

Legal Network Television Limited

Directors' report and financial statements

For the year ended 31 July 2015

Registered number 07933849



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Contents

Directors' report	2
Statement of Directors' responsibilities	4
Independent auditor's report to the members of Legal Network Television Limited	5
Profit and loss account	6
Balance sheet	7
Statement of total recognised gains and losses	8
Reconciliation of movements in shareholders' funds	8
Notes	9

Directors' report

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

Principal activities

The principal activity of the company during the period was the supply of legal training materials accessed on-line or through DVDs.

Business review, results and dividends

Legal Network Television Limited is a wholly owned subsidiary of COL NewCo Limited incorporated in the United Kingdom. COL NewCo Limited 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 results for the year ended 31 July 2015 are set out on page 6.

The company recorded a loss of £1,296k (2013: £101k loss). No dividend is proposed, leaving the £1,296k loss (2014: £101k loss) to be transferred to reserves.

The company works closely with its fellow subsidiary undertakings The University of Law Limited and College of Law Services Limited. The business review of Legal Network Television Limited is included within the Directors' report of The University of Law Limited.

Directors

The current Directors of Legal Network Television Limited are:

Professor A Nollent (appointed 5 August 2015)
D I Johnston

Additional Directors who held office during the period were as follows:

T G Boucher (resigned 24 July 2015)
J C Latham (resigned 31 July 2015)

Political and charitable contributions

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

Directors' report *(continued)*

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



D I Johnston
Director

Braboeuf Manor
Portsmouth Road
St Catherines
Guildford
Surrey
GU3 1HA
United Kingdom
25 November 2015

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 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 Legal Network Television Limited

We have audited the financial statements of Legal Network Television Limited for the year ended 31 July 2015 set out on pages 6 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 4, 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.

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 period 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 Directors' Report for the financial period 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
- the Directors were not entitled to prepare the financial statements and the Directors' report in accordance with the small companies regime.



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>	12 months to 31 July 2015 £'000	12 months to 31 July 2014 £'000
Turnover	2	971	1,200
Cost of sales		(128)	(140)
Gross profit		843	1,060
Administration expenses		(2,140)	(1,165)
Operating loss		(1,297)	(105)
Interest receivable and similar income	6	1	4
Loss on ordinary activities before taxation	3	(1,296)	(101)
Taxation on loss on ordinary activities	7	-	-
Loss for the financial period		(1,296)	(101)

The notes on pages 9 to 16 form part of these financial statements.

Balance sheet

At 31 July 2015

	<i>Note</i>	31 July 2015		31 July 2014	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	8	-		1,422	
Tangible assets	9	-		-	
					1,422
Current assets					
Debtors	10	102		843	
Cash at bank and in hand		84		89	
		186		932	
Creditors: amounts falling due within one year	11	(1,951)		(2,823)	
Net current liabilities			(1,765)		(1,891)
Total assets less current liabilities			(1,765)		(469)
Capital and reserves					
Called up share capital	12	-		-	
Profit and loss account	13	(1,765)		(469)	
Equity shareholders' funds			(1,765)		(469)

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:



D I Johnston
Director

The notes on pages 9 to 16 form part of these financial statements.

Company registered number: 07933849

Statement of total recognised gains and losses

	12 months to 31 July 2015 £'000	12 months to 31 July 2014 £'000
Loss for the financial period	(1,296)	(101)
Total recognised losses relating to the financial period	(1,296)	(101)

Reconciliation of movements in shareholders' funds

	12 months to 31 July 2015 £'000	12 months to 31 July 2014 £'000
Loss for the financial period	(1,296)	(101)
Opening shareholders' funds	(469)	(368)
Closing shareholders' funds	(1,765)	(469)

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.

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 wholly owned subsidiaries 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 Brabeouf Manor, St Catherines, Guildford, Surrey, GU3 1HA.

Going concern

The accounts are prepared on a going concern basis, notwithstanding net current liabilities of £1,765k (2014: £1,891k) 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.

Goodwill

Purchased goodwill, representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired, arising on business combinations in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life, a period which is assumed by the Directors to be five years.

