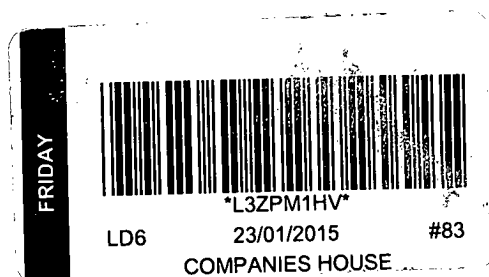


Company Registration No. 5749390

EF SOLUTIONS (SERVICES) LTD

Report and Financial Statements

30 September 2014



EF SOLUTIONS (SERVICES) LTD

REPORT AND FINANCIAL STATEMENTS 2014

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr Jonathan Hall
Mr Hans Andreas Karlsson

REGISTERED OFFICE

Global House, High Street
Crawley
West Sussex
RH10 1 DL

SOLICITORS

Speechly Bircham
Bouverie House
154 Fleet Street
London EC4A 2HX

AUDITOR

BDO LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

EF SOLUTIONS (SERVICES) LTD

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The principal activity of the company is to provide management services in the form of marketing and general business consultancy advice, information technology services and legal services to other member companies in connection with teaching services for adults.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The directors consider the result for the year to be satisfactory and anticipate that results will be similar for the coming year.

KEY PERFORMANCES INDICATORS ("KPIs")

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's credit risk is minimised as its sales are restricted to other group companies.

The board regularly reviews the financial requirements of the company and the risks associated therewith. The company monitors cash flow as part of its day to day control procedures and appropriate facilities are made available to be drawn upon as necessary.

Company operations are primarily financed from inter-company accounts which attract interest at a percentage above USD LIBOR rate.

Approved by the Board of Directors and signed on behalf of the Board



12/12/14

Mr Jonathan Hall

Director

EF SOLUTIONS (SERVICES) LTD

DIRECTORS' REPORT

The directors submit their report and the audited financial statements of EF Solutions (Services) Ltd for the year ended 30 September 2014.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £666,610 (2013 - £540,038). The directors do not recommend the payment of a dividend and the profit for the year has been transferred to reserves.

DIRECTORS

The directors of the company during the financial year were:

Mr Jonathan Hall

Mr Hans Andreas Karlsson

AUDITOR

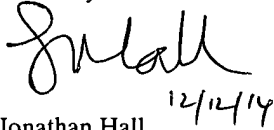
Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO LLP were appointed during the year and have expressed their willingness to continue in office as auditor. A resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board

Handwritten signature of Jonathan Hall in black ink, with the date 12/12/14 written below it.

Mr Jonathan Hall

Director

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 judgements and accounting estimates that are reasonable and prudent; 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EF SOLUTIONS (SERVICES) LTD

We have audited the financial statements of EF Solutions (Services) Ltd for the year ended 30 September 2014 which comprise the profit and loss account, the balance sheet, the cash flow statement, the notes to the cash flow statement 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 Financial Reporting Council's (FRC'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 FRC'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 2014 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EF SOLUTIONS (SERVICES) LTD (continued)**

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.

BDO LLP

Gary Hanson (Senior Statutory Auditor)
For and on behalf of BDO LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

17 December 2014

EF SOLUTIONS (SERVICES) LTD

PROFIT AND LOSS ACCOUNT

Year ended 30 September 2014

	Note	2014 £	2013 £
TURNOVER	2	18,186,060	15,499,521
Cost of sales		(17,319,673)	(14,761,205)
OPERATING PROFIT	3	866,387	738,316
Interest payable and similar charges	5	(377)	(164)
Interest receivable and similar income	6	7,942	7,512
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		873,952	745,664
Tax on profit on ordinary activities	7	(207,342)	(205,626)
RETAINED PROFIT FOR THE FINANCIAL YEAR	13	666,610	540,038

All activities derive from continuing operations.

There are no recognised gains or losses other than as stated in the profit and loss account above. Accordingly, no separate statement of total recognised gains and losses is presented.

