Registered number: 05855261

EDUKEY EDUCATION LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

EDUKEY EDUCATION LTD

COMPANY INFORMATION

Directors	Mr J Romer-Lee Mr G Sasnauskas Mr P Simpson Mr R Williams
Registered number	05855261
Registered office	26 Red Lion Square London England WC1R 4HQ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Central Square 29 Wellington Street Leeds LS1 4DL

EDUKEY EDUCATION LTD

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Directors present their report and the audited financial statements for the year ended 31 August 2020.

Principal activities

The principal activity of the Company is that of the provision of educational software.

Business update

On 17 March 2016, Tes Global Limited acquired a 45% stake in the Company and exercised an option for an additional 30% stake holding on 1 July 2018, the option for a further 19% was exercised on 31 May 2020.

Results and dividends

Revenue for the year grew 24% to £5,081k *(2019: £4,086k)* with operating profit also increasing in the year to £3,144k *(2019: £1,670k)*. The profit for the year, after taxation, amounted to £2,769k *(2019: £1,457k)*.

The financial performance of the Company is set out in these financial statements. Financial performance of the Group as a whole, for the year ended 31 August 2020, is set out in the consolidated financial statements of Tes Topco Limited

The Directors do not recommend payment of a dividend *(2019: £nil)*.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Mr R Grimshaw (resigned 26 June 2020)
Mr J Romer-Lee
Mr G Sasnauskas
Mr P Simpson
Mr D Wilson (resigned 19 August 2020)
Mr R Williams (appointed 8 July 2020)

Directors' and officers' indemnity

The Company maintains qualifying third party liability insurance for its Directors and officers and had this in place throughout the year and up to the date of signing the financial statements.

Political donations

The Company did not make any political donation during the year *(2019: £nil)*.

Going concern

The directors have considered the trading position of the company and its business risks, and have prepared a cash flow forecast for a period of 12 months from the date of approval of the financial statements for Tes Topco Limited and its subsidiaries which included this entity, including considering a severe but plausible downside case. The Company benefits from Tes group financial strength and funds are provided as required by the Company. Based on the cash flow analysis performed for the group and subsidiaries. A letter of support had been obtained from Tes Topco Limited who have confirmed that they will continue to support the Company and provide any further funds, if required, for a period of a least 12 months from the date of approval of these financial statements.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 12 months from the date of approving these financial statements. The Company, therefore, continues to adopt the going concern basis in preparing its financial statements.

Principal risks and uncertainties

The principal risks and uncertainties, including financial risks, facing the business are set out below:

Market risk
The Company performs periodic market reviews to identify any underlying changes in the level of demand. The technology underpinning the product offering is continually developed to address market needs and demand.

Competitive risk
The main competitive threats facing the Company are from current competitors and potential new entrants into the market, offering similar technology services into schools. In the opinion of the Directors, the Company has sufficiently well-established positions in the local markets within which it operates to depend against potential threats.

Cash flow / liquidity risk
There is a risk that the Company does not have sufficient cash reserves to continue its' trade or cover its liabilities. The Company has sufficient funds to cover liabilities as they fall due. The Group, of which the Company belongs to, has access to a £25m revolving credit facility, which is reasonably expected to be made available to the Company, if required. As at 31 August 2020, the full £25m of this facility was drawn down in response to the COVID-19 pandemic, the full amount was however, repaid in September 2020.

Financial risk management

The Company's debt financing exposes it to a variety of financial risks that include the effects of changes in liquidity and interest rates. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided in the Group's Annual Report which does not form part of this report.

Small company

In preparing this report, the Directors have taken advantage of the small companies exemption provided by Section 415A of the Companies Act 2006.

Subsequent events

The impact of COVID-19 is discussed in note 19.

No other material events have taken place subsequent to the reporting date.

Future developments

At the date of the approval of the financial statements, Brexit has not had any direct effect on the Company. The Directors actively review the wider effects of Brexit on the environment in which the Company operates, at Group level.

There were no major changes in business activities during the period and no significant changes are expected in the coming year.

Directors' responsibilities statement

The Directors are responsible for preparing the 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 year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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, 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 to 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.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The Directors have made a decision to commence a tender process for the appointment of its external auditor to be completed by mid-2021, with the chosen firm to be appointed for the financial year 2021. PriceWaterhouseCoopers LLP will remain auditors of the Company until a conclusion is reached on the outcome of the tender process and/or may be re-appointed as auditors as part of the tender process.

This report was approved by the board on 8 April 2021 and signed on its behalf.