The carrying amounts for goodwill are reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised in the profit and loss account when the carrying amount or its income generating unit exceeds its recoverable amount.

Tangible fixed assets and depreciation

All tangible assets costing over £500 are capitalised. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Production equipment - 20 – 50% on cost per annum

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The company participates in a defined contribution pension scheme provided by The University of Law Limited. The assets of the scheme are held separately from those of the company in an independently administered fund. The

Notes (continued)

1 Accounting policies (continued)

amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

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.

Turnover

Turnover shown in the profit and loss account represents amounts receivable in respect of quarterly and annual subscriptions invoiced, and is recognised on a straight line basis over the contract length.

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.

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Employee share option plan

The share option plan allows employees to acquire shares of the parent company of the group. The fair value of the options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions under which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices not achieving the threshold for vesting.

Where the company's parent grants rights to its equity instruments to the group's or company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the group or the company account for these share-based payments as equity-settled.

2 Analysis of turnover

All turnover is generated within the United Kingdom and relates to the principal activity and continuing operations.

3 Loss on ordinary activities before taxation

<i>Loss on ordinary activities before taxation is stated after charging:</i>	12 months to 31 July 2015 £'000	12 months to 31 July 2014 £'000
Depreciation	-	1
Auditors' remuneration:		
Audit of these financial statements	5	5
Amortisation of goodwill	449	449
Impairment of goodwill	973	-

Notes (continued)

3 Loss on ordinary activities before taxation (continued)

Amounts receivable by the company's auditor and its associates in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's ultimate parent company, L-J Holdco Limited.

4 Remuneration of Directors

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

5 Staff numbers and costs

The average number of full time equivalent persons employed by the company during the year, analysed by category, was as follows:

	Number of Employees 12 months to 31 July 2015	Number of Employees 12 months to 31 July 2014
Sales	1	2
Production	11	14
	<hr/> 12	<hr/> 16
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows:

	12 months to 31 July 2015 £'000	12 months to 31 July 2014 £'000
Wages and salaries	382	613
Social security costs	41	68
Other pension costs	21	22
	<hr/> 444	<hr/> 703
	<hr/> <hr/>	<hr/> <hr/>

During the period to 31 July 2015, a further £555k (2014: £653k) was charged for staff costs by The University of Law Limited.

6 Interest receivable and similar income

	12 months to 31 July 2015 £'000	12 months to 31 July 2014 £'000
Bank interest	1	4
	<hr/>	<hr/>

Notes (continued)

7 Taxation

Analysis of charge in period

	12 months to 31 July 2015 £'000	12 months to 31 July 2014 £'000
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
	<hr/>	<hr/>
Tax on loss on ordinary activities	-	-
	<hr/>	<hr/>

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 £'000	12 months to 31 July 2014 £'000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(1,296)	(101)
	<hr/>	<hr/>
Current tax at 20.7% (2014: 22.3%)	(268)	(23)
	<hr/>	<hr/>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	274	72
Other timing differences	3	(4)
Group relief (claimed)/surrendered	(9)	(45)
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

8 Intangible fixed assets

	Goodwill £'000
<i>Cost</i>	
At 1 August 2014	2,246
	<hr/>
At 31 July 2015	2,246
	<hr/>
<i>Amortisation</i>	
At 1 August 2014	(824)
Charged in period	(449)
Impairment	(973)
	<hr/>
At 31 July 2015	(2,246)
	<hr/>
<i>Net book value</i>	
At 31 July 2015	-
	<hr/>
At 31 July 2014	1,422
	<hr/>

Notes (continued)

8 Intangible fixed assets (continued)

The Directors consider acquisitions separately for the purpose of determining the amortisation period of any goodwill that arises. The goodwill is being amortised over a period of 5 years, being the Directors' best estimate of its useful economic life.

Due to changes in the regulatory requirements of Continuing Professional Development the directors have impaired the goodwill down to the recoverable amount.

