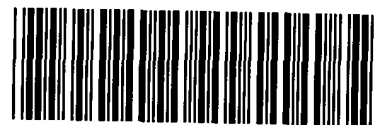


GLYNDWR LONDON LIMITED

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

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Company Number: 07149456

GLYNDWR LONDON LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

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GLYNDWR LONDON LIMITED

OFFICERS AND ADVISERS

Directors	Professor Michael Scott (Resigned 31 March 2015) Professor Graham Upton (Appointed 31 March 2015) Professor Christopher Raymond Jones (Appointed 31 March 2015)
Registered Office	4th Floor Hannibal House Elephant and Castle London England SE1 6TE
Independent Auditors	KPMG UK LLP Chartered Accountants 1 The Embankment Leeds LS1 4DW
Bankers	NatWest Bank plc. 33 Lord Street Wrexham LL11 1LP
Company Number	07149456
Company Secretary	Mr Douglas Paul Whiting Resigned 20 June 2014 Mr Stuart Fern Appointed 20 June 2014

GLYNDWR LONDON LIMITED
REPORT OF THE DIRECTORS

Year ended 31 July 2014

The directors submit their annual report and the audited financial statements of the company for the year ended 31 July 2014.

Principal Activities

These financial statements should be read in conjunction with the financial statements of the ultimate parent organisation, Glyndwr University, Mold Road, Wrexham, LL11 2AW. Copies of the consolidated financial statements in which this company is included are available from this address.

The company was incorporated on 8 February 2010 and was known as London School of Professional Studies Ltd. The company changed its name to Glyndwr London School of Management and Science Limited on 2 August 2011, then changed its name again to Glyndwr London Limited on 2 April 2013.

The principal activities of the company are the provision of higher education however a decision has been taken not to recruit further International students to the company in the academic year 2015/2016 whilst a sustainable strategy is developed for the London campus.

The suspension of Glyndwr University's highly trusted status (HTS) for Tier 4 international students in June 2014 has impacted significantly upon recruitment, revenues and cash flow. In January 2015 the United Kingdom Visas and Immigration (UKVI) confirmed the reinstatement of the licence although no recruitment will be allowed to take place at London in the 2015/16 academic year.

The ultimate parent organisation has committed to provide financial support to the company to enable it to continue to trade and meet its liabilities as they fall due for a period of not less than twelve months from the date that the financial statements are signed. Taking this support and the future prospects of the company into account, the Directors considers it appropriate to prepare these financial statements on a going concern basis. The Directors have considered the ability of the parent company to provide financial support should it be required.

Results and Dividends

Details of the Profit and Loss Account appear on page 7. No dividends are proposed or have been paid.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given on page 3.

Directors' Indemnity


As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year directors' and officer's liability insurance in respect of itself and its directors.

Auditors and Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and was approved by the board of directors.

KPMG UK LLP is eligible to act, and has been appointed as auditor by the company.


Professor Graham Upton
Director
Date 27 April 2015

GLYNDWR LONDON LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 prepared 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GLYNDWR LONDON LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLYNDWR LONDON LIMITED

We have audited the financial statements of Glyndwr London Limited (formerly Glyndwr London School of Management and Science Limited) for the year ended 31 July 2014 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 which 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 Auditors

As explained more fully in the Statement of Directors' Responsibilities 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 (APB'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 APB's web-site 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 2014 and of its result 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report



Clare Partridge, Director
for and on behalf of
KPMG UK LLP
Chartered Accountants
1 The Embankment
Leeds LS1 4DW
Date 29 April 2015

GLYNDWR LONDON LIMITED

Profit and loss account for the year ended 31 July 2014

	Note	Year ended 31 July 2014 £	Re-stated Year ended 31 July 2013 £
Turnover	2	7,937,241	5,960,562
Cost of sales		<u>(4,066,719)</u>	<u>(3,659,841)</u>
Gross profit		3,870,522	2,300,721
Net operating expenses	3	<u>(2,560,721)</u>	<u>(1,450,960)</u>
Profit or loss on ordinary activities before taxation, exceptional item and gift aid	4	1,309,801	849,761
Tax on profit or loss on ordinary activities	6	-	-
Profit or loss on ordinary activities after taxation but before exceptional item and gift aid		<u>1,309,801</u>	<u>849,761</u>
Exceptional impairment of goodwill	7	(1,141,335)	-
Profit or loss on ordinary activities after taxation and exceptional item but before gift aid		<u>168,466</u>	<u>849,761</u>
Gift Aid payment		62,095	(849,761)
Profit or loss for the financial year	12	<u><u>230,561</u></u>	<u><u>-</u></u>

All results derive from continuing operations.

The company has no recognised gains or losses other than those included in the results above and, therefore, no separate statement of recognised gains and losses has been presented.

There is no material difference between the result from ordinary activities before taxation and the result for the financial year stated above and their historical cost equivalents.

