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# **Edukey Education Limited**

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## **Report and Financial Statements**

**Year ended 31 May 2018**

**Unaudited**

**Registered number: 05855261**



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**Directors**

Duncan Wilson  
Gintautas Sasnauskas  
Jonathon Romer-Lee (Appointed 12.06.18)  
Paul Simpson (Appointed 28.08.18)  
Robert Grimshaw (Appointed 28.08.18)

**Company Secretary**

Sally Wilson

**Registered Office**

Tes Global Limited  
26 Red Lion Square  
London  
WC1R 4HQ

**Accountants**

Mazars LLP  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
MK9 1FF

## **Directors' report**

The Directors present their report and unaudited financial statements of Edukey Education Limited for the year ended 31 May 2018.

### **Principal activity**

The principal activity of the Company in the period under review was the provision of educational services.

### **Review of business**

The results for the year are shown in the Statement of Comprehensive Income on page 4.

The financial position at the year end was considered satisfactory by the Directors. Continued shareholder support means that the Directors consider the company has the ability to continue trading for the foreseeable future.

### **Directors**

The Directors who served during the year and up to the date of this report (unless otherwise stated) were:

Duncan Wilson  
Gintautas Sasnaukas  
Craig Stevens (Resigned 12.06.18)  
Jonathon Romer-Lee (Appointed 12.06.18)  
Paul Simpson (Appointed 28.08.18)  
Robert Grimshaw (Appointed 28.08.18)  
Sally Wilson (Resigned 28.08.18)

### **Indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its Directors which were in place during the year and remain in force at the date of this report.

### **Secretary**

The Secretary who held office is:

Sally Wilson

### **Research and Development**

The Company is heavily committed to research and development activities. During the year, the Company concentrated its research on software and incurred expenditure of £405,612 (2017: £501,037)

## Statement of Directors' responsibilities in relation to the financial statements

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 they have elected to prepare the financial statements in accordance with IFRS as adopted by the EU 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 their profit or loss 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 they have been prepared in accordance with IFRS as adopted by the EU; 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 its 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.

### Small companies note

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

### Approval

This report was approved by the Board of Directors and signed on its behalf by:



**Paul Simpson**  
*Director*

Date: 28 February 2019

## Statement of Comprehensive Income

	Note	Year ended 31 May 2018 £	Restated Year ended 31 May 2017 £
<b>Turnover</b>	4	2,006,633	1,242,362
Cost of sales		-	(4,760)
<b>Gross profit</b>		2,006,633	1,237,602
Distribution costs		(137,731)	(204,918)
Administrative expenses		(1,336,112)	(1,018,277)
Other operating income	5	46,307	55,114
<b>Operating profit</b>	4	<u>579,097</u>	<u>69,521</u>
Interest receivable and similar income	7	1,102	341
<b>Profit before tax</b>		<u>580,199</u>	<u>69,862</u>
<b>Income tax expense</b>	8	<u>(75,013)</u>	<u>(32)</u>
<b>Profit for the period attributable to shareholders</b>		<u>505,186</u>	<u>69,830</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u><u>505,186</u></u>	<u><u>69,830</u></u>

The notes on pages 7 to 18 form part of these financial statements.

**Statement of Financial Position at 31 May 2018**

	Note	Year ended 31 May 2018 £	Restated Year ended 31 May 2017 £
<b>Non-current assets</b>			
Property, plant and equipment	9	1,571	1,864
<b>Current assets</b>			
Trade and other receivables	10	1,214,771	1,125,921
Cash and cash equivalents	11	1,559,844	552,811
		<u>2,774,615</u>	<u>1,678,732</u>
<b>Total assets</b>		<u>2,776,186</u>	<u>1,680,596</u>
<b>Current liabilities</b>			
Trade and other payables	12	(2,378,386)	(1,787,982)
<b>Total liabilities</b>		<u>(2,378,386)</u>	<u>(1,787,982)</u>
<b>Net assets</b>		<u>397,800</u>	<u>(107,386)</u>
<b>Shareholders' funds</b>			
Equity share capital	13	100	100
Retained earnings		<u>397,800</u>	<u>(107,486)</u>
<b>Equity shareholders' funds</b>		<u>397,800</u>	<u>(107,486)</u>

The Company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 May 2018.

The members have not required the Company to obtain an audit of its financial statements for the period ended 31 May 2018 in accordance with Section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for:

- (a) ensuring that the Company keeps accounting records which comply with Sections 377 and 387 of the Companies Act 2006; and
- (b) preparing the financial statements which give a true and fair view of the state of affairs of the Company as at that the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the Company.

