

# COL NewCo Limited

Directors' report and financial statements  
For the year ended 31 July 2015

Registered number 07933806

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## **Strategic report**

### **Principal activities**

The principal activity of the company during the year was as an intermediate holding company.

The principal activity of the group is the provision of legal education and training under The University of Law brand.

COL NewCo is a member of the L- J Holdco group. On 1 June 2015, Montagu Private Equity LLP sold its interest in L-J Holdco Limited, to Lake International Limited, a direct subsidiary of Global University Systems B.V. (GUS), a network of institutions, affiliates and partners which work across borders to offer globally-respected programmes and qualifications to students from all corners of the world.

On that date a £10 million Revolving Credit Facility (RCF1) was provided by Nomura International plc (total RCF commitment not to exceed £20 million) for a period of four years to Lake Bridge International Plc, a direct subsidiary of Global University Systems Holding B.V. On 23rd July, the RCF1 was increased to £15 million by Nomura International Plc. The L-J Holdco group is guarantor to this facility.

In addition the L-J Holdco group was guarantor to a Loan Bridge facility of £175 million between Lake Bridge International Plc and Nomura International Plc. In July 2015, Lake Bridge International Plc issued £234.4 million 8.000% Senior Secured Notes due 2020 (the Notes) replacing the Loan Bridge facility. The L-J Holdco group is guarantor to the Notes.

The ultimate parent company of the L-J Holdco group is Global University Systems Holding B.V, a company incorporated in the Netherlands. The four trading businesses within the L-J Holdco group are The University of Law Limited, College of Law Services Limited, Legal Network Television Limited and ULAW (UK) Limited.

### **Business review and results**

COL NewCo Limited owns the whole share capital of The University of Law Limited, College of Law Services Limited and Legal Network Television Limited, companies incorporated in the United Kingdom.

As an intermediate holding company, COL NewCo Limited did not trade during the period.

The University of Law exists to serve its students and the employers who will hire them. Our continued success as a University depends on our ability to understand and meet the needs of our students and their employers. As the legal world evolves, so must our offering. Law will remain at the University's core, but we have begun and will continue to diversify our offer to better meet future student demand and the needs of employers.

### **Our Strategy**

The group will continue to focus on our existing strengths whilst looking at opportunities to grow our product offering in the following context:

- Improving our students' learning and our teaching through strategic investment
- Widening our portfolio to include innovative and relevant degree programmes
- Delivering new undergraduate and postgraduate courses through our De Broc Business School
- Partnering with others to enhance the breadth and depth of our offering
- Enhancing the student experience through constant improvement in our practices
- Investing in staff development and expertise to ensure sector leading teaching and learning outcomes
- Expanding our international opportunities.

This will enable the group to deliver on our vision:

- We want to continue to define our positioning through first-class student outcomes and employability prospects
- We want our students to enjoy the best possible academic and professional preparation for their future careers

## Strategic report *(continued)*

- We want our graduates to be in demand with employers in relevant sectors - domestically and internationally
- We want to be viewed by students, graduates and employers as one of the UK's most responsive and innovative universities.

For further information on the group's strategy please refer to the University of Law Limited's financial statements.

### Our Staff

The continued success of the group is founded on the commitment, skill and dedication of our staff. All of our teaching staff are professional lawyers and the delivery of excellent education and training outcomes are a consequence of our people delivering high quality services to our students, aided by their colleagues who provide the professional support and infrastructure to make this possible.

### Financial results

The results for the year ended 31 July 2015 are set out on page 10. The company recorded a loss for the year of £2k (2014: loss £10k) leaving the £2k loss (2014: £10k loss) to be transferred to reserves.

### Key performance indicators

The group has a number of key performance indicators to which it manages and monitors its performance. A summary of a selection of the key performance indicators for the group are shown below:

	Note	Pro-forma University of Law y/e 31 July 2013	Actual University of Law y/e 31 July 2014	Actual University of Law y/e 31 July 2015
Student Numbers		7,250	7,169	6,727
Employability (all employment/study)	1	97%	99%	97%
Employability (legal employment)	2	89%	93%	91%
Environmental - energy consumption (Kwh)	3	5,300k	5,257k	4,689k
Employee turnover		18%	18%	20%
Net Revenue (£'m)		69.6	70.3	67.7
Profitability (EBITDA £'m)		14.1	18.5	17.0
Capital expenditure (£'m)		1.2	4.2	7.6
National Student Survey	4	-	92%	88%
National Student Survey ranking	4	-	4th	39th

1 - all employment and education destinations compiled, nine months after graduation

