Findel Education Limited

Annual report and financial statements

Registered number 01135827

26 March 2021

Contents

Officers and Professional Advisers

Directors
C D Mahady
M Whittaker
M D Jones (appointed 16 April 2021)
P B Maudsley (resigned 26 March 2021)
S M Caldwell (resigned 16 April 2021)

Secretary
M Ashcroft (resigned 16 April 2021)

Registered office
Findel House
Gregory Street
Hyde
Cheshire
SK14 4HR

Solicitors
Walker Morris
33 Wellington Street
Leeds
LS1 4DL

Auditor
Mazars LLP
1 St Peter's Square
Manchester
M2 3DE

Strategic Report

The directors present their annual report and the audited financial statements for the period ended 26 March 2021.

Business model

Findel Education is one of the largest independent suppliers of school and early years resources (excluding IT and publishing) to primary, secondary and nursery educational establishments both in the UK and Internationally to over 130 countries.

It offers three distinct brand propositions - School, Classroom and Specialist - each of which supports differing educational resources requirements within schools and nurseries. The School brand (GLS) is primarily focused on servicing the everyday essential products of all educational establishments with products such as stationery, janitorial supplies, furniture and arts & crafts materials. The Classroom brand (Hope Education) focuses on the supply of specialist curriculum and early years teaching resources to primary schools, nurseries and parents. The Specialist brands (Davies Sports and Philip Harris Scientific) are specialists in their respective fields and focus on both Primary and Secondary school establishments.

Our brands, their products and service strengths combine to sell resources to International Schools and Groups as well as UK Academy Groups and UK Nursery Chains.

FY21 Performance

Total revenue for the FY21 reduced by £8.5m to £71.4m (FY20: £79.9m) with gross profit margin decreasing by 0.9% to 34.6% (FY20: 35.5%). This was primarily due to the closure of schools both in the UK and Internationally throughout the majority of H1, as a result of the Covid-19 pandemic. Despite this, the business continued to see encouraging progress in delivering on its strategic objectives to increase online sales and improve its sourcing processes.

Net assets as at the end of 26 March 2021 were £13.5m (FY20: £18.4m) with the reduction primarily due to a reduction in stockholding as the company continues to manage stock levels.

On 16 April 2021 the company was sold by its existing owners, Studio Retail Group plc, to West Moorland 221 Ltd, a newly formed company owned by investment funds managed by Endless LLP.

Key performance indicators

	UK core customer number growth	**Demand per trader**	**UK Brands revenue growth**	**Online ordering**
How it is measured?	Annual Core Customer Growth.	Annual growth in annual trader spend.	Annual revenue growth from UK brands (i.e. excluding retail partners and international sales).	Proportion of customer orders coming via online channels.
Why is it used?	To show the underlying level of growth in the business. This has been impacted by Covid-19.	To show the trend in sustainable income from the average customer.	To show the underlying level of growth in the business.	To show the changing nature of customer ordering patterns.
Performance trends	(6.9%) (FY20: (2.7%))	0.8% (FY20: 0.9%)	(5.2%) (FY20: (4.1%))	81% (FY20: 71.9%)

The performance trends reflect the schools' closures as a result of Covid-19. Since the schools have reopened as normal the company has seen the performance metrics improve back to FY20 and better.

The company monitors non-financial KPI's around customers and employees.

Customer KPI's include customer reviews via Trust Pilot and using internal feedback via Net Promotor Scores (NPS). The results have been very satisfactory and favourable to our competitors.

Employees KPI's monitored include employee turnover, NPS's and other metrics included in regular employee surveys and forums. The results have been satisfactory this year.

Strategic Report *(continued)*

Principal risks and uncertainties

The performance of the company is influenced by government spending on education and downward movement in government spending on education may adversely impact the performance of the company.

The supply chain of the business involves importing goods from the EU and rest of the world. There has been some disruption due to the availability of raw materials and freight, primarily as a result of Covid-19. The company has continued to work closely with suppliers, in the UK and abroad, commit earlier and buy deeper on key stock lines.

