Financial Statements
GSM London Limited

For the year ended 30 September 2015

Registered number: 01443436

Company Information

Registered number	01443436
Registered office	Meridian House Royal Hill Greenwich London SE10 8RD
Directors	C A Brady R G Burgess R D Hodsden S K Jain M Needley A Wheaton
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP

Contents

Directors' Report
For the year ended 30 September 2015

The directors present their report and the audited financial statements for the year ended 30 September 2015. The company changed its name from Greenwich School of Management Limited to GSM London Limited on 21 January 2015.

The business review is not shown in the Directors' Report as it is shown in the Strategic Report under s414C(11).

Results and dividends

The profit for the year, after taxation, amounted to £352,620 (2014: £1,858,495).

The directors have not recommended a dividend (2014: £Nil).

Directors

The directors who served during the year were:

C A Brady (appointed 25 February 2015)
P D Brett (resigned 30 June 2015)
R G Burgess (appointed 25 February 2015)
R D Hodsden (appointed 3 December 2015)
S K Jain (appointed 25 February 2015)
M Needley (appointed 25 February 2015)
A C W Sheffield (resigned 21 August 2015)
A Wheaton

Qualifying third party indemnity provisions

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

Directors' Report (continued)

For the year ended 30 September 2015

- 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 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

At 30 September 2015 GSM London Limited had net assets of £5,540,855 (2014: £5,188,235). Cash flow forecasts have been prepared which show that the company will be able to meet its financial obligations for at least twelve months and a day from the date of signing the financial statements. 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.

This report was approved by the board on 27 January 2016 and signed on its behalf.

R D Hodsden
Director

Strategic Report

For the year ended 30 September 2015

Principal activity

The principal activity of the company is that of provision of higher education as an affiliate of Plymouth University.

Business review and future developments

The directors believe that GSM London is well positioned to respond to demand from prospective students for an affordable, high quality higher education with a strong focus on students and their future employability.

We continue to make significant investment to ensure that all our students receive a high quality educational experience and have the necessary tools to embark on successful careers subsequent to completing their studies.

Over the last year, significant investment has been made in academic management and teaching faculty; quality assurance; student support, careers; learning resources; and, institution-wide information technology and management information. Employability continues to be being placed at the heart of curriculum development.

The directors are pleased that the company has continued to attract students from a wide range of backgrounds, including those for whom higher education is not readily accessible.

The company continues to operate from its two principal campuses in Greenford and Greenwich, together with its London Bridge study centre.

Summary of key performance indicators

The directors monitor the company by reference to certain financial and non-financial key performance indicators, as set out below:

1. Student engagement and performance against forecasts;
2. Exception reporting against delivery of agreed operational and financial plans; and
3. Working capital management, through review of working capital requirements against forecasts.

Principal risks and uncertainties

Risks and uncertainties facing the company

Risks are identified through the day to day involvement of management in the company and by regular reviews of strategic and material risks by the Board. The company has sought to adopt risk management processes incorporating areas of best practice across the higher education sector. Where possible, mitigation plans are developed for key institutional risks.

A potential financial risk which could face the company is that student numbers will fall substantially below forecasts, whilst the company's costs are substantially fixed in the short term. The management team regularly monitors the level of new student enrolments and also the number of existing students who are yet to finish their studies and therefore need to enrol for subsequent academic years in order to complete their courses.

The company and its students rely on the continued support of the Higher Education Funding Council for England and the Department for Business, Innovation and Skills through the Students Loans Company. The company continues to work closely with these bodies and others to ensure that GSM London has sufficient student places to obtain Student Loans Company funding for those of its students who are eligible for such support, to continue to develop in line with its strategic plans.

Strategic Report (continued)
For the year ended 30 September 2015

Financial risk management objectives and policies

The company uses various financial instruments including cash and has trade debtors and trade creditors arising directly from operations. The main purpose of these financial instruments is to improve the efficiency of the balance sheet, lower the cost of capital and raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risk arising from the company's financial instruments is credit risk.

Credit risk

The company's principal assets are cash and trade debtors. The credit risk associated with cash deposits is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises, therefore, from the company's trade debtors.