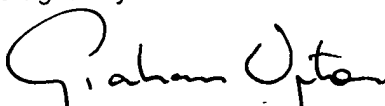
During the year the directors have reconsidered the presentation of Gift Aid payments in the financial statements. Previously the directors followed the Charity Commission guidance, but now understand that legal advice has been issued contradicting this. As the directors now consider the Gift Aid payments to be akin to a distribution rather than an expense it is now presented outside of the profit and loss account as an adjustment to results for the financial year. This has resulted in an increase in the results on ordinary activities for the prior year by £849,761. This reclassification has no effect on net assets.

GLYNDWR LONDON LIMITED

Balance Sheet as at 31 July 2014

	Note	as at 31 July 2014 £	as at 31 July 2013 £
Fixed assets			
Intangible assets	7	-	1,141,335
Tangible assets	8	45,416	68,125
		<u>45,416</u>	<u>1,209,460</u>
Current assets			
Debtors	9	2,938,132	1,118,409
Cash at bank and in hand		2,548	209,062
Total current assets		<u>2,940,680</u>	<u>1,327,471</u>
Creditors: amounts falling due within one year	10	(2,816,630)	(2,598,026)
Net current assets/(liabilities)		<u>124,050</u>	<u>(1,270,555)</u>
Total assets less current assets		169,466	(61,095)
Net assets/(liabilities)		<u>169,466</u>	<u>(61,095)</u>
Capital and reserves			
Called up share capital	11	1,000	1,000
Profit and loss account	12	168,466	(62,095)
Total shareholders' funds/(deficit)	12	<u>169,466</u>	<u>(61,095)</u>

The Financial Statements on pages 9 to 13 were approved by the Directors on 27 April 2015 and signed by:


Professor Graham Upton
 Director

Date 27 April 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

1 Accounting policies

(a) Accounting Convention

These financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting and financial reporting standards in the United Kingdom. The Directors consider that the accounting policies set out below are suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates. In accordance with FRS 1 (revised), the company has not presented a Cash Flow Statement in these financial statements on the basis that it is a wholly owned subsidiary of a parent company whose financial statements are publicly available. In addition, the company has taken advantage of the exemption conferred by FRS 8 from disclosing certain intra group transactions.

(b) Basis of Preparation

The parent company has committed to provide financial support to the company to enable it to continue to trade and meet its liabilities as they fall due for a period of not less than twelve months from the date the financial statements are signed. Taking this support and the future prospects of the company into account, the Directors consider it appropriate to prepare these financial statements on a going concern basis. The Directors have also considered the ability of the parent company to provide financial support if required.

(c) Turnover

The turnover figure represents services supplied during the period exclusive of value added tax.

(d) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences are taken to the Profit and Loss Account.

(e) Deferred income

Deferred income represents income collected but not earned at the balance sheet date. This is composed of student tuition fees accrued in advance of courses. Where a course is conducted over a financial year end, deferred income is recorded for all income related to that part of the course conducted in the next financial year.

(f) Deferred Tax

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 recognised 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 an undiscounted basis.

(g) Provisions

Provisions are recognised when a present legal or constructive obligation as a result of a past event exists. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

GLYNDWR LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

1 Accounting policies (continued)

(h) Intangible Fixed Assets

Intangible assets consist of goodwill arising from the acquisition of the trading activities of London School of Management and Science Limited (LSMS). Goodwill is calculated as the difference between purchase consideration and the fair value of any net assets at the date of acquisition. Where applicable, VAT has been included in the consideration amounts payable. Goodwill is reviewed for impairment at the end of the first full year of acquisition and subsequently if there are any indicators of potential impairment. Deferred consideration is adjusted each year to reflect the directors' best estimate of amounts payable.

(i) Impairment reviews

Where an impairment review is performed, the carrying value of the relevant asset (or assets within an income generating unit) is compared with the higher of value in use future expected cash flows (discounted where applicable) for that asset (or assets within an income generating unit) and the estimated net realisable value of that asset (or assets within an income generating unit). To the extent that the carrying value of the asset (or assets within an income generating unit) is lower, the difference is taken to the profit and loss account.

(j) Tangible Fixed Assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Equipment is included in the Balance Sheet at purchase cost and is depreciated on a straight line basis over its remaining useful economic life as follows:

Equipment 20% straight line

2 Turnover	Year ended 31 July 2014	Year ended 31 July 2013
Turnover comprises:	£	£
Higher education fees	7,596,287	5,632,768
Other income	340,954	327,794
	<u>7,937,241</u>	<u>5,960,562</u>

Other income relates to teaching provision to former London School of Management and Science Limited students who transferred to Glyndwr London School of Management and Science Limited on 1 April 2012.