Covid-19 Pandemic

At the outset of the Covid-19 pandemic in March 2020, the implications of how trading would continue and what that would mean for the financial viability of the future of the business was uncertain, and as such, Findel Education made use of the CJRS scheme offered by HMRC. We are pleased to say that the return of more normalised levels of trading during the second half of 2020 meant that all of this support was received and then repaid in full later in the year.

The company remains confident that the business can operate safely and successfully during any further Covid-19 restrictions given the resilient performance of the business during the period. The company continues to retain a cautious approach to the number of colleagues being on site and has adopted a hybrid approach to home/office working. The company has operated throughout lockdowns with minimal disruption which gives the company confidence that it can deal with the inherent uncertainties of the pandemic moving forwards. Regular reviews have taken place and continue to do so to ensure all key decisions are made to safeguard our colleagues, customers and suppliers.

Brexit

Brexit has created challenges for the business, both with exporting to EU customers and transacting with customers based in Northern Ireland under the Northern Ireland Protocol. The Protocol requires that UK authorities apply EU customs rules to goods entering Northern Ireland, with the effect that the sales made to customers in Northern Ireland are now effectively treated as exports. The company is continuing to work with its distribution partners in Northern Ireland and the rest of the EU to ensure that we can continue to serve our customers.

The company undertook to work with suppliers in advance of Brexit by bringing deliveries forwards to avoid importing problems, during Covid periods we worked closely with suppliers with limited supply and offered customer alternatives where we had out of stocks. Where imported stock became available, we bought deeper to avoid any further issues with supplier closures and import issues.

Going concern

The Directors have considered the potential impact of appropriate scenarios, including the impact of further Covid-19 related lockdowns, in their going concern assessment as set out in Note 1.

The scenarios that have been considered primarily involve loss of revenue as a result of potential future Covid-19 restrictions. This shows we should have sufficient resources and cash flow to continue as a going concern. During the recent restrictions the company has proven its ability to manage the business through the loss of revenue and cashflow that arose.

An annual business review and financial 3 year plan is set out and agreed by the board based around future activities and strategic aims which becomes the financial plan for the business. A sensitised downsize case is also presented to mitigate any adverse financial risks around trading and liquidity as part of this process.

Environmental, Social & Governance (ESG)

The ESG team are focussed on scope 1 and scope 2 improvements around the use of energy, waste packaging and product sustainability

Employee engagement

The company regularly communicates with its employees through several methods. There are regular employee surveys, employee engagement forums and formal monthly management communications.

Strategic Report *(continued)*

Section 172 Statement

Section 172 of the Companies Act 2006 requires the directors to take into consideration the interests of the stakeholders in their decision making.

The directors of the company have acted during the accounting period in order to promote the success of the company, both in short and long-term, for the benefit of all the company's members including building and nurturing relationships with key stakeholders, maintaining the company's reputation for good business conduct and acting fairly for all shareholders and stakeholders of the company. In doing so, the directors have considered the interests of their employees, their desire to meet the needs of customers and to foster strong business relationships with suppliers as well as considering the impact of the company's operations on the community and the environment.
In order to ensure that the requirements of Section 172 (I) are met, the directors consider that the following factors have contributed to positive stakeholder engagement:

- Routine reviews of customer feedback and direct engagement with those customers to address areas of concern and develop action plans to remedy any issues via NPS and Trustpilot feedback.
- Promotion of the company's culture and values and the emphasis on the recruitment of new colleagues who can contribute positively to both company values.
- The provision of internal and third party support to colleagues to support their physical, financial and mental wellbeing.
- The routine communication of business performance to senior colleagues and where appropriate external stakeholders
- Regular presentations to all colleagues of the business strategy, performance and topical issues as well as regular communication during Covid-19 to employees and stakeholders of the company's plans and actions through that period.
- Review of business performance and strategic direction and aims at the monthly Board meetings.
- Engagement across the business in the annual budgeting process and the regular forecasting.
- Consideration of the impact of the company's operations on the community and the environment and identification of areas for short and longer term improvements.

Previous information on our engagement with our stakeholders for the period to 26 March 2021 can be found in the Stakeholder Engagement and Gender Diversity section of the Studio Retail Group plc Annual Report for the period to 26 March 2021.