EF SOLUTIONS (SERVICES) LTD

BALANCE SHEET 30 September 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Tangible assets	8	<u>121,827</u>	<u>115,176</u>
CURRENT ASSETS			
Debtors	9	4,046,658	4,304,251
Cash at bank and in hand		<u>151,101</u>	<u>151,622</u>
		4,197,759	4,455,873
CREDITORS: amounts falling due within one year	10	<u>(1,635,889)</u>	<u>(2,553,962)</u>
NET CURRENT ASSETS		<u>2,561,870</u>	<u>1,901,911</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		<u>2,683,697</u>	<u>2,017,087</u>
CAPITAL AND RESERVES			
Called up share capital	12	500	500
Profit and loss account	13	<u>2,683,197</u>	<u>2,016,587</u>
SHAREHOLDERS' FUNDS	14	<u>2,683,697</u>	<u>2,017,087</u>

The financial statements of EF Solutions (Services) Ltd, registered number 5749390, were approved by the Board of Directors and authorised for issue on

Signed on behalf of the Board of Directors



12/12/2014

Mr Jonathan Hall

Director

EF SOLUTIONS (SERVICES) LTD

CASH FLOW STATEMENT Year ended 30 September 2014

	Note	2014 £	2013 £
Net cash inflow from operating activities	1	<u>383,214</u>	<u>268,283</u>
Returns on investments and servicing of finance			
Interest received		7,942	7,512
Interest paid		<u>(377)</u>	<u>(164)</u>
Net cash inflow from returns on investments and servicing of finance		<u>7,565</u>	<u>7,348</u>
Taxation paid		<u>(300,500)</u>	<u>(129,700)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(92,267)	(67,225)
Sale of tangible fixed assets		<u>1,467</u>	<u>2,705</u>
Net cash outflow from capital expenditure and financial investment		<u>(90,800)</u>	<u>(64,520)</u>
(Decrease) / Increase in cash in the year	2	<u>(521)</u>	<u>81,411</u>

EF SOLUTIONS (SERVICES) LTD

NOTES TO THE CASH FLOW STATEMENT

Year ended 30 September 2014

	2014 £	2013 £
1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating profit	866,387	738,316
Depreciation of tangible fixed assets	84,190	74,883
(Profit) / Loss on disposal of tangible fixed assets	(41)	1,075
Decrease / (Increase) in debtors	159,720	(1,730,529)
(Decrease) / Increase in creditors	(727,044)	1,184,538
Net cash inflow from operating activities	383,214	268,283

2. ANALYSIS AND RECONCILIATION OF NET FUNDS

	At 1 October 2013 £	Cash flow £	At 30 September 2014 £
Cash at bank and in hand	151,622	(521)	151,101
		2014 £	2013 £
(Decrease) / Increase in cash in the year, being movement in net funds in the year		(521)	81,411
Opening net funds		151,622	70,211
Closing net funds		151,101	151,622

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2014

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

All accounting policies have been applied consistently during the year and preceding year.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Going concern

The company's business activities are explained in the Directors' Report. The company provides services to its parent company and to fellow group entities. The business model operates on a cost plus basis. The directors have obtained a letter of intention to support from the company's parent company. However the directors cannot guarantee that the support will be forthcoming should the need arise. The financial statements do not include any adjustments that would result if the company were unable to continue as a going concern.

Nevertheless after making enquires, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and that the company is well placed to manage its business risks successfully. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Tangible fixed assets

Fixed assets are stated at historical cost, less depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Equipment and furniture	1-5 years	straight line
Computer equipment	33.3%	straight line
Motor vehicles	20%	straight line

Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

Pension

The company pays defined contributions to pensions for the benefit of certain employees. Contributions are charged to the profit and loss account as contributions are made.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. TURNOVER

The company's turnover is the total amount receivable by the company in respect of services provided and was all derived from its principal activity and arose within the United Kingdom.

EF SOLUTIONS (SERVICES) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2014

3. OPERATING PROFIT

	2014 £	2013 £
Operating profit is stated after charging:		
Depreciation	84,190	74,883
Loss on disposal of fixed assets	-	1,075
	<u> </u>	<u> </u>
The analysis of auditor's remuneration is as follows:		
Fees payable to the company's auditor for the audit of the company's annual accounts	10,250	8,250
	<u> </u>	<u> </u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received no remuneration during the year or preceding year for services to the company.