2 - all legal employment destinations compiled, nine months after June/July graduation

3 - energy consumption has reduced to a level lower than the threshold set under the Government's emission reduction legislation, the CRC Energy Efficiency Scheme

4 - y/e 31 July 2014 was the first year, the University of Law was included in the national survey

## Strategic report *(continued)*

This year we have experienced a small drop in student numbers, partly due to loss of market share, but also due to the legal education market itself. The market for post graduate legal education has been through a difficult period post the financial crisis. The number of training contracts on offer has not yet reached pre financial crisis levels, and therefore students are now thinking far more carefully about their decision to undertake the LPC. The impact of increased undergraduate tuition fees is also significant, as again it leads students to question whether they want to incur further postgraduate debt.

The employability performance of the University has been very high due to the quality of our students, the dedication of all our staff and particularly the employability team who work with students and employers to help create opportunities for our students to gain employment once they complete their studies with us.

Underlying EBITDA has fallen slightly this year but it is at a high level of 25% of turnover. One of the reasons for the slight decrease is the considerable investment made in the year for future growth with the investment of new products and further reinvestment in the facilities and the student experience.

Our energy consumption has reduced by 10.8% largely due to the opening of our new centre in Leeds, which is a more energy efficient building than our old York centre and in part due to the installation of a number of energy efficiency measures and investment in our general infrastructure and facilities.

The results of the National Students Survey are that the University of Law was 39th out of 130 institutions nationally, with an overall student satisfaction of 88%. The survey canvases opinions among final-year students at Higher Education Institutions. However, the University of Law ranks as the top university across all subjects in three specific areas: learning resources, academic support and organisation and management. The University also came 2nd overall for assessment and personal development which indicates our continual expertise in pastoral care and the student experience.

### Principal risks and uncertainties

The most significant categories of risks to the group's performance are outlined below. The board has strategies to manage these risks and remains confident of the continued success of the group.

The risk management framework includes a risk register, owned by the executive management team, who review risk regularly. The risk register sets out the risk, a financial estimate of the impact of the risk if it occurred, risk mitigation actions, whether the risk is increasing or lessening, more details on underlying actions and key performance metrics. The risk register has been updated to ensure the following

- Best practice within Higher Education
- Alignment with the strategy
- Alignment with the University's governance structure
- Alignment with Academic and Quality standards
- Alignment across different centres

The Audit Committee provides independent oversight and challenge to the risk assessment input during the year both from Deloitte as Internal Auditors and KPMG as External Auditors. During 2014/15 the Audit Committee did consult and continues to consult with the Academic Standards Committee when reviewing academic risks and evaluates outcomes where necessary. The University's approach to risk management was also reviewed by the Internal Auditors during 2014/15.

Risks are broken down into the following categories:

- Regulatory – the impact of any changes following the implementation of the Legal Education Training Review; the changing nature of government legislation on higher education (e.g. impact of the removal of the student number cap for under-graduate students); academic and professional body oversight including changes to continuing professional development for lawyers

## Strategic report *(continued)*

- Market – the competitive dynamics of the legal services sector from both established and new entrants (e.g. changes to the competitive dynamics from new Alternative Business Structure (ABS) players), the overall financial health of the UK economy and its impact on the growth of the legal services industry
- Customer – covering the risks inherent in the University's relationships with both law firms and individual students
- Centre – the physical integrity of the eight locations across the country, covering physical security, loss of key utilities and or services, and the risk of a major incident
- Brand – any risks associated with the continued development of the brand as a leading provider of high quality legal education
- Financial – risks that would impact on the continued growth of the University's prudent and sustainable operation and funding position of the business
- IP risks – protection of intellectual property and innovation in market leading learning processes and content.

### Future developments

The overall objective of the L-J Holdco group is the expansion of excellence in legal education and training, both in the UK and internationally. The group continues to prosper by retaining our commitment to deliver high quality teaching and learning focused on the needs and aspirations of our students and law firm clients.

  
**A Etingen**  
Director

Braboeuf Manor  
Portsmouth Road  
St Catherines  
Guildford  
Surrey  
GU3 1HA

25 November 2015

## Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 July 2015.

### Directors

The Directors who held office during the year were as follows:

T G Boucher (resigned 24 July 2015)  
J C Latham (resigned 31 July 2015)  
A J Bowkett (resigned 1 June 2015)  
D I Johnston (appointed 30 July 2015)  
A Etingen (appointed 1 June 2015)

### Political and charitable contributions

The company made no political or charitable contributions during the year.

### Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

In accordance with Section 384 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed to the Company's shareholder.

### Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 2006.

By order of the board

  
A Etingen  
Director

Braboeuf Manor  
Portsmouth Road  
St Catherines  
Guildford  
Surrey  
GU3 1HA

25 November 2015

## **Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

The Directors are responsible for preparing the Strategic Report, 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 period. Under that law they have elected to prepare the financial statements in accordance with applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 and loss of the company 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of COL NewCo Limited**

We have audited the financial statements of COL NewCo Limited for the year ended 31 July 2015 set out on pages 10 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 page 7, 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, including APB Ethical Standard - Provisions Available for Small Entities (Revised), in the circumstances set out in note 1 to the financial statements.

### **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 31 July 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities; 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.

### **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

## **Independent auditor's report to the members of COL NewCo Limited**

- the Directors were not entitled to prepare the financial statements and the Directors' report in accordance with the small companies regime; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Jonathan Brown (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Chartered Accountants  
15 Canada Square  
London E14 5GL  
30 November 2015

## Profit and loss account

	<i>Note</i>	<b>12 months to 31 July 2015 £</b>	<b>12 months to 31 July 2014 £</b>
<b>Turnover</b>		-	-
Administration expenses		(2,400)	(9,600)
<b>Loss on ordinary activities before taxation</b>	<b>2</b>	<u>(2,400)</u>	<u>(9,600)</u>
Taxation on loss on ordinary activities	<b>5</b>	-	-
<b>Loss on ordinary activities after taxation</b>		<u>(2,400)</u>	<u>(9,600)</u>
Equity dividends paid		-	-
<b>Retained loss for the period</b>		<u><u>(2,400)</u></u>	<u><u>(9,600)</u></u>

## Balance sheet

at 31 July 2015

	Note	31 July 2015	31 July 2014
		£	£
<b>Fixed assets</b>			
Investments	6	30	30
		<hr/>	<hr/>
		30	30
<b>Current assets</b>			
Debtors	7	-	97
		<hr/>	<hr/>
		-	97
<b>Creditors: amounts falling due within one year</b>	8	(22,160)	(19,857)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(22,160)	(19,760)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>(22,130)</b>	<b>(19,730)</b>
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	9	100	100
Profit and loss account	10	(22,230)	(19,830)
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		<b>(22,130)</b>	<b>(19,730)</b>
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 2006.

These financial statements were approved by the board of Directors on 25 November 2015 and were signed on its behalf by:



**A Etingen**  
Director

Company registered number: 07933806

## Statement of total recognised gains and losses

	12 months to 31 July 2015 £	12 months to 31 July 2014 £
Loss for the financial period	(2,400)	(9,600)
Total recognised losses relating to the financial period	<u>(2,400)</u>	<u>(9,600)</u>

## Reconciliation of movements in shareholders' funds

	12 months to 31 July 2015 £	12 months to 31 July 2014 £
Loss for the financial period	(2,400)	(9,600)
Dividends	-	-
Net reduction in shareholders' funds	<u>(2,400)</u>	<u>(9,600)</u>
Opening shareholders' funds	<u>(19,730)</u>	<u>(10,130)</u>
Closing shareholders' funds	<u><u>(22,130)</u></u>	<u><u>(19,730)</u></u>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The company is exempt by virtue of Section 228 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of L-J Holdco Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of L-J Holdco Limited, within which this company is included, can be obtained at Braboeuf Manor, St Catherines, Guildford, Surrey GU3 1HA.

#### *Going concern*

The accounts are prepared on a going concern basis, notwithstanding net current liabilities of £22k (2014: £20k) which the Directors believe to be appropriate for the following reasons. The company is reliant on the support of other group companies as a result of the way that the group is financed. Global University Systems B.V. has agreed to continue to provide financial and other support to the company including not seeking repayment of amounts currently made available for the foreseeable future to enable it to continue to trade. As a result, and on the basis of their assessment of the company's financial position, the Directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the financial statements.

#### *Taxation*

The charge for taxation is based on the profit/loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Expenditure*

Expenditure on both goods and services is recognised in the period that it is incurred.

Where expenditure has been incurred but has not yet been invoiced for, the expenditure is accrued and a creditor for the relevant amount is recorded on the Balance Sheet.

Where expenditure has been incurred but that expenditure relates to a later period, the expenditure is deferred and a debtor for the relevant amount is recorded in the Balance Sheet.