Since the sale of the business the directors have continued with the strategic aims and direction which is monitored through the formal monthly board meetings as demonstrated above.

By order of the board

M Whittaker

Director

23 December 2021

Directors' Report

Dividends

No dividends have been recommended by the company (FY20: £nil).

Going concern

These financial statements have been prepared on a going concern basis, see note 1 for further details.

Directors

The current directors and those that served during the year are shown on page 1.

At the balance sheet date the parent company, Studio Retail Group plc maintained insurance for directors of its subsidiaries, indemnifying them against certain liabilities incurred by them when acting on behalf of the Group during this financial year.

Business Review

See Strategic report on page 2 for the business review.

Financial Risk

The business manages and reduces its financial exposure alongside its regular reporting cycle. Annual 3 year rolling plans alongside the budget are measured and reviewed with sensitised cases based around changes to sales and costs to measure cash generation. Currency hedging is reviewed quarterly with 15 months cover. Receivables are measured and reviewed as part of the normal reporting cycle.

Future Developments

Future developments include continuing to invest in the ecommerce capability of the business as grow share of wallet with our existing customers and to attract new potential customers.

Disabled employees

It is company policy to give full and fair consideration to applications from disabled persons. Opportunities also exist for employees who become disabled to continue their employment or be trained for other suitable positions. Opportunities for promotion are open to all employees irrespective of disablement.

Employee consultation

Information is provided regularly to employees regarding the company's performance, strategic and operational forthcoming objectives and aims, engaging senior managers and work colleagues. We also engage with a biannual employee pulse survey to gain feedback on relevant employee related issues affecting their work, health, reward and recognition. This is supported further with monthly face to face employee forums with representation from all areas to openly discuss employee related issues.

Political contributions

The company made no political contributions during the period.

Streamlined Energy & Carbon Reporting (SECR)

The Company has taken the exemption available from reporting on SECR. Further information on SECR can be found in the sustainability section of the Studio Retail Group plc Annual Report for the period to 26 March 2021.

Directors' Report (continued)

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.

Auditor

Following KPMG LLP serving 10 years as the company's auditor, the audit committee of the parent company carried out an Article 16(3) selection procedure and recommended its first and second choices to the Board. The Board accepted the first choice recommendation, and Mazars LLP have since been appointed as auditors for the company.

Post balance sheet events

On 16 April 2021 the company was sold by its existing owners, Studio Retail Group plc to West Moorland 221 Ltd a newly formed company owned by investment funds managed by Endless LLP.

M Whittaker
Director

Findel House
Gregory Street
Hyde
Cheshire
SK14 4HR

23 December 2021

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

The directors are responsible for preparing the Strategic Report, 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 situation 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and 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.

Independent auditor's report to the members of Findel Education Limited

Opinion

We have audited the financial statements of Findel Education Limited (the 'company') for the year ended 26 March 2021 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 26 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, and pension regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and revenue recognition (which we pinpointed to the cut-off of revenue).

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

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.

Lancaster

Charlene Lancaster (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St. Peter's Square
Manchester
M2 3DE
Date 23 December 2021

Income Statement

for the 52-week period ended 26 March 2021

	Notes	**Period ended 26 March 2021 £000**	Period ended 27 March 2020 £000
Revenue	3	**71,432**	79,940
Cost of sales		**(46,686)**	(51,573)
Gross profit		**24,746**	28,367
Distribution costs		**(4,193)**	(5,121)
Administrative expenses		**(20,032)**	(19,787)
Operating profit		**521**	3,459
Finance costs	5	**(1,946)**	(1,470)
(Loss)/Profit before tax	6	**(1,425)**	1,989
Tax (expense)/credit	7	**(549)**	261
(Loss)/Profit for the period		**(1,974)**	2,250

All the above results derive from continuing activities.

The accompanying notes on pages 16 to 36 form an integral part of the accounts.

Statement of Comprehensive Income

for the 52-week period ended 26 March 2021

	2021 £000	2020 £000
(Loss)/Profit for the period	**(1,974)**	2,250
Remeasurements of defined benefit pension obligation (note 19)	**(3,840)**	7,467
Tax relating to components of other comprehensive income (note 17)	**730**	(1,419)
Total comprehensive (loss)/income for period	**(5,084)**	8,298

The accompanying notes on pages 16 to 36 form an integral part of the accounts.

