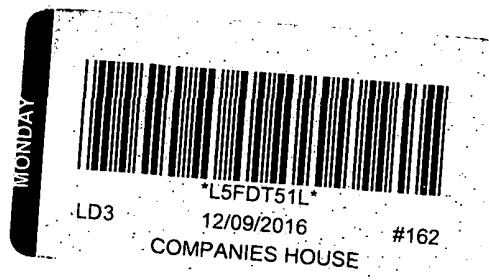


Lock Midco 1 Limited

Annual report and financial
statements

For the year ended 31 March 2016

Registered number 09175994



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Strategic report

The directors present their Strategic report, Directors' report and financial statements for the year ended 31 March 2016. The company was incorporated on 14 August 2014 and therefore the comparatives represent the period from 14 August 2014 to 31 March 2015.

Business review

The Company's principal activity is that of being an intermediate parent company and therefore it does not perform a trade. A review of the business of the company's subsidiaries is disclosed in detail in the financial statements of the parent company, Lock Topco Limited.

Future Developments

The planned future developments of the business of the company's subsidiaries are disclosed in detail in the financial statements of the parent company, Lock Topco Limited.

Results

The loss for the period, after taxation, amounted to £6,482,000 (2015: £674,000).

Key Performance Indicators

The key performance indicators of the company are disclosed in the financial statements of the parent company, Lock Topco Limited.

By order of the board



Michael Teixeira
Director

Imperial Works
Perren Street
London
NW5 3ED

23 August 2016

Directors' report

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the year were as follows:

J Hopkinson
T Morgan
T Sharpe
M Teixeira

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each 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.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Michael Teixeira
Director

Imperial Works
Perren Street
London
NW5 3ED

23 August 2016

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
15 Canada Square
London
E14 5GL

Independent auditor's report to the members of Lock Midco 1 Limited

We have audited the financial statements of Lock Midco 1 Limited for the year ended 31 March 2016 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Lock Midco 1 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; or

Mark Prince (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

23 August 2016

Statement of Income and Retained Earnings
for the year ended 31 March 2016

	<i>Note</i>	Year ended 31 Mar 2016 £000	From 14 Aug 2014 to 31 Mar 2015 £000
Interest payable and similar charges	2	(6,935)	(766)
Loss on ordinary activities before taxation		<u>(6,935)</u>	<u>(766)</u>
Tax credit on loss on ordinary activities	3	453	92
Loss for the financial year		<u>(6,482)</u>	<u>(674)</u>
Retained earnings brought forward		(674)	-
Retained earnings carried forward		<u>(7,156)</u>	<u>(674)</u>

There was no other comprehensive income in the current financial year, or the previous period, other than those disclosed above and therefore no separate statement of comprehensive income has been presented.

All results are derived from continuing operations.

The notes on pages 8 to 14 form part of these financial statements.

Balance Sheet
at 31 March 2016

	<i>Note</i>	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Investments	5		139		139
Current assets					
Debtors: amounts falling due within one year	6	57,387		56,933	
Current liabilities					
Creditors: amounts falling due within one year	7	(349)		(321)	
Net current assets			57,038		56,612
Total assets less current liabilities			57,177		56,751
Creditors: amounts falling due after more than one year	8		(64,158)		(57,250)
Net liabilities			(6,981)		(499)
Capital and reserves					
Called up share capital	10		175		175
Profit and loss account			(7,156)		(674)
Shareholder's deficit			(6,981)		(499)

The notes on pages 8 to 14 form part of these financial statements.

These financial statements were approved by the board of directors on 23 August 2016 and were signed on its behalf by:



Michael Teixeira
Director

Company registered number: 09175994

Notes

(forming part of the financial statements)

1 Accounting policies

Lock Midco 1 Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The company has taken advantage of the exemption under FRS102.33.1A and will not disclose transactions between wholly owned subsidiaries and their parents.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company’s ultimate parent undertaking, Lock Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Lock Topco Limited are available to the public and may be obtained from Imperial Works, Perren Street, London, NW5 3ED. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Lock Topco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

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

1.2 Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £6,981,000 (2015: £499,000). The directors believe the going concern basis is appropriate because the Company’s immediate and ultimate parent company, Lock Topco Limited, has undertaken that it will, for at least 12 months from the date of the approval of these financial statements, ensure that the Group makes available such funds as are needed by the company. This should enable the Company to meet its liabilities as they fall due for payment and continue to operate for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

At a Group level, the consolidated Lock Topco Limited financial statements show a net liability position of £7,489,000 at 31 March 2016 due to shareholder loans of £64,158,000 repayable in 2023, however the Group has cash balances of £10,662,000 (2015: £4,086,000) and net current assets of £9,166,000 (2015: £4,319,000), as well as a Revolving Credit Facility of £1,350,000 (2015: £1,350,000) if required.

Notes (continued)

1 Accounting policies (continued)

1.2 Going Concern (continued)

The directors have performed a detailed review of current trading including a consideration of the financial position as at the date of approval of these financial statements and the projected results and financial position of the Group over the next 12 months. Following this review and based on the Group's continued strong trading, the directors are confident that the Group will continue to generate positive cash flows from trading activities for the foreseeable future.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate. The consolidated financial statements for Lock Topco Limited have also been prepared on the going concern basis.

1.3 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

1.5 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable on shareholder loans recognised in profit or loss using the effective interest method.