P Simpson
Director

Independent auditors' report to the members of Edukey Education Limited

Report on the audit of the financial statements

Opinion

In our opinion, Edukey Education Limited 's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 August 2020; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 August 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Rebecca Gissing (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
9 April 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £'000	*Period 1 June 2018 to 31 August 2019 £000*
Revenue	2	**5,081**	*4,086*
Gross profit		**5,081**	*4,086*
Other income	3	**22**	*-*
Administrative expenses		**(1,959)**	*(2,416)*
Operating profit	3	**3,144**	*1,670*
Interest receivable and similar income	6	**316**	*171*
Interest payable and similar expenses	7	**(3)**	*(2)*
Profit before taxation		**3,457**	*1,839*
Tax on profit	8	**(688)**	*(382)*
Profit and total comprehensive income for the financial year/period		**2,769**	*1,457*

The notes on pages 10 to 24 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020

	Note	2020 £000	*2019 £000*
Non-current assets			
Property, plant and equipment	9	**4**	*5*
Right of use assets	10	**-**	*18*
Intangible assets	11	**497**	*241*
		501	*264*
Current assets			
Trade and other receivables	12	**6,287**	*4,308*
Cash and cash equivalents		**2,742**	*864*
		9,029	*5,172*
Current liabilities			
Trade and other payables	13	**(4,906)**	*(3,581)*
Net current assets		**4,123**	*1,591*
Net assets		**4,624**	*1,855*
Capital and reserves			
Called up share capital	15	**-**	*-*
Retained earnings		**4,624**	*1,855*
Total Equity		**4,624**	*1,855*

The notes on pages 10 to 24 form part of these financial statements.

The financial statements on pages 7 to 24 were authorised for issue by the board of directors on 8 April 2021 and were signed on its behalf by:

P Simpson
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2020

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 September 2019	**-**	**1,855**	**1,855**
Comprehensive income for the year			
Profit for the year	-	2,769	2,769
Total comprehensive income for the year	**-**	**2,769**	**2,769**
At 31 August 2020	**-**	**4,624**	**4,624**

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 June 2018	**-**	**398**	**398**
Comprehensive income for the period			
Profit for the period	-	1,457	1,457
Total comprehensive income for the period	**-**	**1,457**	**1,457**
At 31 August 2019	**-**	**1,855**	**1,855**

The notes on pages 10 to 24 form part of these financial statements.

1. Accounting policies

1.1 Reporting entity

EduKey Education Ltd (the 'Company') is a private limited company incorporated in the United Kingdom and domiciled in Wales. The Company's registered office is at 26 Red Lion Square, London, England, WC1R 4HQ. The Company's principal activity is the provision of educational software.

1.2 Basis of preparation of financial statements

The financial statements of Tes Global Limited have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101).

The Company is a wholly owned subsidiary of Tes Global Limited and is included in the consolidated financial statements of Tes Topco Limited, which are publicly available. The financial statements have been prepared under the historical cost convention and in accordance with FRS 101 and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.
The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IAS 7 Statement of Cash Flows; and
- The requirements in IAS 24 Related Party Disclosures, to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS15 Revenue from contracts with customers;
- The requirements of IFRS 7 Financial Instruments: Disclosures;
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:

i) paragraph 73(e) of IAS 16 Property, Plant and Equipment.
ii) paragraph 118(e) of IAS 38 Intangible Assets.

Accounting policies have been applied consistently throughout these financial statements, other than where new policies have been adopted.

1. Accounting policies

1.3 Going concern

The directors have considered the trading position of the company and its business risks, and have prepared a cash flow forecast for a period of 12 months from the date of approval of the financial statements for Tes Topco Limited and its subsidiaries which included this entity, including considering a severe but plausible downside case. The Company benefits from Tes group financial strength and funds are provided as required by the Company. Based on the cash flow analysis performed for the group and subsidiaries. A letter of support had been obtained from Tes Topco Limited who have confirmed that they will continue to support the Company and provide any further funds, if required, for a period of a least 12 months from the date of approval of these financial statements.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 12 months from the date of approving these financial statements. The Company therefore, continues to adopt the going concern basis in preparing its financial statements.

1.4 Functional currency

The Company's functional and presentational currency is the pound sterling and the financial statements are presented as such.

Transactions in currencies other than the functional currency of the Company, are recorded at the rates of exchange prevailing on the date of the transaction.

At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies, are retranslated at the rate prevailing at the statement of financial position date.

Gains and losses arising on retranslation of monetary items are included in net profit or loss for the period.