In order to manage credit risk arising from trade debtors, the company's credit management team constantly reviews outstanding student fees and takes appropriate action to minimise the company's exposure to bad debts.

This report was approved by the board on 27 January 2016 and signed on its behalf.

R D Hodsden
Director

GrantThornton

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

We have audited the financial statements of GSM London Limited for the year ended 30 September 2015, which comprise the Profit and Loss Account, the Balance Sheet, the Cash flow Statement and Reconciliation of Net Cash Flow to Movement in Net Funds/Debt 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).

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, 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 30 September 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Grant Thornton

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

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.

Grant Thornton UK LLP

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

28 January 2016

Profit and Loss Account

For the year ended 30 September 2015

	Note	2015 £	2014 £
Turnover	1,2	**40,250,584**	39,326,589
Cost of sales		**(15,085,462)**	(13,995,090)
Gross profit		**25,165,122**	25,331,499
Administrative expenses		**(24,047,846)**	(22,416,334)
Exceptional administrative expenses	8	**(267,370)**	(236,939)
Total administrative expenses		**(24,315,216)**	(22,653,273)
Other operating income	3	**123,514**	98,720
Operating profit	4	**973,420**	2,776,946
Interest receivable and similar income		**3,744**	7,197
Interest payable and similar charges	7	**(456,907)**	(308,717)
Profit on ordinary activities before taxation		**520,257**	2,475,426
Tax on profit on ordinary activities	9	**(167,637)**	(616,931)
Profit for the financial year	16	**352,620**	1,858,495

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

The notes on pages 10 to 20 form part of these financial statements.

Balance Sheet
As at 30 September 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	10		**2,998,364**		2,909,609
Current assets					
Debtors	11	**19,586,094**		22,412,299	
Cash at bank and in hand		**1,173,860**		666,140	
		20,759,954		23,078,439	
Creditors: amounts falling due within one year	12	**(18,217,463)**		(20,796,054)	
Net current assets			**2,542,491**		2,282,385
Total assets less current liabilities			**5,540,855**		5,191,994
Creditors: amounts falling due after more than one year	13		**-**		(3,759)
Net assets			**5,540,855**		5,188,235
Capital and reserves					
Called up share capital	15		**100**		100
Profit and loss account	16		**5,540,755**		5,188,135
Shareholders' funds	17		**5,540,855**		5,188,235

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 January 2016.

R D Hodsden
Director

The notes on pages 10 to 20 form part of these financial statements.

Cash Flow Statement

For the year ended 30 September 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	22	**3,439,001**	1,840,113
Returns on investments and servicing of finance	23	**2,837**	2,480
Taxation		**(1,183,000)**	(540,000)
Capital expenditure and financial investment	23	**(1,737,964)**	(1,015,784)
Acquisitions and disposals	23	**-**	1
Cash inflow before financing		**520,874**	286,810
Financing	23	**(13,154)**	(10,590)
Increase in cash in the year		**507,720**	276,220

Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the year ended 30 September 2015

	2015 £	2014 £
Increase in cash in the year	**507,720**	276,220
Cash outflow from decrease in debt and lease financing	**13,154**	10,590
Movement in net debt in the year	**520,874**	286,810
Net funds at 1 October	**649,226**	362,416
Net funds at 30 September	**1,170,100**	649,226

The notes on pages 10 to 20 form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 September 2015

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom applicable accounting standards.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

1.2 Going concern

The financial statements have been prepared on a going concern basis, based on the net assets position as at 30 September 2015 and projected future cash flows. GSM London Limited had net assets of £5,540,855 (2014: £5,188,235). Cash flow forecasts have been prepared which show that the company will be able to meet its financial obligations for at least twelve months and a day from the date of signing the financial statements. Accordingly, the directors consider it is appropriate to prepare the financial statements on a going concern basis.

1.3 Turnover

Turnover comprises fees receivable from the provision of higher education courses. Fees are credited to turnover as educational and related services are delivered to students. Where an element of the fees relates to services provided in subsequent accounting periods, that proportion is accounted for as deferred income and released to turnover when the service has been delivered.

1.4 Investments

Investments held as fixed assets are shown at cost less provision for diminution in value.