	2014 No	2013 No
The average monthly number of persons (excluding directors) employed by the company during the year was:		
	140	110
	<u> </u>	<u> </u>
	£	£
Staff costs for the above persons:		
Wages and salaries	10,784,274	9,800,027
Social security costs	1,256,355	1,235,568
Pension costs	20,781	4,427
	<u> </u>	<u> </u>
	12,061,410	11,040,022
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £	2013 £
Bank interest paid	377	164
	<u> </u>	<u> </u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £	2013 £
Bank interest receivable	7,942	7,512
	<u> </u>	<u> </u>

EF SOLUTIONS (SERVICES) LTD

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2014

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is made up as follows:

	2014 £	2013 £
Current tax:		
UK corporation tax at 22.00% (2013 – 23.5%)	148,495	272,293
Adjustment in respect of prior years	(39,024)	44,069
	<u>109,471</u>	<u>316,362</u>
Deferred tax		
Timing differences, origination and reversal	68,868	(92,528)
Effect of changes in tax rates	35,256	22,335
Adjustment in respect of prior years	(6,253)	(40,543)
	<u>207,342</u>	<u>205,626</u>
Tax on profit on ordinary activities		

The tax charge differs from the standard rate of corporation tax in the UK of 22.00% (2013 – 23.5%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>873,952</u>	<u>745,664</u>
Tax on profit on ordinary activities at standard rate of corporation tax at 22.00% (2013 – 23.5%)	192,245	175,221
Expenses not deductible for tax purposes	25,119	4,543
Depreciation in excess of capital allowances	9,265	9,062
Movement in short term timing differences	(78,134)	83,467
Prior period adjustment	(39,024)	44,069
	<u>109,471</u>	<u>316,362</u>
Current tax charge for year		

The Finance Act 2013, which provides for a reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

EF SOLUTIONS (SERVICES) LTD

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2014

8. TANGIBLE FIXED ASSETS

	Equipment and furniture £	Motor vehicles £	Computer equipment £	Total £
Cost				
At 1 October 2013	9,129	72,859	293,744	375,732
Additions	8,646	-	83,621	92,267
Disposals	(1,375)	-	(898)	(2,273)
At 30 September 2014	16,398	72,859	376,467	465,726
Depreciation				
At 1 October 2013	6,440	67,403	186,713	260,556
Charge for the year	5,280	2,847	76,063	84,190
Disposals	(823)	-	(25)	(848)
At 30 September 2014	10,898	70,250	262,751	343,899
Net book value				
At 30 September 2014	5,502	2,609	113,716	121,827
At 01 October 2013	2,688	5,456	107,031	115,176

9. DEBTORS

	2014 £	2013 £
Amounts owed by group undertakings	3,905,758	4,078,849
Deferred tax (note 11)	37,943	135,813
Other debtors	20,860	65,359
Prepayments and accrued income	82,097	24,230
	<u>4,046,658</u>	<u>4,304,251</u>

All debtors are due within one year, with the exception of the deferred tax asset which is due in more than one year.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade creditors	41,661	65,469
Corporation tax	53,479	244,509
Other taxation and social security	996,220	709,415
Accruals and deferred income	544,529	1,534,569
	<u>1,635,889</u>	<u>2,553,962</u>

EF SOLUTIONS (SERVICES) LTD

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2014

11. DEFERRED TAX ASSET

Movement on deferred tax balance in the year:

	2014 £	2013 £
Asset at 1 October 2013	135,813	25,077
Profit and loss account credit	97,870	110,736
Asset at 30 September 2014	<u>37,943</u>	<u>135,813</u>

Deferred tax recognised at the year end comprised:

Depreciation in excess of capital allowances	37,943	29,518
Short term timing differences	-	106,295
	<u>37,943</u>	<u>135,813</u>

12. CALLED UP SHARE CAPITAL

	2014 £	2013 £
Called up, allotted and fully paid:		
500 ordinary shares of £1 each	<u>500</u>	<u>500</u>

13. STATEMENT OF MOVEMENT IN RESERVES

	£
At 1 October 2013	2,016,587
Profit for the year	666,610
At 30 September 2014	<u>2,683,197</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Profit for the year	666,610	540,038
Net increase in shareholders' funds	666,610	540,038
Opening shareholders' funds	2,017,087	1,477,049
Closing shareholders' funds	<u>2,683,697</u>	<u>2,017,087</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2014

15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by EF Colleges Limited on the grounds that all of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

16. ULTIMATE PARENT COMPANY

On 1 October 2013 the immediate parent company became EF Smart Colleges AG.

The immediate controlling entity and parent undertaking of the smallest group which includes the company and for which consolidated accounts are prepared is EF Smart Colleges AG, a company incorporated in Switzerland.

In the opinion of the directors the ultimate parent and controlling entity is EF Colleges Ltd, a company incorporated in Switzerland. EF Colleges Ltd is also the parent undertaking of the largest group which includes the company and for which consolidated accounts are prepared.