Non-monetary assets and liabilities carried at fair value and denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

1.5 Revenue

Revenue comprises the fair value of the consideration receivable by the Company for the sale of goods and services in the ordinary course of its business. Revenue is shown net of value added tax, returns and trade discounts. Revenue is raised under a software subscription contract and is recognised on a straight line basis over the period that the subscription runs.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

1. Accounting policies

1.6 Interest receivable, payable and similar income and expenses

Finance income is recognised using the effective interest method. When a loan or receivable is impaired, the Company reduces the carrying value to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues to unwind the discount as interest income.

Finance costs are accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

1.7 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.8 Property plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal is recognised in profit and loss. Subsequent expenditure is capitalised if it is probably that future economic benefits associated with the expenditure, will flow to the Company.

Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

The estimated useful lives range as follows:

Furniture and equipment	25% reducing balance

1. Accounting policies

1.9 Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if all of the following have been demonstrated:

- Technical feasibility of completing the intangible asset, so that it will be made available for use or sale;
- Intention to complete the intangible asset and use or sell it;
- Ability to use or sell the intangible asset;
- The ability of the asset to generate probable future economic benefit;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria as listed above. Where no internally generated asset can be recognised, development expenditure is recognised in profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria as listed above. Where no internally generated asset can be recognised, development expenditure is recognised in profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

1.10 Trade and other receivables

Trade and other receivables includes amounts due from group companies and customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. Balances due after one year are presented as non-current assets.
Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Appropriate provisions for impairment are recognised as per note 1.13. Subsequent recoveries of amounts previously written off, are credited to profit and loss.

1.11 IFRS 9 Expected credit loss

The Company has applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The current and forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables are also considered. The Company has assessed that no material adjustment to provisions is required to reflect the lifetime expected loss.

1. Accounting policies

1.12 Trade and other payables

Trade payables includes amounts owed to group companies and obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due in one year or less. For payments due over one year, balances are classified as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.13 Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.14 Critical accounting estimates and judgements

The preparation of the Company's financial statements in accordance with FRS 101 requires decisions and estimates for some items, which might have an effect on their recognition and measurement in the statement of financial position and profit and loss. The actual amounts realised may differ from these estimates.

There were no critical accounting estimates or judgements required in the preparation of these financial statements.

2. Revenue

An analysis of revenue by class of business is as follows:

	2020	*Period 1 June 2018 to 31 August 2019*
	£000	*£000*
Software subscription revenue	5,081	*4,086*
	5,081	*4,086*

Revenues are recognised over the period of a contract term.

All revenue arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

	2020 £000	*Period 1 June 2018 to 31 August 2019* *£000*
Foreign exchange gain	**2**	-
Depreciation of right of use assets	**18**	*37*
Depreciation of tangible fixed assets	**1**	*2*
Amortisation of intangible assets, including goodwill	**93**	*16*

Fees for Audit services are borne by the Company's parent company, Tes Global Limited. No amounts were recharged to the Company (*2019: £nil).*

The Company received £22k *(2019: £nil)* of Coronavirus Job Retention Scheme funding from the UK government in the year, a scheme the Government set up in the wake of the COVID-19 pandemic to help businesses secure jobs.

No research and development costs have been expensed during the year *(2019: £nil).*

4. Employees

Staff costs were as follows:

	2020 £000	*Period 1 June 2018 to 31 August 2019* *£000*
Wages and salaries	**961**	*743*
Social security costs	**123**	*406*
Other pension costs	**28**	*12*
	1,112	*1,161*

4. Employees (continued)

The average monthly number of employees, including the Directors, employed by the Company during the year was as follows:

	2020	*2019*
	No.	*No.*
Train and Product	30	*27*
IT	13	*12*
Operations and Customer Services	4	*3*
Finance	2	*2*
Marketing	1	*1*
	50	*45*

5. Directors' remuneration

	2020 £000	*Period 1 June 2018 to 31 August 2019 £000*
Aggregate emoluments (excluding pension contributions)	122	*107*

There were 2 Directors remunerated by the Company *(2019: 2)*.

The emoluments of P Simpson and R Williams are remunerated by Tes Acquisition Limited and those of J Romer-Lee by Tes Global Limited. Their emoluments are deemed to be wholly attributable to their services to these companies. Accordingly, the Directors received no emoluments (*2019: £nil*) for services provided to the Company. No amounts were recharged to the Company in respect of these services for the year ended 31 August 2020 (*2019: £nil*).

