

L-J Midco Limited

Directors' report and financial statements

For the year ended 31 July 2016

Registered number 07943515



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Strategic report

Principal activities

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

The group provides legal education and training under The University of Law brand.

L-J Midco is a member of the L- J Holdco group.

The ultimate parent company of the L-J Holdco group is Global University Systems Holding B.V., a company incorporated in the Netherlands.

The three trading businesses within the L-J Holdco group are The University of Law Limited, College of Law Services Limited and ULAW (UK) Limited. Legal Network Television Limited ceased trading in April 2016.

Business review and results

As an intermediate holding company, L-J Midco Limited did not trade throughout the year.

Our Strategy

The group will continue to focus on our existing strengths whilst looking at opportunities to grow our product offering to enable the group to deliver on our vision.

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 2016 are set out on page 8. The company recorded a loss of £2k (2015: £4k loss). No dividend is proposed, leaving the £2k loss (2015: £4k 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 key performance indicators for the group are shown in the University of Law's financial statements.

Principal risks and uncertainties

Information on the most significant categories of risks to the group's performance and the board strategies to manage these risks are given in the University of Law's financial statements.

The risk management framework includes a risk register, owned by the executive management team, who review risk regularly.

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.

Strategic report *(continued)*

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

Brabeouf Manor
Portsmouth Road
St Catherines
Guildford
Surrey, GU3 1HA
United Kingdom

7 February 2017

Directors' report

The Director presents the annual report and the audited financial statements for the year ended 31 July 2016.

Directors

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

D I Johnston (resigned 31 May 2016)
A Etingen

Political and charitable contributions

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

Disclosure of information to auditor

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

Auditor

In accordance with Section 487 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 15 Chapter 5 of the Companies Act 2006.

By order of the board



A Etingen
Director

Brabeouf Manor
Portsmouth Road
St Catherines
Guildford
Surrey, GU3 1HA
United Kingdom

7 February 2017

Statement of Director's' 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 L-J Midco Limited

We have audited the financial statements of L-J Midco Limited for the year ended 31 July 2016 set out on pages 8 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS102 *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 the Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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.

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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic and Directors Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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

Independent auditor's report to the members of L-J Midco Limited

- 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.



Jonathan Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL
9 February 2017

Profit and loss account for the year ended 31 July 2016

	<i>Note</i>	31 July 2016 £'000	31 July 2015 £'000
Turnover		-	-
Administration expenses		(2)	(4)
Loss on ordinary activities before taxation	3	(2)	(4)
Taxation on loss on ordinary activities	6	-	-
Loss on ordinary activities after taxation		(2)	(4)
Equity dividends paid		-	-
Retained loss for the period		(2)	(4)

All operations are continuing.

There was no other comprehensive income.

The notes on pages 11 to 15 form an integral part of these financial statements.


Balance sheet

At 31 July 2016

	<i>Note</i>	31 July 2016	31 July 2015
		£'000	£'000
Fixed assets			
Investments	7	-	-
		<hr/>	<hr/>
		-	-
Current assets			
Debtors	8	-	120,001
		<hr/>	<hr/>
		-	120,001
Creditors: amounts falling due within one year	9	(10)	(120,009)
		<hr/>	<hr/>
Net current liabilities		(10)	(8)
		<hr/>	<hr/>
Total assets less current liabilities		(10)	(8)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	(10)	(8)
		<hr/>	<hr/>
Equity shareholders' funds		(10)	(8)
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 Chapter 5 of the Companies Act 2006.

These financial statements were approved by the board of Directors on 7 February 2017 and were signed on its behalf by:


A Etingen

Director

Company registered number: 07943515

Statement of changes in equity for the year ended 31 July 2016

	Called up share capital £'000	Profit and loss account £'000	Total Equity £'000
At 1 August 2014	-	(4)	(4)
Loss for the year	-	(4)	(4)
	<hr/>	<hr/>	<hr/>
At 31 July 2015	-	(8)	(8)
Loss for the year	-	(2)	(2)
	<hr/>	<hr/>	<hr/>
At 31 July 2016	-	(10)	(10)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

L-J Midco is a company limited by shares and incorporated and domiciled in the United Kingdom.

The Company is exempt by virtue of s400 subject to the small companies regime 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.

The financial statements were prepared in accordance with *The Financial Reporting Standard 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland* (September 2015) ("FRS 102") and the Companies Act 2006.

