

# **TSL Education Limited**

## **Directors' Report and Financial Statements for the year ended 31 August 2007**

**Registered Number 2017289**

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# **TSL Education Limited**

## **Directors' Report and Financial Statements for the year ended 31 August 2007**

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# **TSL Education Limited**

## **Directors' Report for the year ended 31 August 2007**

The directors present their report and the audited financial statements of the Company for the year ended 31 August 2007

### **Principal Activities**

The principal activities of the Company are the publication of The Times Educational Supplement and The Times Higher Education Supplement. In addition, the Company runs education-related events. The publications are long established and leaders in each of their respective fields with The Times Educational Supplement having been published since 1910 and The Times Higher Education Supplement since 1971.

### **Review of Business Developments**

#### **Trading Performance in the Period**

Revenue was £62.1 million in the year ended 31 August 2007, compared to £57.9 million in the 14 months to 31 August 2006. Operating profit was £25.8 million before exceptional items (2006: £16.1 million).

Exceptional costs of £3.5 million (2006: £5.7 million) were incurred in restructuring the business to complete the migration of many of the functions previously carried out by News International under the transitional services agreement, re-launching The Times Higher Educational Supplement and the internet site.

The net interest charge for the period was £4.3 million (2006: £5.2 million) and relates to net interest payable to fellow Group undertakings and net bank interest received on cash balances.

The majority of the Company's revenue is derived from the advertising of teacher/academic vacancies in its publications. This can vary from year to year and therefore the Company's income may vary.

The Company's main publication the Times Educational Supplement was successfully re-launched in November 2006, resulting in a positive response from both readers and advertisers. The Company's future financial performance will be influenced by the continued success of advertising revenue in the Times Educational Supplement.

The profit for the period after taxation was £18.5 million (2006: £3.3 million). The directors do not recommend that a dividend be paid for the financial period (2006: £35.2 million). The directors are satisfied with the results and prospects of the Company.

### **Disposal of the Nursery World**

The Company disposed of the trade and net assets relating to the Nursery World on 12 June 2007.

# **TSL Education Limited**

## **Directors' Report for the year ended 31 August 2007 (continued)**

### **Directors**

The directors during the period and subsequent changes are as follows

	<b>Appointment date</b>	<b>Resignation date (if applicable)</b>
Mr C Graham		8 June 2007
Mr B P Gray		
Mr J R Lenane		8 June 2007
Ms N O'Donnell-Keenan		6 March 2007
Mr M O'Sullivan	6 March 2007	
Ms L Rogers		
Mr S M Wallis		8 June 2007
Ms S Walter	25 April 2007	

No director held, at any time during the period, any interests in the shares of the Company that are required by section 324 of the Act to be notified to the Company

### **Employee Involvement**

A staff association is in operation comprising elected employee representatives

Their meetings provide the framework for the Company's consultative process and representatives provide invaluable input on a wide range of issues

### **Employment of Disabled Persons**

It is the policy of the Company that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining. The Company is prepared to modify procedures or equipment, wherever this is practicable, so that full use can be made of an individual's abilities.

### **Financial Risk Management**

#### ***Credit risk***

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Management regularly reviews outstanding receivables and debtor recovery plans.

### **Statement of Directors' Responsibilities in Respect of the Financial Statements**

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). The financial statements are required by law to 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 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,

# **TSL Education Limited**

## **Directors' Report for the year ended 31 August 2007 (continued)**

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 1985. 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.

### **Disclosure of information to Auditors**

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

### **Charitable Donations**

The Company made charitable donations of £2,000 (2006 £730) during the period

### **Creditor Payment Policy**

It is the Company's policy that payments to suppliers are made within agreed terms. At 31 August 2007 the trade creditors of £542,000 was equivalent to 45 days of trade purchases.

### **Auditors**

The Company had passed an Elective Resolution in 2004 to dispense with the obligation to appoint auditors annually. PricewaterhouseCoopers LLP have indicated their willingness to serve as auditors for the coming year and they will therefore continue to serve as auditors for the Company.