Highest paid Director:

	2020 £000	*Period 1 June 2018 to 31 August 2019 £000*
Aggregate emoluments (excluding pension contributions)	61	*53*

6. Interest receivable and similar income

	2020 £000	*Period 1 June 2018 to 31 August 2019 £000*
Interest receivable from group companies	**316**	*171*
	316	*171*

7. Interest payable and similar expenses

	2020 £000	*Period 1 June 2018 to 31 August 2019 £000*
Interest payable to group companies	**3**	*1*
Interest payable on lease liabilities	**-**	*1*
	3	*2*

8. Tax on profit

	2020 £000	*Period 1 June 2018 to 31 August 2019 £000*
Corporation tax		
Current tax on profits for the year/period	**655**	*353*
Adjustments in respect of previous periods	**31**	*32*
Total current tax	**686**	*385*
(Origination) and reversal of timing differences	**2**	*(3)*
Total deferred tax	**2**	*(3)*
Taxation on profit	**688**	*382*

8. Tax on profit (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year is higher than *(2019 - higher than)* the standard rate of corporation tax in the UK of 19% *(2019:19%)*. The differences are explained below:

	2020 £000	*Period 1 June 2018 to 31 August 2019* *£000*
Profit before tax	3,457	*1,839*
Profit multiplied by standard rate of corporation tax in the UK of 19% *(2019:19%)*	657	*350*
Effects of:		
Adjustments in respect of prior periods	31	*32*
Total tax charge for the year/period	688	*382*

Factors that may affect future tax charges

The Finance Act 2016, which was substantially enacted on 15 September 2016, included provisions to reduce the main rate of UK corporation tax to 19% effective from 1 April 2017 and 17% with effect from 1 April 2020. The March 2021 Budget announced an increase in the UK standard rate of corporation tax to 25% from 1 April 2023 and cancelled the earlier suggested change of 17%. The legislation was not enacted during the year so deferred tax has been provided using the enacted rate of 19%.

Deferred taxation

	2020 £000	*Period 1 June 2018 to 31 August 2019* *£000*
At beginning of year/period	(3)	-
Charged/(credited) to profit or loss	2	(3)
At end of year/period	(1)	(3)

The deferred tax asset comprises short term timing differences.

9. Property, plant and equipment

	Furniture and Equipment £000
Cost or valuation	
At 1 September 2019 and 31 August 2020	**13**
Accumulated depreciation	
At 1 September 2019	8
Charge for the year on owned assets	1
At 31 August 2020	**9**
Net book value	
At 31 August 2020	**4**
At 31 August 2019	*5*

10. Right of use assets

	Right of use assets £000
Cost	
At 1 September 2019 and 31 August 2020	**55**
Accumulated depreciation	
At September 2019	37
Charge for the year	18
At 31 August 2020	**55**
Net book value	
At 31 August 2020	**-**
At 31 August 2019	*18*

Amounts recognised in the income statement:

	2020 £000	*Period 1 June 2018 to 31 August 2019 £000*
Depreciation charge (note 3)	**18**	*37*
Interest expense (note 7)	**-**	*1*
	18	*38*

Right of use assets relate to property leases held by the Company. The interest charge on the lease liabilities of £nil *(2019: £1k)* has been included in finance costs (note 7) and the depreciation charge of £18k *(2019: £37k)* in the year is included within administrative expenses (note 3).

11. Intangible assets

	Development expenditure £000	Assets under construction £000	Total £000
Cost			
At 1 September 2019	186	71	257
Additions	342	7	349
At 31 August 2020	**528**	**78**	**606**
Accumulated amortisation			
At 1 September 2019	16	-	16
Charge for the year	93	-	93
At 31 August 2020	**109**	**-**	**109**
Net book value			
At 31 August 2020	**419**	**78**	**497**
At 31 August 2019	*170*	*71*	*241*

An amortisation charge of £93k *(2019: £16k)* in the year is included within administrative expenses in the Statement of Comprehensive Income.

The Company continue to research new products to take to market. The total research and development expenses in the year have been capitalised in line with IAS 38.

Sensitivity analysis

Management perform an annual impairment review for any intangible asset which is considered to have an indefinite life. This review compares the carrying amount of goodwill, intangible assets and other directly attributable assets and liabilities with their recoverable amounts. The recoverable amount has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period, using a pre-tax discount factor in the range of 10% to 14% and terminal growth increase of 2.2%.

The value-in-use calculations indicate significant headroom and low sensitivity to changes in the assumptions. If the cash generated had been less than 73% of the pre-tax cash flow projections, the Company would have recognised a further impairment of goodwill.