1.5 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Short term leasehold property	-	Straight line over the lease term
Fixtures & fittings	-	Straight line over 4 years
Computer equipment	-	Straight line over 3 - 4 years

Notes to the Financial Statements
For the year ended 30 September 2015

1. Accounting Policies (continued)

1.7 Leases

Rentals under operating leases are charged to the Profit and Loss account on a straight line basis over the lease term.

Assets acquired under finance lease contracts are capitalised at their fair value on acquisition and finance charges are allocated over the period of the contract in proportion to the capital element outstanding.

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability, then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Notes to the Financial Statements
For the year ended 30 September 2015

2. Turnover

The whole of the turnover is attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

3. Other operating income

	2015 £	2014 £
Sundry income	**110,917**	68,688
Rent income	**12,597**	30,032
	123,514	98,720

4. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the company	**1,637,649**	1,314,939
- held under finance leases	**11,560**	11,560
Auditor's remuneration	**29,500**	10,000
Auditor's remuneration - non-audit	**4,750**	2,000
Operating lease rentals:		
- other operating leases	**4,207,167**	4,145,069

5. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	**11,794,224**	9,280,899
Social security costs	**1,189,271**	930,779
Other pension costs	**132,553**	52,696
	13,116,048	10,264,374

Notes to the Financial Statements
For the year ended 30 September 2015

5. Staff costs (continued)

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Administrative staff	226	193
Lecturer staff	141	107
	367	300

6. Directors' remuneration

	Year ended 30 September 2015 £	Period ended 30 September 2014 £
Remuneration	43,333	-

During the year no retirement benefits were accruing to directors (2014 - 0) in respect of defined contribution pension schemes.

7. Interest payable

	2015 £	2014 £
On finance leases and hire purchase contracts	907	4,717
On loans from group undertakings	456,000	304,000
	456,907	308,717

8. Exceptional items

	2015 £	2014 £
Exceptional administrative expenses	267,370	236,939

Exceptional administrative expenses in the prior year and current year relate to expenditure incurred in association with the restructuring of the management team.

Notes to the Financial Statements
For the year ended 30 September 2015

9. Taxation

	2015 £	2014 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	**141,946**	373,605
Adjustments in respect of prior periods	**36,955**	236,071
Total current tax	**178,901**	609,676
Deferred tax (see note 14)		
Origination and reversal of timing differences	**(11,264)**	7,255
Tax on profit on ordinary activities	**167,637**	616,931

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.5% (2014 - 22%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	**520,257**	2,475,426
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2014 - 22%)	**106,646**	544,594
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**-**	33,958
Adjustments to tax charge in respect of prior periods	**36,955**	236,071
Other timing differences leading to an increase (decrease) in taxation	**11,545**	7,425
Other differences leading to an increase (decrease) in the tax charge	**23,755**	(21,058)
Group relief	**-**	(191,314)
Current tax charge for the year (see note above)	**178,901**	609,676

Notes to the Financial Statements

For the year ended 30 September 2015

10. Tangible fixed assets

	Short term leasehold improvements £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 October 2014	2,337,852	1,958,870	2,201,889	6,498,611
Additions	85,329	101,592	1,551,043	1,737,964
At 30 September 2015	**2,423,181**	**2,060,462**	**3,752,932**	**8,236,575**
Depreciation				
At 1 October 2014	1,145,292	1,271,647	1,172,063	3,589,002
Charge for the year	398,781	272,768	977,660	1,649,209
At 30 September 2015	**1,544,073**	**1,544,415**	**2,149,723**	**5,238,211**
Net book value				
At 30 September 2015	**879,108**	**516,047**	**1,603,209**	**2,998,364**
At 30 September 2014	1,192,560	687,223	1,029,826	2,909,609

Included within the net book value of £2,998,364 is £3,853 (2014: £15,412) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £11,560 (2014: £11,560). All assets held under finance lease agreements are included in computer equipment.

11. Debtors

	2015 £	2014 £
Trade debtors	**9,198,027**	7,983,606
Amounts owed by group undertakings	**6,065,805**	9,354,289
Other debtors	**63,346**	57,500
Prepayments and accrued income	**2,857,724**	4,561,399
Deferred tax asset (see note 14)	**466,769**	455,505
Corporation tax recoverable	**934,423**	-
	19,586,094	22,412,299

Included in other debtors is an amount of £57,500 (2014: £57,500) which is due after one year.