The notes on pages 7 to 18 form part of these financial statements. The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



**Paul Simpson**  
Director

Date: 28 February 2019

**Statement of Changes in Equity for the year ended 31 May 2018**

	<b>Ordinary Share capital £</b>	<b>Retained Earnings £</b>	<b>Total Equity shareholders' funds £</b>
<b>As at 1 June 2016</b>	<b>100</b>	<b>580,997</b>	<b>581,097</b>
Prior year adjustment	-	(758,313)	(758,313)
<b>Restated as at 1 June 2016</b>	<b>100</b>	<b>(177,316)</b>	<b>(177,216)</b>
Profit for the year	-	69,830	69,830
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(107,486)</b>	<b>(107,386)</b>
<b>As at 31 May 2017 Restated</b>	<b>100</b>	<b>(107,486)</b>	<b>(107,386)</b>
Profit for the year	-	505,186	505,186
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>505,186</b>	<b>505,186</b>
<b>As at 31 May 2018</b>	<b>100</b>	<b>397,700</b>	<b>397,800</b>

The notes on pages 7 to 18 form part of these financial statements.



## Notes

### 1. General information

Edukey Education Limited is a private company incorporated and domiciled in England and Wales, it is limited by shares. The Company's principal place of business is 10 West Street, Fishguard, Pembrokeshire, SA65 9AE. The Company's registered number is 05855261.

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

These financial statements have been prepared and approved by the Directors in accordance with International Accounting Standards and International Financial Reporting Standards as adopted by the EU ("Adopted IFRS").

The financial statements are prepared on the historical cost basis.

#### *Presenting the financial statements under Adopted IFRS*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

#### *Functional and presentation currency*

These financial statements are presented in Pounds Sterling, which is the Company's functional currency. All financial information presented in Pounds have been rounded to the nearest Pound.

### 2. Basis of preparation

Judgments and estimates made by the Directors in the application of these accounting policies, that have significant effect on the financial statements are as follows:

#### *Useful economic life of assets, depreciation and residual values*

Depreciation rates are decided based on a judgment of the useful economic life of the asset.

#### *Bad debt provision*

Third party debts are evaluated based on the number of days outstanding and the credit worthiness of the individual debtor.

#### *Revenue Recognition*

Income is recognised in the period to which the service relates. Deferred income is calculated based on the contract signed by the customer and spread over the term.

**2 Basis of preparation (continued)**

**Standards, amendments and interpretations adopted in the current financial year ended 31 May 2018**

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements.

	EU effective date – periods beginning on or after
IFRS 2 Share-based Payment: Amendment in relation to classification and measurement of share-based payment transactions	Q1 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Annual Improvements to IFRSs (2014 - 2016)	1 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	Q1 2018

**Standards, amendments and interpretations in issue but not yet effective**

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements.

The Company is however continuing to assess the full impact that adopting these standards, amendments and interpretations will have on future financial statements, and therefore the full effect is yet to be determined.

	EU effective date – periods beginning on or after
IAS 19 Employee Benefits: Amendment in relation to plan amendment, curtailment or settlement	Q1 2019
IFRS 9 Financial Instruments: Amendment in relation to Prepayment features with negative compensation	Q1 2019
IFRS 16 Leases	1 January 2019
Annual Improvements to IFRSs (2015 - 2017)	Q1 2019
Annual Improvements to IFRSs (2015 - 2017) Conceptual Framework (Revised) and amendments to related references in IFRS Standards	Q1 2020
IFRIC 23 Uncertainty over Income Tax Treatments	Q1 2019

### 3. Accounting policies

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

#### 3.1 Property, Plant and Equipment

The property, plant and equipment of the Company comprises assets owned outright and recorded at purchase cost.

Property, plant and equipment are depreciated on the following basis

Furniture and equipment	reducing balance 25%
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Depreciation is charged to administrative expenses in the Statement of Comprehensive Income.

#### 3.2 Impairment of Property, Plant and Equipment

The Company assesses whether there is an indication that an asset has been significantly impaired at each Statement of Financial Position date. Where there is such an indication, an impairment test is performed.

Property, plant and equipment and intangible assets are subject to impairment when events or circumstances during the year (obsolescence, physical deterioration, significant changes in the method of utilisation, performances falling short of forecasts, decline in revenues, other external indicators, etc.), indicate that a loss in value may have occurred and that the recoverable amount may be less than the net carrying amount.