11. Intangible assets (continued)

The calculations use cash flow projections based on financial budgets approved by management covering the next financial period. These are based on its expectations of prices, volumes and margins obtained from current products and services. Cash flows after this period have been extrapolated using estimated growth rates based on growth initiatives and/or existing projections. Discount rates have been calculated for each CGU and are considered to reflect the risks specific to the asset as well as the time value of money.

Managements key assumptions are based on their past experience and future expectations of the market over the longer term. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to sales and associated costs.

The Directors do not expect that the impact of COVID-19 to give rise to a further impairment of intangible assets due to the forecasts already including a level of prudence in relation to this matter.

12. Trade and other receivables

	2020 £000	*2019* *£000*
Due after more than one year		
Deferred tax asset	1	*3*
	1	*3*

The deferred tax asset comprises short term timing differences.

	2020 £000	*2019* *£000*
Due within one year		
Trade receivables	940	*722*
Amounts owed by group undertakings	5,346	*3,581*
Prepayments and accrued income	-	*2*
	6,286	*4,305*

Amounts owed by group undertakings are unsecured, repayable on demand and bear interest at a rate of 8% per annum *(2019: 8%).*

A bad debt provision of £48k (2019: £48k) is held by the Company, included within trade receivables.

In determining the recoverability of a trade receivable, the Company considers the ageing of each receivable and any change in circumstances of the individual customer. The Directors believe that there is no further provision required in excess of the allowance for doubtful debts.

12. Trade and other receivables (continued)

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which use a lifetime loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the historical credit losses experienced. The current and forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables are also considered. The Company have assessed that there is no material adjustment to provisions required, to reflect the lifetime expected loss.

The maximum exposure to credit risk at the end of the year is the fair value of trade and other receivables. The Directors estimate that the carrying value of receivables is an approximation of their fair value.

13. Trade and other payables

	2020 £000	*2019 £000*
Trade creditors	**18**	-
Amounts owed to group undertakings	**62**	*23*
Corporation tax	**668**	*183*
Other taxation and social security	**733**	*292*
Accruals and deferred income	**3,425**	*3,062*
Lease liabilities (note 14)	**-**	*21*
	4,906	*3,581*

Amounts owed to group undertakings are unsecured, repayable on demand and bear interest at a rate of 8% per annum *(2019: 8%).*

14. Lease liabilities

	2020 £000	*2019 £000*
Current		
Lease liabilities	-	*21*
	-	*21*
Total lease liabilities	-	*21*

15. Called up share capital

	2020	*2019*
	£	*£*
Allotted, called up, authorised and fully paid		
100 *(2019 - 100)* Ordinary shares of £1.00 each	**100**	*100*

16. Related party disclosure

Under FRS101 the exemption in paragraphs 17 and 18A in respect of related party transactions applies.

17. Transactions with key management personnel

Under FRS101 the exemption in paragraphs 17 and 18A in respect of key management services applies.

18. Controlling party

As of 1 July 2018, Tes Global Limited owned 75% of the share capital and Mr D Wilson and Mr G Sasnauskas owned 13% and 12%, respectively. During the year, the Company's parent, Tes Global Limited, acquired a further 19% of the share capital, 13% from Mr D Wilson and 6% from Mr G Sasnauskas. At the year end, Tes Global Limited therefore owned 94% of the share capital, with Mr G Sasnauskas owning the remaining 6%.

The immediate parent undertaking is Tes Global Limited, a company registered in England & Wales. The Company and its immediate parent are both consolidated entities of Tes Topco Limited, a company registered in England & Wales. Tes Topco Limited is the ultimate parent company.

Copies of the smallest and largest parent in the group, Tes Topco Limited consolidated financial statements, which include the Company, are available from the Company Secretary, Tes Topco Limited, 26 Red Lion Square, London, England, WC1R 4HQ.

The directors consider that the ultimate controlling party of the Company is Providence Equity Partners LLC, headquartered in the US, on behalf of the funds under its management.

19. Events after the reporting date

The Company has considered the impact of post reporting date events up to and including the date of signing.

The impact of COVID-19 has no material impact on the Companies critical estimates and judgements disclosed in the accounting policies in relation to the year ended 31 August 2020.

In January 2021, in the wake of increased COVID-19 infections, the UK Government announced further school closures from January through to 8 March 2021. Whilst we have seen a reduction in transactional advertising revenue consistent with the reduced curriculum provision, our subscription advertising renewals and Training provision continue to perform well and activity levels in software subscription areas have been high as schools adapt to new working practices.

After the reporting date on 31 August 2020, there were no other events of special significance which may have a material effect on the financial position and performance of the Company.