Notes to the Financial Statements

For the year ended 30 September 2015

12. Creditors: Amounts falling due within one year

	2015 £	2014 £
Finance leases	**3,759**	13,156
Trade creditors	**1,033,954**	1,221,230
Amounts owed to group undertakings	**329,738**	-
Other taxation and social security	**308,812**	289,660
Corporation tax	**-**	69,676
Pension creditor	**20,302**	61,205
Other creditors	**2,149,105**	1,127,834
Accruals and deferred income	**14,371,793**	18,013,293
	18,217,463	20,796,054

13. Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Net obligations under finance leases and hire purchase contracts	**-**	3,759

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2015 £	2014 £
Between one and five years	**-**	3,759

	2015 £	2014 £
Repayable within one year	**3,759**	15,307
Repayable within one to two years	**-**	3,827
Repayable in two to five years	**-**	-
Finance charges allocated to future accounting periods	**-**	(2,219)
		16,915
Included in current liabilities	**(3,759)**	(13,156)
	-	3,759

Notes to the Financial Statements

For the year ended 30 September 2015

14. Deferred tax asset

	2015 £	2014 £
At beginning of year	**455,505**	462,760
Charge for year	**11,264**	(7,255)
At end of year	**466,769**	455,505

The deferred tax asset is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	**466,769**	455,505

15. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	**100**	100

16. Reserves

	Profit and loss account £
At 1 October 2014	**5,188,135**
Profit for the year	**352,620**
At 30 September 2015	**5,540,755**

Notes to the Financial Statements

For the year ended 30 September 2015

17. Reconciliation of movement in shareholders' funds

	2015	2014
	£	£
Opening shareholders' funds	**5,188,235**	3,329,740
Profit for the financial year	**352,620**	1,858,495
Closing shareholders' funds	**5,540,755**	5,188,235

18. Operating lease commitments

At 30 September 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2015	2014
	£	£
Expiry date:		
Within 1 year	-	276,000
Between 2 and 5 years	**300,000**	27,935
After more than 5 years	**701,307**	713,477
	1,001,307	1,017,412

19. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 'Related Party Disclosures' and has not disclosed transactions with group undertakings which are included in the consolidated financial statements of Clipper Group Limited.

20. Contingencies

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.

21. Ultimate parent undertaking and controlling party

At 30 September 2014 and 2015, the immediate parent company is GSM London Services Limited and the ultimate parent company is Clipper Group Limited. Sovereign Capital Limited Partnership III is considered to be the ultimate controlling party by virtue of its controlling shareholding. Consolidated accounts are prepared for Clipper Group Limited only, as the ultimate parent.

Notes to the Financial Statements

For the year ended 30 September 2015

22. Net cash flow from operating activities

	2015 £	2014 £
Operating profit	**973,420**	2,776,946
Depreciation of tangible fixed assets	**1,649,209**	1,326,499
Decrease / (increase) in debtors	**3,771,890**	(12,462,409)
(Decrease)/ increase in creditors	**(2,955,518)**	10,199,077
Net cash inflow from operating activities	**3,439,001**	1,840,113

23. Analysis of cash flows for headings netted in cash flow statement

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	**3,744**	7,197
Interest paid	**-**	-
Hire purchase interest	**(907)**	(4,717)
Net cash (outflow)/inflow from returns on investments and servicing of finance	**2,837**	2,480

	2015 £	2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(1,737,964)**	(1,015,784)

	2015 £	2014 £
Acquisitions and disposals		
Sale of fixed asset investments	**-**	1

	2015 £	2014 £
Financing		
Repayment of finance leases	**(13,154)**	(10,590)

Notes to the Financial Statements
For the year ended 30 September 2015

24. Analysis of changes in net funds

	1 October 2014	Cash flow	Other non-cash changes	30 September 2015
	£	£	£	£
Cash at bank and in hand	666,140	507,720	-	1,173,860
Debt:				
Debts due within one year	(13,154)	13,154	(3,760)	(3,760)
Debts falling due after more than one year	(3,760)	-	3,760	-
Net funds	649,226	520,874	-	1,170,100