Impairment tests consist of comparing the net carrying amount of an asset with its recoverable amount, equal to the higher of the fair value less costs to sell and the value in use.

#### 3.3 Financial Assets

Financial assets are classified in current assets if they mature in less than 12 months. If financial assets mature in more than 12 months, they are presented in non-current assets.

#### 3.4 Cash and Cash Equivalents

Cash and cash equivalents consist of immediately available liquid assets (cash) and short-term investments, easily converted into a known amount of cash with an initial maturity of less than or equal to three months and which are exposed to a negligible risk of change in value.

#### 3.5 Trade and Other Receivables

Receivables are recorded at nominal value on issue, except for receivables with a maturity of more than one year, which are discounted to present value where the impact of discounting is material.

Impairment is recognised when there is a potential risk of non-recovery. This impairment is determined based on an individual appraisal of non-recovery risk using historical data.

#### 3.6 Research and Development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred.

## Accounting Policies (continued)

### 3.7 Financial Liabilities

These instruments are included in non-current liabilities, except for liabilities maturing in less than 12 months at the Statement of Financial Position date, which are recorded in current liabilities.

Borrowings and other financial liabilities are initially measured at fair value less transaction costs and subsequently at amortised cost determined using the effective interest rate. The fair value of financial liabilities is determined using measurement techniques such as the discounted cash flow method.

### 3.8 Income Taxes

The charge for current tax is based on the results for the year as adjusted for items which are non-taxable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

### 3.9 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when the conditions are satisfied:

- The amount of the revenue can be measured reliably;
- It is probable that the company will receive the consideration due under the contract;
- The stage of completion of the contract at the end of the reporting period can be measured reliably; and
- The costs incurred and the costs to complete the contract can be measured reliably.

### 3.10 Finance Income

Finance income comprises:

- net foreign exchange gains;
- other financing income, consisting of interest received on available cash balances.

## **Accounting Policies (continued)**

### **3.11 Finance Costs**

Finance costs presented by the Company reflect the impact of financing transactions. Finance costs comprise:

- other financing costs, consisting of bonus share issue costs and interest paid on shareholder and director loans.

### **3.12 Exceptional Items**

Items are classed as exceptional where they are material in amount, not expected to recur, and separate disclosure is required to enhance understanding of the results for the year.

### **3.13 Investments in Subsidiaries**

Investments in subsidiaries are stated at cost less provision for impairment.

### **3.14 Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive income.

Foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'Administrative expenses.'

### **3.15 Other income**

Other income relates to the Technical Services Agreement with the joint venture TuNur Limited. Revenue is recognised on a straight line basis in accordance with the agreement.

### **3.16 Going concern**

Continued shareholder support means that the Directors consider the company has the ability to continue trading for the foreseeable future.

**4. Revenue and Expenses**

Turnover

Analysis of turnover by class of business as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Fee revenue	2,006,633	1,242,362

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Net operating loss is after charging/(crediting):

	<b>2018</b>	<b>Restated</b>
	<b>£</b>	<b>2017</b>
		<b>£</b>
Depreciation	523	622
Foreign exchange loss/(gain)	(1,249)	-
Professional fees	151,703	65,311
Rent	12,992	10,392
Research & Development	405,612	501,037

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**5. Other operating income**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
R&D tax credit	46,307	55,114

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**6. Staff numbers and costs**

The average number of staff (including Executive Directors) in the year ending 31 May 2018 was 31 (2017: 31)

The aggregate payroll costs were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	562,867	561,913
Social security costs	212,227	155,859
Pension contributions	7,181	-
	<b>782,275</b>	<b>717,772</b>

## 7. Finance income

### Recognised in profit or loss

	2018 £	2017 £
<b>Finance income</b>		
Other finance income	1,102	341
	<u>1,102</u>	<u>341</u>

## 8. Taxation

### Recognised in the Statement of Comprehensive Income

	2018 £	Restated 2017 £
Current tax expense:		
Current year	75,044	-
Adjustments in respect of previous years	(31)	-
Restated current year	-	32
	<u>75,013</u>	<u>32</u>
<b>Tax charge for the year</b>		

	2018 £	2017 £
Profit before tax	580,199	-
Restated profit before tax		69,862
Tax using the UK corporation tax rate of 19%	110,238	13,274
Adjustment to previous year	(31)	-
Permanent Timing Differences	184	140
Restated tax using the UK corporation tax rate of 19.5%		(13,382)
Utilisation of tax losses	(18,486)	(13,382)
Set off notional tax from R&D	(16,891)	-
	<u>75,013</u>	<u>32</u>
<b>Total tax expense</b>		

### Factors that may affect future tax charges

In the Finance Act 2016, further changes to the future tax rates of Corporation tax were enacted on 15 September 2016. Under this legislation, the rate of Corporation tax was reduced from 20% to 19% from April 2017 and further reduced to 17% from April 2020.