## Notes (continued)

### 2 Loss on ordinary activities before taxation

	12 months to 31 July 2015 £	12 months to 31 July 2014 £
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration	2,400	2,400
	<u>          </u>	<u>          </u>

### 3 Remuneration of Directors

All Directors of the company were remunerated by The University of Law Limited and therefore no charge in respect of Directors was recognised within these accounts.

### 4 Staff numbers and costs

The company is an intermediary holding company and does not employ any staff directly.

### 5 Taxation

#### *Analysis of charge in period*

	12 months to 31 July 2015 £	12 months to 31 July 2014 £
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
	<u>          </u>	<u>          </u>
Tax on loss on ordinary activities	-	-
	<u>          </u>	<u>          </u>

#### *Factors affecting the tax charge for the current period*

The current tax charge for the period is lower than the standard rate of corporation tax in the UK of 20.7% (2014: 22.3%). The differences are explained below:

	12 months to 31 July 2015 £	12 months to 31 July 2014 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(2,400)	(9,600)
	<u>          </u>	<u>          </u>
Current tax at 20.7% (2014: 22.3%)	(496)	(2,144)
<i>Effects of:</i>		
Group relief surrendered	496	2,144
	<u>          </u>	<u>          </u>
Total current tax charge (see above)	-	-
	<u>          </u>	<u>          </u>

## Notes (continued)

### 6 Fixed asset investments

	Shares in group undertakings £
<i>Cost and valuation</i>	
At 1 August 2014	30
	<hr/>
At 31 July 2015	30
	<hr/> <hr/>

The company owns 100% of the issued share capital of The University of Law Limited, Legal Network Television Limited and College of Law Services Limited.

Under the provision of section 248 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show the information about the company as an individual entity.

### 7 Debtors

	31 July 2015 £	31 July 2014 £
Amounts due from group undertakings	-	97
	<hr/>	<hr/>
	-	97
	<hr/> <hr/>	<hr/> <hr/>

### 8 Creditors: amounts falling due within one period

	31 July 2015 £	31 July 2014 £
Amounts due to group undertakings	19,760	17,457
Accruals	2,400	2,400
	<hr/>	<hr/>
	22,160	19,857
	<hr/> <hr/>	<hr/> <hr/>

### 9 Called up share capital

	31 July 2015 £	31 July 2014 £
<i>Allotted, called up and fully paid</i>		
Equity:		
74 A Ordinary Shares of £1 each	74	74
26 B Ordinary Shares of £1 each	26	26
	<hr/>	<hr/>
	100	100
	<hr/> <hr/>	<hr/> <hr/>



## Notes (continued)

### 10 Reserves

	Profit and loss account
	£
At 1 August 2014	(19,830)
Retained loss for the 12 months period	(2,400)
	<hr/>
At 31 July 2015	(22,230)
	<hr/>

### 11 Related party disclosures

The company has taken advantage of the exemption allowed in FRS 8 and has not disclosed details of related party transactions with 100% owned entities within the group.

### 12 Ultimate parent company

The immediate parent undertaking is L-J Bidco Limited, a company incorporated in the United Kingdom.

The company's ultimate parent company is Global University Systems Holding B.V, a company incorporated in the Netherlands.

The group in which the results of the company were consolidated is that headed by L-J Holdco Limited. All the ordinary share capital of L J Holdco was acquired on 1 June 2015 by Lake International Limited, a member of a group of holding companies owned by Global University Systems Holding B.V. 84% of ordinary share capital of L-J Holdco Limited was held by funds managed by Montagu Private Equity LLP prior to 1 June 2015.

The consolidated accounts of L-J Holdco Limited can be obtained from Braboeuf Manor, St Catherines, Guildford, Surrey, GU3 1HA.

### 13 Contingent liabilities

At 31 July 2015, the company together with other group companies was guarantor of £234.4 million 8.000% Senior Secured Notes due 2020 issued by Lake Bridge International Plc, a subsidiary of Global University Systems Holding B.V. and a £15 million Revolving Credit Facility provided for a period of four years by Nomura International Plc to Lake Bridge International Plc.

### 14 Post balance sheet events

In October 2015 the University of Law group undertook a series of loan capitalisations. The University of Law Limited issued a loan note for £40.3 million to L-J Bidco Limited in lieu of intercompany debt.

COL NewCo Limited issued 74 class A ordinary and 26 class B ordinary shares of £1 each to L-J Bidco Limited in consideration for the assignment to COL NewCo Limited of the benefit of the loan note issued by the University of Law Limited.

The University of Law Limited also issued 1 ordinary share of £1 to COL NewCo Limited in exchange for COL NewCo Limited releasing the University of Law Limited from its obligations under the £40.3 million loan note and accrued interest.