3 Net operating expenses	Year ended 31 July 2014	Year ended 31 July 2013
Net operating expenses are made up as follows:	£	£
Administrative expenses	2,560,721	1,450,960
	<u>2,560,721</u>	<u>1,450,960</u>

GLYNDWR LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

4 Result from ordinary activities before taxation

	Year ended 31 July 2014 £	Year ended 31 July 2013 £
Operating profit and result from ordinary activities before taxation are stated after charging:		
Recruitment commission	448,746	769,325
Depreciation	22,709	22,709
Amortisation	-	60,819
Auditors' remuneration for audit services	7,400	18,885
Bad/doubtful debts	487,285	172,259

5 Directors' emoluments and staff costs

No emoluments were paid to the directors during the year in respect of their qualifying services to the company. No payments were made in the year for compensation for loss of office.

During the year, the company had an average monthly number of 43 employees split by the following activities:

	Year ended 31 July 2014	Year ended 31 July 2013
Operational	27	20
Operational Support	16	14
	<u>43</u>	<u>34</u>

	Year ended 31 July 2014 £	Year ended 31 July 2013 £
Employee costs comprised:		
Wages and salaries	1,931,343	1,284,507
Social security costs	152,466	112,969
Pension costs	4,653	2,850
	<u>2,088,462</u>	<u>1,400,326</u>

6 Tax on profit/(loss) on ordinary activities

There is no corporation tax liability arising in the company for the year ended 31 July 2014.

GLYNDWR LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

7 Intangible fixed assets

	<u>Goodwill</u>
	£
<u>Cost</u>	
At 01 August 2013	1,426,669
Adjustments in year	-
At 31 July 2014	<u>1,426,669</u>
<u>Accumulated Amortisation</u>	
At 01 August 2013	(285,334)
Exceptional impairment	(1,141,335)
At 31 July 2014	<u>(1,426,669)</u>
<u>Net book value</u>	
At 31 July 2014	<u>-</u>
At 31 July 2013	<u>1,141,335</u>

On 1 August 2011, London School of Professional Studies Ltd (subsequently renamed Glyndwr London School of Management and Science Limited on 2 August 2011, then renamed Glyndwr London Limited on 2 April 2013) acquired the trade of London School of Management and Science Limited.

This generated an intangible asset of goodwill which had a carrying value of £1,141,000 as at 31 July 2013. Given the reputational damage caused to Glyndwr University as a result of its Tier 4 licence suspension together with the need to fundamentally realign the future London recruitment strategy, the impairment of the carrying value of goodwill is deemed to be total.

GLYNDWR LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

8 Tangible fixed assets

	<u>Equipment</u>
	£
<u>Cost</u>	
At 01 August 2013	113,542
Additions in year	-
At 31 July 2014	<u>113,542</u>
<u>Accumulated depreciation</u>	
At 01 August 2013	(45,417)
Charge for the year	(22,709)
At 31 July 2014	<u>(68,126)</u>
<u>Net book value</u>	
At 31 July 2014	<u>45,416</u>
At 31 July 2013	<u>68,125</u>

9 Debtors

	31 July 2014	31 July 2013
	£	£
Trade debtors	1,474,793	708,282
Inter-company debtor	1,152,068	192,754
Other debtors	-	-
Other debtors	369	776
Prepayments and accrued income	310,902	216,597
	<u>2,938,132</u>	<u>1,118,409</u>

Trade debtors includes a bad debt provision of £728,105.

10 Creditors: Amounts falling due within one year

	31 July 2014	31 July 2013
	£	£
Trade creditors	572,551	7,215
Taxation and social security	45,372	42,009
Accruals	120,808	68,111
Deferred income	2,077,879	2,158,154
Other creditors	20	322,537
	<u>2,816,630</u>	<u>2,598,026</u>

GLYNDWR LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

11 Called up share capital

	31 July 2014 £	31 July 2013 £
Authorised		
1000 ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
1000 ordinary shares of £1 each	1,000	1,000

12 Reconciliation of movements in shareholders' (deficit)

	Called Up Share Capital £	Profit and Loss Account £	Total £
Balance at 31 July 2013	1,000	(62,095)	(61,095)
Issue of Share Capital	-	-	-
Result for the financial year	-	230,561	230,561
Balance at 31 July 2014	1,000	168,466	169,466

13 Contingent Liability

Since March 2012, Glyndwr London Limited has been involved in a dispute with the previous owners of that company arising from an agreement for services. The value of the claim being put forward is £7.3 million plus costs. Glyndwr London Limited has put forward a counterclaim totalling £7.7 million plus costs. The Board of Governors are currently of the view that the claim is without merit and hence no provision has been recognised in these financial statements. In any event, even if the claim were successful on current values, it is more probable than not that the counterclaim will extinguish the former owners' claim.

14 Parent and ultimate controlling party

The immediate parent is Glyndwr London Holdings Limited which is a wholly owned subsidiary of Glyndwr University.

The ultimate parent and ultimate controlling party is Glyndwr University. Glyndwr University is the only entity to consolidate the company's financial statements. These financial statements are available for scrutiny at Mold Road, Wrexham, LL11 2AW.

15 Related party transactions

As its statements are consolidated with Glyndwr University, the company has taken advantage of the exemption conferred by Financial Reporting Standard No 8 not to disclose any related party transactions or balances with its ultimate parent.