9 Tangible fixed assets

	Production equipment £'000	Total £'000
<i>Cost</i>		
At 1 August 2014	3	3
	<hr/>	<hr/>
At 31 July 2015	3	3
	<hr/>	<hr/>
<i>Depreciation</i>		
At 1 August 2014	3	3
Charge for year	-	-
	<hr/>	<hr/>
At 31 July 2015	3	3
	<hr/>	<hr/>
<i>Net book value</i>		
At 31 July 2015	-	-
	<hr/>	<hr/>
At 31 July 2014	-	-
	<hr/>	<hr/>

10 Debtors

	31 July 2015 £'000	31 July 2014 £'000
Trade debtors	96	98
Amounts due from group undertakings	6	745
	<hr/>	<hr/>
	102	843
	<hr/>	<hr/>

Debtors include no prepayments or accrued income due after more than one year.

Notes (continued)

11 Creditors: amounts falling due within one year

	31 July 2015 £'000	31 July 2014 £'000
Subscription fees received in advance	178	196
Trade creditors	25	27
Amounts due to group undertakings	1,733	2,572
Taxation and social security	9	12
Accruals	6	16
	<u>1,951</u>	<u>2,823</u>

12 Called up share capital

	31 July 2015 £	31 July 2014 £
<i>Allotted, called up and fully paid</i>		
Equity:		
10 Ordinary shares of £1	10	10
	<u>10</u>	<u>10</u>

13 Reserves

	Profit and loss account £'000
At 1 August 2014	(469)
Retained loss for the 12 months	(1,296)
At 31 July 2015	<u>(1,765)</u>

14 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.

15 Ultimate parent company

The immediate parent undertaking is COL NewCo Limited, a company incorporated in the United Kingdom.

The company's ultimate parent undertaking 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. On 1 June 2015, all the share capital of L-J Holdco Limited was acquired by Lake International Limited, a member of a group of companies owned by Global University Systems B.V. Prior to 1 June 2015, 84% of the ordinary share capital of L-J Holdco Limited was held by funds managed by Montagu Private Equity LLP.

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

Notes (continued)

16 Employee share scheme

Share based payments-company

Option plan	Date of grant	Number of options granted in year	Strike price £	Expected life of options(at time of grant) Years	Share price at grant £	Method of accounting
Outstanding at 1 August 2014		105	1.00	4	1.00	Equity
Exercised 1 June 2015		(105)	1.00	4	1.00	Equity
Grant outstanding at 31 July 2015		-	-	-	-	-
Outstanding at 31 July 2015		-				

The number and weighted average exercise prices of share options are as follows.

	31 July 2015 Weighted average exercise price £	31 July 2015 Number of options	31 July 2014 Weighted average exercise price £	31 July 2014 Number of options
Outstanding at start of year	1.00	105	-	-
Granted during the year	-	-	1.00	125
Forfeited during the year	-	-	1.00	(20)
Exercised during the year	1.00	(105)	-	-
Outstanding at end of year	-	-	1.00	105
Exercisable at end of year	-	-	-	-

The weighted average share price at the date of exercise of share options outstanding at 1 June 2015 was £1.00 (31 July 2014: £1.00).

There were no options outstanding at 31 July 2015 (the options outstanding at 31 July 2014 had an exercise price of £1.00 and a weighted average contractual life of 4 years).

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted.

And (for grants or modifications of equity instruments occurring in either the current or comparative year)

Notes (continued)

16 Employee share scheme (continued)

Fair value at measurement date

	Year ended 31 July 2015	Year ended 31 July 2014
Weighted average share price	-	£1.00
Exercise price	-	£1.00
Expected volatility (expressed as a % used in the modelling under Black Scholes Model)	-	65%
Option life	-	3.9 years
Expected dividends	-	-
Risk free interest rate (based on 10 year UK Gilts)	-	2.54

The expected volatility is based on historic volatility (calculated based on the weighted average remaining life of the share options) adjusted for any changes to future volatility due to publicly available information.

The total expenses recognised for the year are as follows. All schemes are equity settled.

Fair value at measurement date

	12 months to 31 July 2015 £	12 months to 31 July 2014 £
Equity settled share based payments	545	79

17 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.