The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

## 1.7 Investments

Investments are recorded at cost. The carrying value of investments in subsidiaries is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

## 1.8 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## 1.9 Pensions

The company contributes to the personal pension plans of certain directors and employees. Contributions payable for the period were expensed in the statement of income and retained earnings.

## 1.10 Significant judgements and estimates

Significant judgements and estimates relate to:

- Intercompany loans – judgement is applied to determine the suitable market rate at which interest is charged

# Notes to the Financial Statements

For the year ended 30 September 2016

## 2. Turnover

The turnover and profit before tax are attributable to the one principle activity of the company which only operates in the United Kingdom.

## 3. Transition adjustment

	2015
	£
Retained loss 1 October 2014	(4,731,363)
Intercompany loan interest	7,138,275
Restated retained profit 1 October 2014	<u>2,406,912</u>
2015 profit for the year	273,144
Intercompany loan interest	(1,221,967)
Restated 2015 loss for the year	<u>(948,823)</u>
Retained loss 1 October 2015	(4,458,219)
Opening balance adjustment	7,138,275
In year adjustment	(1,221,967)
Restated retained profit for the year	<u>1,458,089</u>

Interest on inter-company loans has been recalculated using a market value rate of 5%. The prior years have been restated and the impact on reserves brought forward is shown above.

## 4. Operating loss

The operating loss is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	8,064	8,095
Auditors' remuneration	5,000	15,250
Auditors' remuneration – non audit	<u>5,500</u>	<u>5,500</u>

# Notes to the Financial Statements

For the year ended 30 September 2016

## 5. Directors' remuneration

Remuneration in respect of directors was as follows:

	Year ended 30 September 2016 £	Year ended 30 September 2015 £
Remuneration	<u>651,136</u>	<u>456,599</u>

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £432,941 (2015 - £252,968). This included a severance package of £192,756.

## 6. Interest receivable

	2016 £	2015 £
Interest receivable from group companies	606,460	577,563
Other interest receivable	107	170
	<u>606,567</u>	<u>577,733</u>

## 7. Interest payable

	2016 £	2015 £
Interest payable to group companies	762,479	732,863
Monitoring and guarantee fees	81,141	-
	<u>843,620</u>	<u>732,863</u>

## Notes to the Financial Statements

For the year ended 30 September 2016

## 8. Taxation

	2016 £	2015 £
<b>Analysis of tax charge in the year</b>		
<b>Total current tax</b>	-	-
<b>Deferred tax</b> (see note 13)		
Origination and reversal of timing differences	62,034	(72,981)
Effect of tax rate change on opening balance	10,947	-
<b>Tax on profit on ordinary activities</b>	<u>72,981</u>	<u>(72,981)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015 - higher than) the standard rate of corporation tax in the UK of 20.5% (2015 - 22%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	<u>(1,273,005)</u>	<u>(1,021,804)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.0% (2015 – 20.5%)	(254,601)	(209,466)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	218	250,497
Income not taxable for tax purposes	(123,989)	-
Group relief surrendered	264,382	-
Depreciation in excess of capital allowances	-	858
Utilisation of tax losses and other deductions	-	(41,889)
Timing differences	-	(72,981)
Adjust closing deferred tax to average rate of 20%	17,224	-
Deferred tax not recognised	56,732	-
Transfer pricing adjustments	<u>(105,106)</u>	-
<b>Current tax (credit)/charge for the year (see note above)</b>	<u>72,981</u>	<u>(72,981)</u>

## Notes to the Financial Statements

For the year ended 30 September 2016

## 9. Tangible fixed assets

	Computer equipment £
<b>Cost</b>	
At 1 October 2015 and 30 September 2016	<u>32,317</u>
<b>Depreciation</b>	
At 1 October 2015	20,330
Charge for the year	<u>8,064</u>
At 30 September 2016	<u>28,394</u>
<b>Net book value</b>	
At 30 September 2016	<u>3,923</u>
At 30 September 2015	<u>11,987</u>

## 10. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 30 September 2015 and 30 September 2016	<u>424,510</u>
<b>Net book value</b>	
At 30 September 2015 and 30 September 2016	<u>424,510</u>

## Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
GSM London Services Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 30 September 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit £
GSM London Services Limited	<u>2,008,793</u>	<u>1,365,498</u>

## Notes to the Financial Statements

For the year ended 30 September 2016

**11. Debtors**

	2016	2015
	£	£
Amounts owed by group undertakings	7,141,128	5,700,664
Other debtors	45,017	15,879
Prepayments and accrued income	501,653	501,545
Deferred tax (see note 13)	-	72,981
	<u>7,687,798</u>	<u>6,291,069</u>

**12. Creditors****Amounts falling due within one year**

	2016	2015
	£	£
Trade creditors	105,584	28,356
Amounts owed to group undertakings	7,307,796	5,125,820
Other taxation and social security	12,890	14,027
Accruals and deferred income	425,811	163,352
Provision	<u>192,757</u>	-
	<u>8,044,838</u>	<u>5,331,555</u>

**13. Deferred tax asset**

	2016	2015
	£	£
At beginning of year	72,981	-
Charge for year	(72,981)	72,981
	<u>-</u>	<u>72,981</u>



# Notes to the Financial Statements

For the year ended 30 September 2016

The deferred tax asset is made up as follows:

	2016	2015
	£	£
Tax losses carried forward and other deductions	-	72,981

## 14. Share capital

	2016	2015
	£	£
<b>Allotted, called up and fully paid</b>		
114,900 'A' ordinary shares of £0.10 each	11,490	11,490
2,536 'B' ordinary shares of £0.10 each	254	254
9,300 ordinary shares of £0.10 each	930	930
	<u>12,674</u>	<u>12,674</u>

## 15. Capital commitment

The company had no capital commitments at 30 September 2016 and 30 September 2015.

## 16. Contingent liabilities

A fixed and floating charge exists over the company's assets in connection with the borrowings of the Group headed by the ultimate parent company, Clipper Group Limited.

## 17. Related party transactions

The company has taken advantage of the exemption in FRS 102 paragraph 33.1A and has not disclosed transactions with group undertakings which are members of the Clipper Group Limited group and are wholly owned by a group member.

There were transactions with Clipper Group Limited, which owns 91.66% of GSM London Holdings Limited. These transactions related to:

- A management charge payable by Clipper Group Limited to GSM London Holdings Limited for £134,352
- Interest charged on an intercompany loan payable by Clipper Group Limited to GSM London Holdings Limited for £347,203

# Notes to the Financial Statements

For the year ended 30 September 2016

## **18. Ultimate parent undertaking and controlling party**

At 30 September 2015 and 2016, Clipper Group Limited is considered to be the immediate parent undertaking and Sovereign Capital Limited Partnership III is considered to be the ultimate controlling party by virtue of its controlling shareholding in Clipper Group Limited. Clipper Group Limited (company number 09094164) prepares consolidated accounts for the group, which includes GSM London Holdings Limited.