Balance Sheet

at 26 March 2021

	Notes	2021 £000	2020 (restated) £000
Non-current assets			
Goodwill	8	**27,040**	27,040
Intangible assets	9	**1,828**	2,086
Tangible assets	10	**6,673**	7,637
Investments	12	**-**	-
Pension asset	19	**964**	1,764
		36,505	38,527
Current assets			
Inventories	13	**11,456**	15,998
Debtors (including £6,693,000 due after more than one year (2020: £6,554,000))	14	**18,452**	17,334
Cash at bank and in hand		**7,684**	8,812
		37,592	42,144
Creditors: Amounts falling due within one year	15	**(56,313)**	(57,489)
Net current liabilities		**(18,721)**	(15,345)
Total assets less current liabilities		**17,784**	23,182
Creditors: Amounts falling due after more than one year	16	**(4,330)**	(4,831)
Net assets		**13,454**	18,351
Equity			
Called up share capital*		**21,910**	21,910
Share premium		**62,726**	62,726
Accumulated losses		**(71,182)**	(66,285)
Total equity		**13,454**	18,351

*Share capital is allotted, called up and fully paid, and consists of 21,910,018 ordinary shares of £1 each.

The accompanying notes on pages 16 to 36 form an integral part of the accounts.

These financial statements were approved by the board of directors on 23 December 2021 and were signed on its behalf by:

M Whittaker
Director

Statement of Changes in Equity

at 26 March 2021

	Share capital £000	Share premium £000	Accumulated losses £000	Total equity £000
At 29 March 2019	21,910	62,726	(74,665)	9,971
Total comprehensive income for the period	-	-	8,298	8,298
Transactions with owners				
Share-based payments	-	-	82	82
At 27 March 2020	21,910	62,726	(66,285)	18,351
Total comprehensive (loss) for the period	-	-	(5,084)	(5,084)
Transactions with owners				
Share-based payments	-	-	187	187
At 26 March 2021	**21,910**	**62,726**	**(71,182)**	**13,454**

The accompanying notes on pages 16 to 36 form an integral part of the accounts.

Notes (forming part of the financial statements)

1. Accounting policies

Statement of compliance and basis of preparation

Findel Education Limited ("the company") is a private company incorporated, domiciled and registered in England and Wales. The registered number is 001135827 and the registered office is Findel House, Gregory Street, Hyde, SK14 4HR. The accounting period is 52 weeks to 26 March 2021.

As the company was a wholly owned subsidiary undertaking of Studio Retail Group plc at the balance sheet date, which is registered in England and Wales, it is therefore exempt by virtue of s.400 of the Companies Act 2006 from the obligation to prepare and deliver group accounts. Accordingly, these reports and accounts present information about the company as an individual undertaking and not about its group.

The company's ultimate parent undertaking at the balance sheet date, Studio Retail Group plc, includes the company in its consolidated financial statements. The consolidated financial statements of Studio Retail Group plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") and the Companies Act 2006. In preparing these financial statements, the company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Disclosures in respect of capital management;
- Certain disclosures regarding revenue;
- Comparative period reconciliations for share capital, tangible fixed assets, investments, provisions for liabilities and deferred taxation asset;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Studio Retail Group plc include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement;
- Disclosures required by IFRS 7 Financial Instrument Disclosures; and
- Share-based payments – IFRS 2 is being applied to equity instruments that were granted after 7 November 2002 and that had not vested by 28 March 2014.

All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1. Accounting policies *(continued)*

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

Notwithstanding net current liabilities of £18,486,000 as at 26 March 2021 (2020: £15,345,000) the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, based upon the last Covid-19 impact and consider that the company will have sufficient funds to meet its liabilities as they fall due for that period.

The directors have considered several scenarios including a potential loss of revenue from further Covid-19 pandemic restrictions. In these scenarios, the directors consider the company will have sufficient resources and cash flow to continue as a going concern. These reviews have considered the new funding structure following the sale to West Moorland 221 Limited. The directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Individually significant items

Individually significant items are those which the directors consider to be unusual by virtue of their nature or scale, and of such significance that separate disclosure is required in the financial statements in order to fairly present the financial performance of the company. No items have been identified in 2021 (2020: £nil).