**9. Property, plant and equipment**

	<b>Furniture and Equipment £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 June 2017	7,969	7,969
Additions	230	230
	8,199	8,199
<b>Depreciation</b>		
At 1 June 2017	6,105	6,105
Charge for the year	523	523
	6,628	6,628
<b>Net book value</b>		
At 31 May 2018	1,571	1,571
At 31 May 2017	1,864	1,864

**10. Trade and other receivables**

	<b>2018 £</b>	<b>Restated 2017 £</b>
Trade debtors	984,328	981,553
Corporation tax repayable	91,163	59,454
Other debtors	133,905	84,914
Prepayments and accrued income	5,374	-
	1,214,770	1,125,921

**11. Cash and cash equivalents**

	<b>2018 £</b>	<b>2017 £</b>
Cash and cash equivalents	1,559,844	552,811



**12. Trade and other payables**

	<b>2018</b>	<b>Restated</b>
	<b>£</b>	<b>2017</b>
		<b>£</b>
<b>Current</b>		
UK corporation tax	75,045	32
VAT	111,098	137,664
Bank loan	-	2,090
Credit card	-	1,066
Accruals and deferred income	2,192,242	1,647,130
	<b>2,378,385</b>	<b>1,787,982</b>
	<b>2,378,385</b>	<b>1,787,982</b>

**13. Share capital and reserves**

**Ordinary shares**

	<b>Ordinary shares Number</b>	<b>Total Number</b>
On issue at 31 May 2017	100	100
On issue at 31 May 2018	100	100
<b>Authorised share capital</b>		
£1 shares	<b>100</b>	<b>100</b>
	<b>100</b>	<b>100</b>
	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1 each	<b>100</b>	<b>100</b>
<b>Shares classified in shareholders' funds</b>	<b>100</b>	<b>100</b>
	<b>100</b>	<b>100</b>

The shares carry full voting, dividend and capital distribution rights, but no right to fixed income.

## 14. Reserves

### Retained earnings

This reserve represents cumulative profits and losses after the payment of dividends.

## 15. Financial risk management

### *Credit risk*

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to one counter-party.

The aged debtor report is reviewed by management on a regular basis for potential doubtful debts. It is the management's opinion that no further provision for doubtful debts is required.

Cash and cash equivalents amounted to £1,559,844 at 31 May 2018 (2017: £552,811).

### *Liquidity risk*

The Company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments.

Cash flow forecasts are prepared and monitored to ensure the company has sufficient reserves to meet future working capital requirements and to take advantage of business opportunities.

### *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments.

#### **Market risk – Interest rate risk**

The Company does not have any assets or liabilities subject to external interest rate risks.

#### **Market risk - Foreign currency risk**

The Company has a Sterling bank account to cover Sterling expenses but does not have any other assets or liabilities denominated in another currency.

### **Capital management**

The Company regards its capital as comprising its Shareholders' fund and cash. The Company seeks to manage its capital in such a manner that the Company safeguards its ability to continue as a going concern and to fund its future development. In continuing as a going concern, it seeks to provide for returns to shareholders as well as enabling repayment of its liabilities as a trading business.

### **Going concern assessment**

Based on their review of the financial management in place as detailed above, the Directors are satisfied that the financial statements should be prepared on a going concern basis.

**16. Commitments under operating leases**

As at 31 May 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
No later than 1 year	12,992	12,992
Later than 1 year and not later than 5 years	12,992	25,984
	<u>25,984</u>	<u>38,976</u>

**17. Controlling party**

As of 31 May 2018 Mr D Wilson, Mr G Sasnauskas and TES Global Limited had material interests in the company in that they own 28%, 27% and 45% of the issued share capital of Edukey Education Limited respectively. At this point there was considered to be no ultimate controlling party.

On 1 July 2018 TES Global Limited exercised an option to acquire an additional 30% of share capital. Subsequent to this Mr D Wilson, Mr G Sasnauskas and TES Global limited own 13%, 12% and 75% respectively.

From 1 July 2018 TES Global Limited was considered to be the ultimate controlling party.