

# **McGraw-Hill Global Education UK Holdco Limited**

## **Report and Financial Statements**

31 December 2013

# McGraw-Hill Global Education UK Holdco Limited

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Registered No. 08414279

## Directors

S Khajuria	(appointed 21 February 2013, resigned 10 December 2013)
A Humphreys	(appointed 21 February 2013, resigned 10 December 2013)
D Kraut	(appointed 14 March 2013)
D Stafford	(appointed 14 March 2013)
P Milano	(appointed 14 March 2013)
I White	(appointed 10 December 2013)
C Knight	(appointed 10 December 2013)

## Secretary

TMF Corporate Administration Services Limited

## Auditors

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## Registered Office

McGraw-Hill House  
Shoppenhangers Road  
Maidenhead  
United Kingdom  
SL6 2QL

## Strategic report

The directors present the Strategic Report, the Directors' Report and financial statements for the period from 21 February 2013 to 31 December 2013.

### Principal activities and review of the business

The company acts as an intermediate holding company.

The company was formed to facilitate the purchase of certain international subsidiaries of McGraw-Hill Education group by Apollo Global Management, LLC.

The company was incorporated on 21 February 2013.

On 22 February 2013 the company became the sole member of McGraw-Hill Global Education UK Holdco II Limited.

### Principal risks and uncertainties and future developments

The following factors are viewed by the directors as being the company's principal risks and uncertainties that could unfavourably impact operating results in 2014:

- Introduction of new products, services or technologies, for example the transition of the business to a digital platform.
- Copyright and intellectual property rights infringement.
- A change in educational spending.

On behalf of the board



Ian White  
Director  
15<sup>th</sup> September 2014

## **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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 McGraw-Hill Global Education UK Holdco Limited**

We have audited the financial statements of McGraw-Hill Global Education UK Holdco Limited for the period from 21 February 2013 to 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 12. 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 set out on page 4, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the 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 December 2013 and of its profit for the period 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

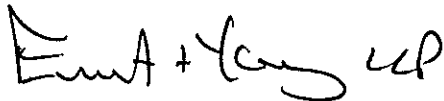
## Independent auditor's report

to the members of McGraw-Hill Global Education UK Holdco Limited (*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.



Paul Gordon (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
London

18 September 2014

## Profit and loss account

for the period ended 31 December 2013

	Notes	2013 £
Income from shares in group undertakings		7,700,000
Interest payable and other charges	4	<u>(5,931,842)</u>
<b>Profit on ordinary activities before taxation</b>		1,768,158
Tax on profit on ordinary activities	5	<u>-</u>
<b>Profit for the period</b>	10	<u><u>1,768,158</u></u>

All activities are continuing operations.

## Statement of total recognised gains and losses

for the period ended 31 December 2013

There are no recognised gains or losses attributable to the shareholders of the company for the period ended 31 December 2013 other than those disclosed in the profit and loss account above.

## Balance sheet

at 31 December 2013

	Notes	2013 £
<b>Non-current assets</b>		
Investments		253,625,089
<b>Creditors: amounts falling due after more than one year</b>	8	118,631,780
<b>Net assets</b>		<u>134,993,309</u>
<b>Capital and reserves</b>		
Called up share capital	9,10	100
Other reserves	10	134,993,209
Profit and loss account	10	-
<b>Total shareholders' funds</b>	10	<u>134,993,309</u>

The financial statements of McGraw-Hill Global Education UK Holdco Limited, registered number 08414279, were approved by the Board and authorised for issue on 15<sup>th</sup> September 2014.

They were signed on its behalf by:



Ian White  
Director



## Notes to the financial statements

at 31 December 2013

### 1. Accounting policies

#### *Basis of preparation*

The company was incorporated on 21 February 2013. The financial statements have been prepared for the period from 21 February 2013 to 31 December 2013. No comparatives have been presented as this is the company's first period of account.

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice.

#### *Going concern*

The financial statements have been prepared on the going concern basis. Further information can be found in the directors' report.

#### *Investments*

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

#### *Statement of cash flows*

The company is exempt from preparing a statement of cash flows under FRS 1 (revised) as the cash flows of the company are included in the group financial statements of the parent undertaking, McGraw-Hill Global Education Intermediate Holdings, LLC, which are publicly available.