Foreign currency

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate prevailing at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Reclassification of software

During the period, management performed a review of the company's accounting policies and identified that software that had previously been disclosed within tangible assets and should have been disclosed within intangible assets. Consequently, software with a net book value of £1.9m at 27 March 2020 has been reclassified from tangible assets to intangible assets. This is a balance sheet reclassification only and has no impact on the income statement or net assets. A third balance sheet has not been presented as management consider that this reclassification does not have material effect on the information in the statement of financial position at the beginning of the preceding period, since the impact on net assets is £nil and the total value of non-current assets remains unchanged. The company has considered the tax consequences of this adjustment and have concluded that there is no impact.

The impact of the restatement is set out in the extract of the comparative balance sheet below.

Extract of Restated Balance Sheet

At 27 March 2020

	As reported £'000	Software reclassification £'000	Restated £'000
Non-current assets			
Goodwill	27,040	-	27,040
Intangible assets	167	1,919	2,086
Tangible fixed assets	9,556	(1,919)	7,637
Investments	-	-	-
Pension asset	1,764	-	1,764
	38,527	-	38,527

Intangible assets – Software and IT development costs

Expenditure on IT software development is recognised as an internally generated intangible asset up to the point where the main project becomes ready for use, and only if all of the following conditions are met:

- An asset is created that can be identified (such as software and new processes);
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably

1. Accounting policies *(continued)*

Intangible assets – Software and IT development costs *(continued)*

Internally generated intangible assets are amortised on a straight-line basis over their useful lives of 3-5 years. Where no internally generated intangible asset can be recognised, expenditure is recognised as an expense in the period in which it is incurred.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Buildings – 10 to 50 years
- Plant and equipment – 3 to 20 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Research and development expenditure

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

Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to exceed related future sales and adequate resources exist to enable the project to be completed.

The assets are depreciated in line with other tangible fixed assets.

Goodwill

Goodwill arising on the acquisition of businesses prior to 27 March 2014, representing the excess of the fair value of the consideration over that of the separable net assets acquired is capitalised and stated at cost less any impairment. Goodwill is not amortised but is tested annually for impairment. An impairment charge is recognised for any amount by which the carrying value of goodwill exceeds its recoverable value.

This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the period and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of finished goods is the invoiced value of materials. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving and defective items where appropriate.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at fair value. Trade and other creditors are recognised initially at fair value. 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.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

1. Accounting policies (continued)

***Basic financial instruments** (continued)*

Finance costs

Finance costs principally include interest payable on bank loans and interest on lease liabilities. Finance costs are recognised in profit or loss as they accrue using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Investments in subsidiaries

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

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement 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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. 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 is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Revenue recognition

Revenue comprises the fair value of the sale of products to external customers, net of value added tax, rebates, discounts and returns. Revenue is recognised according to the five-step model set out in IFRS 15 as follows:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenue when (or as) the entity satisfied a performance obligation.

Revenue is recognised when the company has completed its performance obligations which are the supply and delivery of products. These obligations are deemed to be completed when the customer obtains control of the products (i.e. on delivery). The supply and delivery of products are not deemed to be separable performance obligations as the customer is obliged to make use of the company's delivery arrangements in most cases.

A provision for estimated returns is made based upon past experience and trends and is included within trade and other creditors, representing the profit on products sold during the period which will be returned and refunded after the period end.

Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1. Accounting policies *(continued)*

Employee benefits *(continued)*

Defined contribution plans and other long-term employee benefits (continued)

Findel Education Limited sponsors two sections, the Findel Education section and the Philip and Tacey section, of the Findel Group Pension Fund, a defined benefit pension plan. The other two sections are the Galt section and the Findel Group section which are sponsored by Studio Retail Group plc (the company's immediate parent). The combined scheme is administered by Barnet Waddingham LLP. Only the costs and liabilities associated with the Findel Education and Philip and Tacey sections of the Findel Group Pension Fund scheme relate to Findel Education Limited.