Notes (continued)

1 Accounting policies (continued)

1.6 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Interest payable and similar charges

	Year ended 31 Mar 2016 £000	14 Aug 2014 to 31 Mar 2015 £000
On shareholder loans	6,935	766

3 Taxation

Analysis of charge in year

	Year ended 31 Mar 2016 £000	14 Aug 2014 to 31 Mar 2015 £000
<i>Current tax</i>		
Current tax on loss for the period	-	-
Total current tax	-	-
<i>Deferred tax</i>		
Origination/reversal of timing differences	(453)	(92)
Total deferred tax	(453)	(92)
Tax credit on loss on ordinary activities	(453)	(92)

Notes (continued)

3 Taxation (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2015: higher) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below.

	Year ended 31 Mar 2016 £000	14 Aug 2014 to 31 Mar 2015 £000
<i>Reconciliation of effective tax rate</i>		
Loss on ordinary activities before tax	(6,935)	(766)
Current tax at 20% (2015: 21%)	(1,387)	(161)
<i>Effects of:</i>		
Disallowable interest	248	-
Deferred tax not recognised	268	62
Group relief surrendered	418	-
Adjustment to closing deferred tax to average rate of 20%	-	7
Current tax charge for the year	(453)	(92)

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 31 March 2016 has been calculated based on these rates. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

4 Deferred tax asset

	2016 £000	2015 £000
Asset at start of year	92	92
Deferred tax credit in the profit and loss account for the year	453	-
Asset at end of year	545	92
Deferred tax assets are attributable to the following:		
	2016 £000	2015 £000
Short term timing differences relating to loan note interest	545	92

Notes (continued)

5 Fixed asset investments

	Shares in subsidiary undertakings £000
<i>Cost at start and end of the year</i>	139
<i>Net book value</i> At 31 March 2016 and 31 March 2015	139

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

	Country of incorporation	Principal activity	Percentage of shares held
<i>Subsidiary undertakings</i>			
Lock Midco 2 Limited	United Kingdom	Holding company	100%
Lock Bidco Limited*	United Kingdom	Holding company	100%
Marketing VF Limited*	United Kingdom	Digital marketing and publishing	100%
Think Ahead Advice Limited*	United Kingdom	Inactive	100%

*These investments are held indirectly via shareholding in Lock Midco 2 Limited

6 Debtors: amounts falling due within one year

	2016 £000	2015 £000
Amounts owed by group undertakings	56,842	56,841
Deferred tax asset	545	92
	<u>57,387</u>	<u>56,933</u>

Amounts owed by group undertakings are repayable on demand and no interest is charged on these amounts. Deferred tax assets of £545,000 (2015: £92,000) are expected to be realised in more than one year from the balance sheet date.

7 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to group undertakings	349	321
	<u>349</u>	<u>321</u>

Amounts owed to group undertakings are repayable on demand and no interest is charged on these amounts.

Notes (continued)

8 Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Shareholder loans (see note 9)	64,158	57,250

9 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2016 £000	2015 £000
Creditors falling due more than one year		
Shareholder loans	64,158	57,250

Shareholder loans consist of 12% unsecured redeemable A, B and C loan notes with a value including cumulative interest of £64,158,000 (2015: £57,250,000). During the year the Company satisfied its obligation in respect of accrued interest on the loan notes due to entities advised by Bridgepoint Advisers II Limited of £3,301,000 by issuing PIK notes of £3,301,000 to these entities.

The loan notes are repayable on 16 February 2023, with interest accrued annually and, if unpaid, rolled up. Shareholder loans are net of arrangement fees of £316,000 (2015: £317,000), which are being amortised over the life of the loans on the effective yield basis.

The notes rank and are repayable in the following order:

£27,049,000 - 12 per cent unsecured redeemable preferred A loan notes 2023

£25,996,000 - 12 per cent unsecured redeemable subordinated B loan notes 2023

£3,760,000 - 12 per cent unsecured redeemable subordinated C loan notes 2023

The Company's loan notes were listed on the Channel Islands Securities Exchange on 2 October 2015.

10 Called up share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
175,483 (2015: 175,483) Ordinary shares of £1 each	175	175

Notes (continued)

11 Commitments

There were no capital commitments at the end of the financial year.

12 Related parties

Related party transactions with key management personnel

All directors have authority and responsibility for planning, directing and controlling the activities of the Group and are considered to be related parties of the Company.

Key management personnel hold loan notes in the Company. The total value of loan notes including cumulative interest outstanding at 31 March 2016 is £64,158,000 (2015: £57,250,000), of which the amounts owing to key management personnel are principal of £21,822,000 (2015: £21,727,000) and accrued interest of £2,971,000 (2015: £307,000).

Related party transactions with minority shareholder of Group holding company

Entities advised by Bridgepoint Advisers II Limited which hold a minority shareholding in the Group Holding Company also hold loan notes in the Company with a principal value of £27,547,000 (2015: £24,341,000) and accrued interest of nil at 31 March 2016 (2015: £344,000). During the year the Company satisfied its obligation in respect of accrued interest on the loan notes due to entities advised by Bridgepoint Advisers II Limited of £3,301,000 by issuing PIK notes of £3,301,000 to these entities.

On 8 July 2015 entities advised by Bridgepoint Advisers II Limited transferred loan notes with a value (including accrued interest) of £99,383 to the Chairman of the Group for consideration of £99,383.

13 Ultimate controlling party

The Company is 100% owned by Lock Topco Limited, registered in the United Kingdom, which is the ultimate controlling party.

The largest and smallest group in which the results of the Company are consolidated is that headed by Lock Topco Limited, incorporated in United Kingdom. The consolidated financial statements of Lock Topco Limited are available to the public and may be obtained from Imperial Works, Perren Street, London, NW5 3ED.