#### *Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are recorded at the rates of exchange ruling at the date of the transaction. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

### 2. Auditor's remuneration

There is no auditor's remuneration in the company financial statements as it is all borne by McGraw-Hill Education (UK) Limited, a fellow subsidiary undertaking of Georgia Holdings, Inc. The amount borne by McGraw-Hill Education (UK) Limited on behalf of the company was £5,000.

### 3. Directors' remuneration

The directors' remuneration for 2013 was borne by McGraw-Hill Education (UK) Limited, McGraw-Hill Interamericana De Espana SL and McGraw-Hill Global Education, LLC, which make no recharge to the company. It is not possible to make an accurate apportionment of the remunerations in respect of this subsidiary.

### 4. Interest payable and similar charges

	2013 £
On loan notes	<u>5,931,842</u>

## Notes to the financial statements

at 31 December 2013

### 5. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2013 £
<i>Current tax:</i>	
UK corporation tax on the profit for the period	-
Tax charge on profit on ordinary activities	-

(b) Factors affecting the tax charge for the year:

	2013 £
Profit on ordinary activities before taxation	<u>1,768,158</u>
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 23.04%	<u>407,384</u>
<i>Effects of:</i>	
Non-taxable income	(1,774,080)
Group relief claimed	1,269,121
Tax losses carried forward	<u>97,575</u>
	<u>(407,384)</u>
Total current tax	<u>-</u>

## Notes to the financial statements

at 31 December 2013

### 6. Investments

	2013 £
<b>Cost</b>	
At the beginning of period	-
Additions	253,625,089
At end of period	<u>253,625,089</u>
<b>Net book value</b>	
At 31 December 2013	<u>253,625,089</u>
At 21 February 2013	<u>-</u>

On 22 February 2013 a subsidiary undertaking, McGraw-Hill Global Education UK Holdco II Limited was incorporated in the UK. The subsidiary issued 100 £1 ordinary shares at par on incorporation.

On the 22 March 2013 the company contributed £253,624,989 to McGraw-Hill Global Education UK Holdco II Limited in order to facilitate the acquisition of certain entities owned by The McGraw-Hill Companies, Inc.

The companies in which the company's interest at the period end is more than 20% are as follows:

	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Class and percentage of shares held</i>
<b>Subsidiary undertakings</b>			
McGraw-Hill Global Education UK Holdco II Limited	United Kingdom	Holding company	Ordinary 100%

### 7. Deferred Taxation

The company has an unrecognised deferred tax asset of £84,472 which relates to losses carried forward. The deferred tax asset on the tax losses has not been recognised due to uncertainty over future utilisation.

### 8. Creditors: amounts falling due within after one year

	2013 £
Loan note	<u>118,631,780</u>

## Notes to the financial statements

at 31 December 2013

### 9. Issued share capital

	2013	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	100	100

On 21 February 2013 the company allotted 100 ordinary shares of £1 each on incorporation for cash at par.

### 10. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Other reserves</i>	<i>Profit and loss reserve</i>	<i>Total shareholder's funds</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Shares issued	100	—	—	100
Other reserves issued	—	134,993,209	—	134,993,209
Profit for the period	—	—	1,768,158	1,768,158
Dividends paid	—	—	(1,768,158)	(1,768,158)
At 31 December 2013	100	134,993,209	—	134,993,309

### 11. Related party transactions

The company has taken advantage of the exemption under FRS 8 from disclosure of related party transactions with fellow group undertakings as it is a wholly owned subsidiary and is consolidated into the group financial statements of a parent undertaking.

### 12. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the company is McGraw-Hill Global Education Holdings, LLC, a company incorporated in the United States of America.

The company considers its ultimate parent undertaking and controlling party to be Georgia Holdings, Inc., a company incorporated in the United States of America. The parent undertaking of the smallest and largest group of undertakings for which group financial statements were drawn up and of which the company was a member was McGraw-Hill Global Education Intermediate Holdings, LLC, a company incorporated in the United States of America. Copies of the group financial statements of McGraw-Hill Global Education Intermediate Holdings, LLC can be obtained from:

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