A defined benefit pension plan is a post-employment benefit plan other than a defined contribution plan. The company's net obligation in respect of defined benefit plans is calculated separately for each section of the plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the company's obligations. A valuation is performed annually by PricewaterhouseCoopers LLP using the projected unit credit method. The company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Net interest on net defined benefit liability and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the Income Statement.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Share-based payment transactions

The company is part of a group-wide share-based payment plan in respect of the shares of its immediate parent Studio Retail Group plc. It recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the Group. The basis of such allocation is disclosed in note 19.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Leases as lessee

At inception of a contract, the company assesses whether or not a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When a lease is recognised in a contract the company recognises a right of use asset and a lease liability at the lease commencement date.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease prepayments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

1. Accounting policies *(continued)*

Leases as lessee *(continued)*

The lease liability is initially measured at the present value of fixed lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The weighted average incremental borrowing rate used to measure the lease liability at initial application was 4.9%. Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

The company presents right of use assets in property, plant and equipment and leased liabilities in lease liabilities in the balance sheet.

The company has applied the recognition exemption of low value leases. For these leases, the lease payments are charged to the income statement on a straight-line basis over the term of the lease.

Interest receivable and interest payable

Interest income and interest payable are recognised in the Income Statement as they accrue, using the effective interest method.

Impairment, excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

Loans and debtors are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, where the carrying amount is reduced through the use of an allowance account. When a trade debtor is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Non-financial assets

The carrying amounts of the company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

1. Accounting policies *(continued)*

***Impairment, excluding stocks and deferred tax assets** (continued)*

Non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists, except for impairments of goodwill which cannot be reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Accounting estimates and judgements

Critical accounting judgements in applying the company's accounting policies

The directors make certain critical accounting judgements (apart from those involving estimates) in applying the company's accounting policies which are described below:

- Recognition of deferred tax assets (note 17 is based on management's assumptions that it is probable that the company will have taxable profits against which the unused tax losses and deductible temporary timing differences can be utilised. In the prior period, management have increased the value of deferred tax recognised in respect of tax losses and accelerated capital allowances, based on management's judgement that it is probable that the company will have sufficient future taxable profits against which to use these losses.

Key sources of estimation uncertainty

Goodwill impairment testing (note 8)
The company has a significant goodwill balance at 26 March 2021 as a result of acquisitions of businesses and purchases of such assets. The carrying value of goodwill at 26 March 2021 is £27,040,000 (2020: 27,040,000). Goodwill is valued at cost less provisions for impairment and impairment reviews are undertaken annually.

Impairment testing is performed at the Cash Generating Unit (CGU) level and the recoverable amount of the CGU was determined form the fair value less cost to sell (FVLCS) calculation. FVLCS has been based on the agreed sale price less disposal costs incurred. The estimated recoverable amount exceeds its carrying value as such no impairment was necessary.

Supporting impairment testing has been performed at each Cash Generating Unit (CGU) level using the discounted cash flows of that CGU to ensure they exceed the carrying value of the goodwill. Further detail is disclosed in note 8.

Stock provisioning (note 13)
The company carries significant amounts of stocks against which there are provisions for slow moving and delisted products. At 26 March 2021 a provision of £1,151,000 (2020: £635,000) is held against a gross value of £12,607,000 (2020: £16,633,000). The provisioning policies require a high degree of judgement and the use of estimates around future sales and demand for products. In addition, management make use of estimates regarding the selling price of items in order to ensure that stocks are valued at the lower of cost and net realisable value.

3. Revenue

All revenue and profit on ordinary activities before taxation relates to the supply of educational supplies. An analysis of revenue by destination is shown below:

	2021	2020
	£000	£000
United Kingdom	65,920	71,870
Rest of Europe	1,548	2,184
Asia	3,151	4,806
Rest of world	813	1,080
Total	71,432	79,940

4. Information regarding directors and employees

Directors' remuneration

	2021	2020
	£000	£000
Directors' emoluments	**492**	436
Company pension contributions	**37**	36
	529	472

The number of directors accruing pension benefits under defined contribution schemes in 2021 was 2 *(2020: 2)*.