By order of the board



**M O'Sullivan**  
**Company Secretary**  
19 December 2007

# TSL Education Limited

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TSL EDUCATION LIMITED

We have audited the financial statements of TSL Education Limited for the year ended 31 August 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

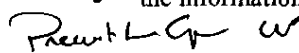
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2007 and of its profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
22<sup>nd</sup> January 2008

# TSL Education Limited

## Profit and Loss Account for the year ended 31 August 2007

	Notes	Year ended 31 August 2007 £'000	Period ended 31 August 2006 £'000
<b>Turnover</b>	2	62,137	57,949
Cost of sales		(18,047)	(18,999)
Exceptional cost of sales	3	(753)	(3,343)
Total cost of sales		<u>(18,800)</u>	<u>(22,342)</u>
<b>Gross profit</b>		43,337	35,607
Administrative expenses		(18,248)	(22,831)
Exceptional administrative expenses	3	(2,697)	(2,394)
Total administrative expenses		<u>(20,945)</u>	<u>(25,225)</u>
<b>Operating profit</b>	4	<u>22,392</u>	<u>10,382</u>
Dividends receivable from investments		216	257
Interest receivable and similar income	5	541	157
Interest payable and similar charges	5	(4,838)	(5,367)
<b>Profit on ordinary activities before tax</b>		<u>18,311</u>	<u>5,429</u>
Tax on profit on ordinary activities	7	196	(2,106)
<b>Profit on ordinary activities after taxation</b>		<u>18,507</u>	<u>3,323</u>
<b>Dividends and other appropriations</b>	8	-	(35,222)
<b>Retained (loss)/profit for the period/year</b>	17	<u>18,507</u>	<u>(31,899)</u>

There are no other recognised gains and losses in the period other than those reflected in the profit and loss account above

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above and their historical cost equivalents

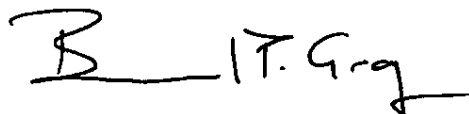
The notes on pages 9 to 21 form part of these financial statements

# TSL Education Limited

## Balance Sheet as at 31 August 2007

	Notes	31 August 2007 £'000	31 August 2006 £'000
<b>Fixed assets</b>			
Intangible assets	9	55,159	59,885
Tangible assets	10	4,190	367
Investments	11	-	-
		<u>59,349</u>	<u>60,252</u>
<b>Current assets</b>			
Debtors - due within one year	13	13,080	4,302
Cash at bank and in hand		<u>3,365</u>	<u>7,764</u>
		16,445	12,066
<b>Creditors amounts falling due within one year</b>	14	<u>(53,079)</u>	<u>(68,665)</u>
<b>Net current liabilities</b>		<u>(36,634)</u>	<u>(56,599)</u>
Provisions for liabilities and charges	15	(555)	-
<b>Net assets</b>		<u>22,160</u>	<u>3,653</u>
<b>Capital and reserves</b>			
Called up share capital	16	10	10
Profit and loss account	17	22,150	3,643
		<u>22,160</u>	<u>3,653</u>
<b>Shareholders' Funds</b>	18	<u>22,160</u>	<u>3,653</u>

The accounts on pages 7 to 21 were approved by the Board of Directors on 19 December 2007 and were signed on its behalf by



**B P Gray**  
**Director**

The notes on pages 9 to 21 form part of these financial statements



# **TSL Education Limited**

## **Notes to the Financial Statements for the year ended 31 August 2007**

### **1 Accounting Policies**

#### **a) Basis of Preparation**

These financial statements have been prepared under the historical cost convention in accordance with the Companies Act 1985 and applicable accounting standards. A summary of the more important accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the period.

#### **b) Application of New Financial Reporting Standards**

The Company has adopted FRS 17, 'Retirement benefits', FRS 21, 'Events after the balance sheet date', and the mandatory parts of FRS 25, 'Financial instruments: disclosure and presentation', in these financial statements.

#### **c) Revenue Recognition**

Turnover is the net amount receivable by the Company in the ordinary course of its business, excluding trade discounts and value added tax. Revenue from circulation is recognised in the week in which the paper is published. Refunds from circulation returns are debited to revenue. Advertising revenue is recognised over the period that an advert is run. Exhibition income is recognised over the period when the exhibition occurs.

#### **d) Publishing Rights and Titles**

Publishing rights and titles are stated at cost less amortisation and any provision made for impairment. Publishing rights and titles are amortised in equal annual instalments over a 20-year period, being the expected useful economic life, subject to acceleration of write-off where impairment is indicated. Impairment reviews are carried out at the end of the first financial period after acquisition and, thereafter, where there is any indication of impairment.