The Company's parent undertaking, L J Holdco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of L J Holdco are prepared in accordance with FRS 102 and are available to the public and may be obtained from Braboeuf Manor, St Catherines, Guildford, Surrey, GU3 1HA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of the parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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 are prepared on the historical cost basis.

Adoption of FRS 102

This is the first year in which the financial statements have been prepared in accordance with FRS 102, it previously reported in accordance with UK GAAP ("Generally Accepted Accounting Practice"). An explanation of how the transition to FRS 102 has affected the financial position and financial performance of the company is provided in note 16. Comparatives have been restated where necessary for any changes in accounting policy.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

-the carrying amount of the company's cost of investment in subsidiaries is its deemed cost at 1 August 2014, the transition date.

Going concern

The company's business activities and factors likely to affect its future development and position, are set out on pages 2 of the Strategic report.

The accounts are prepared on a going concern basis 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

Notes (continued)

1 Accounting policies (contd)

Going concern (contd)

including not seeking repayment of amounts currently made available for the foreseeable future to enable it to continue to trade. As a result, having assessed the response of the directors of Global University Systems B.V., in light of its support 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, in accordance with FRS 102.

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.

2 Significant judgements and accounting estimates

The following accounting estimates have been made, which have a significant risk of causing a material amount to the carrying amounts of assets and liabilities within the next financial year:

a) The tax rate used for deferred tax liabilities (see note 6).

3 Loss on ordinary activities before taxation

	31 July 2016 £'000	31 July 2015 £'000
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration	2	2
	<u> </u>	<u> </u>

4 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.

5 Staff numbers and costs

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

6 Taxation

Current tax:

	31 July 2016 £'000	31 July 2015 £'000
Total tax per Profit and loss account	-	-
	<u> </u>	<u> </u>

Notes (continued)

6 Taxation (contd)

The charge for the year can be reconciled to the loss per the Profit and loss account as follows:

	31 July 2016 £'000	31 July 2015 £'000
Loss for the period- continuing operations	(2)	(4)
Tax on loss at standard UK tax rate of 20.0% (2015: 20.7%)	-	(1)
Effects of:		
Group relief	-	1
Total tax charge for the period	-	-

Factors that may affect future current and total tax charges

The UK Corporation tax rate was reduced from 21% to 20% effective from 1 April 2015. Further reductions to the corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020 were announced in the 2015 Summer Budget. In the 2016 March Budget, it was announced that the main rate of corporation tax from 1 April 2020 shall instead be 17%. Any deferred tax expected to reverse in the year to 31 July 2016 has been remeasured using the rates substantively enacted at 31 July 2016.

7 Fixed asset investments

<i>Cost</i>	Shares in group undertakings £
At 1 August 2015	1
At 31 July 2016	1

The company owns 100% of the issued share capital of L-J Bidco Limited.

8 Debtors

	31 July 2016 £'000	31 July 2015 £'000
Amounts due from group undertakings	-	120,001
	-	120,001

Notes (continued)

9 Creditors: amounts falling due within one year

	31 July 2016 £'000	31 July 2015 £'000
Amounts due to group undertakings	8	120,007
Accruals	2	2
	<hr/> 10	<hr/> 120,009
	<hr/> <hr/>	<hr/> <hr/>

10 Called up share capital

	31 July 2016 £	31 July 2015 £
<i>Allotted, called up and fully paid</i>		
1 Ordinary equity share of £1	1	1
	<hr/> 1	<hr/> 1
	<hr/> <hr/>	<hr/> <hr/>

11 Reserves

	Profit and loss account £'000
At 1 August 2015	(8)
Retained loss for the period	(2)
	<hr/>
At 31 July 2016	(10)
	<hr/> <hr/>

12 Related party disclosures

The Company has taken advantage of the exemption allowed in FRS 102 and has not disclosed details of related party transactions with 100% owned entities within the group.

13 Ultimate parent company

The immediate parent undertaking is L-J Finco 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

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

Notes (continued)

14 Contingent liabilities

At 31 July 2016, 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 remaining period of three years by Nomura International Plc to Lake Bridge International Plc.

15 Post balance sheet events

In October 2016, Lake Bridge International Plc, a subsidiary of Global University Systems Holding B.V. issued £77.3 million 8.00% Senior Secured Notes due 2020. The additional notes were consolidated with the initial notes (£234.4 million) to form a single series of £311.7 million notes. The company together with other group companies is a guarantor.

16 Transition to FRS 102

The company has adopted FRS 102 for the year ended 31 July 2016 as stated in note 1. The company previously applied UK GAAP and amounts reported in previous financial statements require no adjustments on transition to FRS 102.