The emoluments of the highest paid director were £277,000 *(2020: £222,000)*. The highest paid director received company pension contributions of £21,000 *(2020: £21,000)*.

No directors exercised share options during the period *(2020: nil)*.

Average number of persons employed

	2021	2020
		(restated)
	No.	No.
Administration	**197**	215
Selling and distribution	**89**	94
	286	309

2020 was restated to present actual headcount rather than full time equivalents.

Staff costs during the period (including directors)

	2021	2020
	£000	£000
Wages and salaries	12,281	12,326
Social security costs	901	992
Pension costs (see note 19)	397	313
	13,579	13,631

Included within wages and salaries is a charge of £187,000 (2020: charge of £82,000) in respect of share-based payments (see note 19).

5. Finance costs

	2021	2020
	£000	£000
Interest on loans from parent company	(1,504)	(790)
Interest expenses on leases	(272)	(507)
Net interest cost on defined benefit pension liability	(170)	(173)
	(1,946)	(1,470)

6. Notes to the Income Statement

Profit on ordinary activities before taxation is stated after charging:

	2021 £000	2020 £000
Depreciation of owned assets		
- Owned assets	**480**	519
- Right of use assets	**587**	889
Expenses relating to short or low value asset leases	**337**	652
Amortisation of intangible assets	**1,054**	1,190
Auditor's remuneration:		
Audit of these financial statements	**80**	80

7. Tax on (loss)/profit on ordinary activities

Recognised in the profit and loss account

	2021 £000	2020 £000
Current tax (credit)		
Current period (UK tax)	**-**	(498)
Prior year adjustment	**(41)**	(47)
	(41)	(545)
Deferred tax expense:		
Origination and reversal of temporary differences	**876**	946
Adjustments in respect of prior periods	**(286)**	276
Impact of change in rate of deferred tax	**-**	(938)
	590	284
Tax expense/(credit)	**549**	(261)

Tax recognised directly in other comprehensive income

	2021 £000	2020 £000
Deferred tax:		
Tax on defined benefit pension plans	(730)	1,419

Reconciliation of the total tax expense/(credit)

The tax expense in the income statement for the period differs from the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are reconciled below:

	2021 £000	2020 £000
(Loss)/Profit before tax	**(1,425)**	1,989
Tax calculated at standard corporation tax rate of 19% (2020: 19%)	**(271)**	378
Effects of:		
Expenses not deductible for tax purposes	**91**	70
Impact of change in rate on closing balances	**1,056**	(938)
Adjustments in respect of prior periods	**(327)**	229
Total tax expense/(credit) for the period	**549**	(261)

7. Tax on (loss)/profit on ordinary activities *(continued)*

Factors that may affect future tax charges

Subsequent to the year end, an increase in UK corporation tax rate to 25% (effective 1 April 2023) was substantively enacted. This will increase the company's future current tax charge accordingly. At a corporation tax rate of 25% the deferred tax balance would be £8,806,000.

8. Goodwill

	Total £000
Cost	
At 26 March 2021, 27 March 2020 and 29 March 2019	106,383
Impairment	
At 26 March 2021, 27 March 2020 and 29 March 2019	79,343
Net book value	
At 26 March 2021, 27 March 2020 and 29 March 2019	**27,040**

Impairment testing

The company has a significant goodwill balance at 26 March 2021 as a result of acquisitions of businesses and purchases of such assets. The carrying value of goodwill at 26 March 2021 is £27,040,000 (2020: 27,040,000). Goodwill is valued at cost less provisions for impairment and impairment reviews are undertaken annually, or more frequently if there are indicators of impairment.

Impairment testing is performed at the Cash Generating Unit (CGU) level and the recoverable amount of the CGU was determined form the fair value less cost to sell (FVLCS) calculation. FVLCS has been based on the agreed sale price less disposal costs incurred. The estimated recoverable amount exceeds its carrying value as such no impairment was necessary.