#### **e) Depreciation**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Provision is made against those assets that, in the opinion of the directors, have a value in use or net realisable value that is lower than their net book value. The value in use is calculated using a discounted cash flow methodology in accordance with applicable Financial Reporting Standards.

The discounting rate used in assessing the value in use of the assets is the estimated weighted average cost of capital employed by the Company. This has been calculated as the weighted average of the internal rate of return applied in the equity funding and the Company's bank debt interest rate.

Assets in the course of construction are not depreciated. When such assets come into use they are transferred to the appropriate fixed asset category and depreciated accordingly.

Other fixed assets are depreciated over their expected useful economic lives or anticipated length of use by the Company in order to write off their cost less estimated residual value. The principal rates, using the straight-line basis, are as follows:

# TSL Education Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2007

### 1 Accounting Policies (continued)

<u>Category</u>	<u>Asset life</u>
Computer equipment	25% to 100% per annum
Fixtures and fittings	10% to 20% per annum
Motor vehicles	25% per annum

#### f) Investments

Investments are stated at cost less provision for impairment. Reviews for impairment are carried out by the Company at each balance sheet date and whenever there is any indication that an investment may be impaired. If there is any indication that investments have suffered an impairment loss, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the loss. Impairment losses are recognised immediately in the Profit and Loss account.

#### g) Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The provisions included within these Accounts were estimated based on the expected amount of the future obligation. The calculations were not discounted, as the time value of money did not have a material effect on quantifying the provisions.

#### h) Pensions

Pension contributions, which are made to a defined contribution Group Personal Pension Plan, are charged to the profit and loss account as incurred. These contributions are invested separately from the Company's assets.

#### i) Leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term. Lease incentives are amortised over the shorter of the period to which the rental reverts to market based rates and the first break clause (if any).

#### j) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

#### k) Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

# TSL Education Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2007

### 1 Accounting Policies (continued)

#### l) Translation of Foreign Currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, monetary assets and liabilities at the balance sheet date are translated at the period end rate of exchange. All exchange differences arising are reported as part of the profit or loss for the period.

#### m) Cash Flow Statement

The Company has taken advantage of the exemption contained within FRS 1 (revised) "Cash flow statements" not to prepare a cash flow statement as the cash flows of the Company are included in the consolidated group cash flow statement of TSL Education Group Limited. TSL Education Limited is a wholly owned subsidiary of TSL Education Group Limited.

#### n) Consolidation Financial Statements

The company is a wholly-owned subsidiary of TSL Education Group Limited and is included in the consolidated financial statements of that company which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 228 of the Companies Act 1985.

### 2 Turnover

Substantially all of the turnover, losses and net assets are derived, by both origin and destination, from publishing activities in the United Kingdom.

### 3 Exceptional Costs and Non Recurring Costs

	Year ended 31 August 2007 £'000	Period ended 31 August 2006 £'000
<b><u>Exceptional Costs</u></b>		
<b>Cost of sales</b>		
Restructuring and redundancy costs	753	3,343
<b>Administrative expenses</b>		
Migration to a stand-alone business	145	1,521
Restructuring and redundancy costs	1,017	212
Relaunch of the TES	-	661
Relaunch of THES	381	-
Relaunch of the website	160	-
Onerous lease	555	-
Office move	161	-
Aborted systems upgrade	278	-
	<u>2,697</u>	<u>2,394</u>
	<u>3,450</u>	<u>5,737</u>

# TSL Education Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2007

### Exceptional Costs for year ended 31 August 2007

Exceptional costs relate to one-off costs incurred in restructuring the business to complete the migration of many of the functions previously carried out by News International under the transitional services agreement and the incremental costs incurred in re-launching The Times Higher Educational Supplement and the internet site. The onerous lease cost represents a provision for the remaining cost of servicing the old offices following the move to new offices on 8<sup>th</sup> October 2007.

### Exceptional Costs for the year ended 31 August 2006

Exceptional costs arose following the acquisition of TSL Education Limited by TSL Education Holdings Limited. The costs reflected one-off migration costs to establish the business as a stand-alone entity, the incremental costs incurred in the re-launch of The Times Educational Supplement in November 2006 and certain deal-related expenses. The restructuring and redundancy costs arose from the decision to cease publishing certain supplements, which resulted in the voluntary redundancy of certain editorial staff.

In addition to the above there are one off costs included in Operating Profit relating to costs of dual running services during the migration from News International and the launch of the Search and Selection business.

	Period ended 31 August 2007 £'000
<b><u>Non Recurring Costs</u></b>	
Launch of Search and Selection	335
Dual running of IT services	133
Dual running of distribution contract	88
Dual running of property	470
	<b><u>1,026</u></b>

## 4 Operating Profit

	Year ended 31 August 2007 £'000	Period ended 31 August 2006 £'000
Operating profit is stated after charging		
Auditor's remuneration		
- Audit services	71	75
- Non Audit services	92	35
Depreciation on owned assets	357	148
Rentals under operating leases on land and buildings	702	440
Amortisation of intangible assets	<b><u>3,200</u></b>	<b><u>3,773</u></b>

Non-audit services relate to regulatory compliance of £18,000 (2006: £18,000), tax advice of £66,200 (2006: £17,000) and migration services of £7,900. The Company bears audit and non-audit fees in respect of the entire TSL Education Group Limited group. No amounts are recharged to fellow group undertakings.

# TSL Education Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2007

### 5 Net Interest Payable and Similar Charges

	Year ended 31 August 2007 £'000	Period ended 31 August 2006 £'000
<b>Interest receivable and similar income</b>		
Bank interest receivable	285	157
Interest receivable from Group undertakings	256	-
	<u>541</u>	<u>157</u>
<b>Interest payable and similar charges</b>		
Bank interest payable	(8)	-
Interest payable to Group undertakings	(4,830)	(5,367)
	<u>(4,838)</u>	<u>(5,367)</u>
<b>Net interest payable and similar charges</b>	<u>(4,297)</u>	<u>(5,210)</u>

### 6 Staff Costs

	Year ended 31 August 2007 £'000	Period ended 31 August 2006 £'000
Wages and salaries	9,489	11,899
Social security costs	1,205	1,271
Other pension costs	652	831
	<u>11,346</u>	<u>14,001</u>

The average monthly number of employees during the period was made up as follows

	Year ended 31 August 2007	Period ended 31 August 2006
Editorial	89	118
Distribution	87	79
Production	3	4
Administration	30	25
	<u>209</u>	<u>226</u>

### Directors' Remuneration

	Year ended 31 August 2007 £'000	Period ended 31 August 2006 £'000
Aggregate emoluments (excluding pension contributions)	1,293	1,846
Company contributions to defined contribution schemes	51	76
	<u>1,344</u>	<u>1,922</u>
Highest paid director		
Total amount of emoluments and amounts receivable under long term incentive schemes	<u>656</u>	<u>644</u>

# TSL Education Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2007

### 6 Staff Costs (continued)

Retirement benefits are accruing to four (2006 two) directors under the Group Personal Pension Plan, a defined contribution scheme

### 7 Taxation

	Year ended 31 August 2007 £'000	Period ended 31 August 2006 £'000
<b>Analysis of tax for the period</b>		
<b>Current tax</b>		
Current year corporation tax at 30% (2006 30%)	-	2,404
	-	2,404
<b>Deferred tax</b>		
Current period – origination and reversal of timing differences	(7)	364
Prior year	(189)	(662)
Total deferred tax	(196)	(298)
<b>Taxation</b>	(196)	2,106

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

The tax assessed for the year is lower (2006 lower) than the standard rate of corporation tax in the UK (30%). A reconciliation of the current tax charge for the period, to the tax on profit at the standard rate, is shown below

	Year ended 31 August 2007 £'000	Period ended 31 August 2006 £'000
Profit on ordinary activities before tax	18,311	5,429
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	5,493	1,629
<b>Tax impact of adjustments</b>		
Amortisation of publishing rights – for which no tax relief is available	960	1,132
Group relief for nil consideration	(6,646)	-
Accelerated capital allowances	(27)	(364)
Other expenses not deductible for tax	285	7
Non Taxable income	(65)	-
<b>Current tax charge for the period</b>	-	2,404

# TSL Education Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2007

### 8 Dividends and other appropriations

	Year ended 31 August 2007 £'000	Period ended 31 August 2006 £'000
Interim dividend paid on ordinary shares	-	35,222

The directors do not recommend the payment of a final dividend for the financial period. No final dividend was paid for the period ended 31 August 2006.

### 9 Intangible Assets

	Publishing rights and titles £'000
<b>Cost</b>	
At 1 September 2006	64,694
Disposals (see note 12)	(2,810)
<b>At 31 August 2007</b>	<b>61,884</b>
<b>Amortisation</b>	
At 1 September 2006	4,809
Disposals (see note 12)	(1,284)
Charge for the period	3,200
<b>At 31 August 2007</b>	<b>6,725</b>
<b>Net book value</b>	
<b>At 31 August 2007</b>	<b>55,159</b>
At 1 September 2006	59,885

Publishing rights and titles represent amounts paid to News International Limited in respect of the Times Educational Supplement and The Times Higher Education Supplement. In the opinion of the directors, these titles have a sufficiently well-established position in the market place to be defended against threats arising from current competitors, potential new entrants and potential technological changes in the industry and accordingly no provision for impairment is necessary at the balance sheet date.

# TSL Education Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2007

### 10 Tangible Fixed Assets

2007	Assets in the course of construction £'000	Computer equipment £'000	Fixtures, fittings & motor vehicles £'000	Total £'000
<b>Cost</b>				
At 1 September 2006	261	2,758	1,065	4,084
Additions	3,361	817	2	4,180
Transfers	(261)	261	-	-
Disposals	-	(11)	(35)	(46)
<b>At 31 August 2007</b>	<b>3,361</b>	<b>3,825</b>	<b>1,032</b>	<b>8,218</b>
<b>Depreciation</b>				
At 1 September 2006	-	2,653	1,064	3,717
Charge for the period	-	354	3	357
Transfers	-	-	-	-
Disposals	-	(11)	(35)	(46)
<b>At 31 August 2007</b>	<b>-</b>	<b>2,996</b>	<b>1,032</b>	<b>4,028</b>
<b>Net book value</b>				
<b>At 31 August 2007</b>	<b>3,361</b>	<b>829</b>	<b>-</b>	<b>4,190</b>
At 1 September 2006	261	105	1	367

### 11 Investments

	£
<b>Cost – At 1 September 2006 and 31 August 2007</b>	
Subsidiary undertakings	6
Investment	300
<b>At 31 August 2007</b>	<b>306</b>
	£
<b>NBV – At 1 September 2006 and 31 August 2007</b>	
Subsidiary undertakings	-
Investment	-
<b>At 31 August 2007</b>	<b>-</b>



# TSL Education Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2007

### 11 Investments (continued)

The balance above represents the Company's investment in various subsidiary and other companies as at 31 August 2007 which are as follows

	Country of registration	Nature of Business	Percentage holding of ordinary shares
<b>Direct subsidiary undertakings</b>			
The Times Educational Supplement Limited	England and Wales	Dormant	100%
The Times Higher Education Supplement Limited	England and Wales	Dormant	100%
Educational Exhibitions Limited	England and Wales	Dormant	100%
Nursery World limited	England and Wales	Dormant	100%
<b>Investment</b>			
ECCTIS Limited	England and Wales	Information provider	43%

The directors believe that the book value of investments is supported by their underlying net assets

### 12 Disposal of Nursery World trade and net assets

On 12 June 2007 the Company disposed of its interest in the trade and net assets of the Nursery World publication for a consideration of £1.6 million

	£'000
<u>Assets disposed</u>	
Publishing rights & titles	(1,527)
Net working capital asset	(12)
	<u>(1,539)</u>
Sale costs	(97)
Proceeds	1,600
<b>Loss on disposal of Nursery World trade and assets</b>	<u><b>(36)</b></u>

The results of the Nursery World business have not been disclosed on the face of the profit and loss account because the amounts are not considered to be significantly material to warrant this treatment. In the period to 8 June 2007, Nursery World contributed £1,749,000 to the Company's turnover and recorded an operating loss of £398,000.

# TSL Education Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2007

### 13 Debtors

	Year ended 31 August 2007 £'000	Period ended 31 August 2006 £'000
Amounts falling due within one year		
Trade debtors	2,110	2,438
Amounts due from Group undertakings	8,810	300
Prepayments and accrued income	483	490
Other debtors	-	25
Corporation taxation	1,182	750
Deferred taxation	495	299
	<u>13,080</u>	<u>4,302</u>

Inter-company receivables are unsecured, repayable on demand and bear interest at a rate of 10% per annum

### 14 Creditors: Amounts Falling Due Within One Year

	Year ended 31 August 2007 £'000	Period ended 31 August 2006 £'000
Trade creditors	542	743
Other tax and social security	201	1,395
Group relief payable	-	2,057
Amounts due to Group undertakings	42,668	58,243
Accruals and deferred income	9,668	6,227
	<u>53,079</u>	<u>68,665</u>

Inter-company payables are unsecured, repayable on demand and bear interest at a rate of 10 % per annum

### 15 Provisions for liabilities and charges

	Onerous lease provision £'000
1 September 2006	-
Charged to the profit and loss account	555
Utilised during the year	-
31 August 2007	<u>555</u>

The Company moved offices on the 8<sup>th</sup> October 2007 and a provision is made for the remaining cost of servicing the old offices. The final payment relating to this provision was made in October 2007.

# TSL Education Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2007

### 16 Called Up Share Capital

The share capital of the Company is shown below

	Authorised		Allotted, issued and fully paid	
	Number	£'000	Number	£'000
<b>Equity</b>				
Ordinary Shares of £1 each - 31 August 2007 and 31 August 2006	10,000	10	10,000	10

### 17 Reserves

	Profit and Loss £'000
At 1 September 2006	3,643
Retained profit for the year	18,507
At 31 August 2007	<u>22,150</u>

### 18 Reconciliation of Movements in Equity Shareholders' Funds

	31 August 2007 £'000	31 August 2006 £'000
Opening shareholders' funds	3,653	35,552
Dividends paid	-	(35,222)
Retained profit for the financial year	18,507	3,323
Closing shareholders' funds	<u>22,160</u>	<u>3,653</u>

### 19 Contingent liabilities

At 31 August 2007, the Company had £nil of contingent liabilities (2006 £nil)

### 20 Capital Commitments

The Company had annual capital commitments as follows

	31 August 2007 £'000	31 August 2006 £'000
Contracts placed for future capital expenditure not provided in the financial statements	<u>2,366</u>	<u>743</u>

# TSL Education Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2007

### 21 Other Financial Commitments

At 31 August 2007, the Company had annual commitments under non-cancellable operating leases to make payments as follows

	Land and buildings	Other	Land and buildings	Other
	31 August 2007	31 August 2007	31 August 2006	31 August 2006
	£'000	£'000	£'000	£'000
Within one year	588	3	15	6
In two to five years	33	10	-	9
Over five years	1,461	-	332	-
	<b>2,082</b>	<b>13</b>	<b>347</b>	<b>15</b>

At 31 August 2007 and 31 August 2006, the Company had no financial commitments under non-cancellable operating leases

### 22 Pension

The Company operates a defined contribution scheme in the form of a Group Personal Pension Plan for its employees. The assets of the Plan are held separately from those of the Company in an independently administered fund. The Company pays a fixed percentage contribution for each employee who is a member of the Company Personal Pension Plan. Contributions payable by the Company to the fund in respect of the period ended 31 August 2007 amounted to £652,000.

### 23 Related Party Transactions

The Company has taken advantage of the exemption contained under paragraph 3(c) from the provisions of FRS 8, "Related Party Transactions", not to disclose related party transactions with other members of its group of companies, which are at least 90% owned on the grounds that it is a wholly owned subsidiary of a group headed by TSL Education Group Limited, whose accounts are publicly available.

Up to 8 June 2007 the Company was a wholly owned subsidiary of TSL Education Holdings Limited and under the provisions of FRS 8 no transactions before 8 June 2007 with entities which form part of that group are disclosed. Subsequent to 8 June 2007 the Company was a wholly owned subsidiary of TSL Education Group Limited and any transactions post 8 June 2007 with entities which form part of this group are also not disclosed. There were no other transactions during the year which are required to be disclosed under FRS 8.

# **TSL Education Limited**

## **Notes to the Financial Statements (continued) for the year ended 31 August 2007**

### **24 Parent Company and Ultimate Controlling Party**

The directors consider that the ultimate controlling party of the Company is Charterhouse General Partners (VIII) Limited, a company incorporated in England & Wales, on behalf of the funds under its management

The immediate parent undertaking is TSL Education Acquisition Limited, a Company registered in England & Wales

The parent undertaking of both the largest and smallest group of undertakings for which group financial statements are drawn up, and of which the Company is a member, is TSL Education Group Limited, a Company incorporated in England & Wales

Copies of the TSL Education Group Limited consolidated financial statements, which include the Company, are available from The Company Secretary, TSL Education Group Limited, 26 Red Lion Square, London WC1R 4HQ