9. Intangible assets

	NPD £000	**Asco £000**	**Software £000**	**Assets under construction £000**	**Total £000**
Cost					
At 27 March 2020 – as previously presented	179	44	-	-	223
Reclassification to intangible assets	-	-	17,782	431	18,213
At 27 March 2020 – as restated	179	44	17,782	431	18,436
Additions	7	-	790	1	798
AUC settlement	2	-	429	(431)	-
Disposal	(1)	-	(3)	-	(4)
At 26 March 2021	**187**	**44**	**18,998**	**1**	**19,230**
Accumulated depreciation and impairment					
At 27 March 2020 – as previously presented	27	29	-	-	56
Reclassification to intangible assets	-	-	16,294	-	16,294
At 27 March 2020 – as restated	27	29	16,294	-	16,350
Charge for the period	64	8	982	-	1,054
Disposal	-	-	(2)	-	(2)
At 26 March 2021	**91**	**37**	**17,274**	**-**	**17,402**
Carrying amount					
Net book value at 26 March 2021	**96**	**7**	**1,724**	**1**	**1,828**
Net book value at 27 March 2020 – as restated	152	15	1,488	431	2,086

10. Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Assets under construction £000	Total £000
Cost				
At 27 March 2020 – as previously presented	6,711	30,296	451	37,458
Reclassification to intangible assets	-	(17,782)	(431)	(18,213)
At 27 March 2020 – as restated	6,711	12,514	20	19,245
Additions	-	106	-	106
AUC settlement	-	20	(20)	-
Disposal	-	(5)	-	(5)
At 26 March 2021	**6,711**	**12,635**	**-**	**19,346**
Accumulated depreciation and impairment				
At 27 March 2020 – as previously presented	1,869	26,033	-	27,902
Reclassification to intangible assets	-	(16,294)	-	(16,294)
At 27 March 2020 – as restated	1,869	9,739	-	11,608
Charge for the period	512	555	-	1,067
Disposal	-	(2)	-	(2)
At 26 March 2021	**2,381**	**10,292**	**-**	**12,673**
Carrying amount				
Net book value at 26 March 2021	**4,330**	**2,343**	**-**	**6,673**
Net book value at 27 March 2020 – as restated	4,842	2,775	20	7,637

Details of the right of use assets are set out in note 11

11. Leases

The company lease assets including buildings and plant and equipment that are held within property, plant and equipment. The company also has certain leases of plant and equipment with lease terms of 12 months or less and leases of office equipment with low value. The company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Information about leases for which the company is a lessee is presented below.

	2021	2020
	£000	£000
Net book value of property, plant and equipment owned	864	3,160
Net book value of right of use assets/	5,809	6,396
	6,673	9,556

Net book value right of use assets

	Land and buildings - Leasehold	**Plant and equipment**	**Total**
	£'000	**£'000**	**£'000**
At 30 March 2019	12,764	2,058	14,822
Depreciation	(743)	(294)	(1,037)
Disposal	(7,389)	-	(7,389)
At 27 March 2020	4,632	1,764	6,396
Depreciation	(488)	(99)	(587)
At 26 March 2021	4,144	**1,665**	**5,809**

Lease liabilities in the balance sheet

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is as follows:

	At 26 March 2021	At 27 March 2020
	£000	£000
Within one year	774	828
In the second to fifth years	2,917	2,966
After five years	2,538	3,263
	6,229	7,057

A maturity analysis of discounted cash flows relating to lease liabilities is as follows:

	At 26 March 2021	At 27 March 2020
	£000	£000
Current	**763**	818
Non-current	**4,330**	4,831
	5,093	5,649

12. Investments

	£000
Cost	
At 26 March 2021 and 27 March 2020	16,470
Provisions	
At 26 March 2021 and 27 March 2020	**16,470**
Net book value	
At 26 March 2021 and 27 March 2020	-

The company's subsidiary undertakings at 26 March 2021 and 27 March 2020 are listed below. The company directly or indirectly owns 100% of the equity shares in these companies and they all registered in United Kingdom.

Name	New Name post year end***	Holding type	Status/activity
Hope Holdings (UK) Limited**	EDACED 3 Limited	Direct	Dormant
Findel Education Group Limited**	EDACED 1 Limited	Direct	Holding Company
Philograph Publications Limited**		Direct	Dormant
Living and Learning, LTD**		Direct	Dormant
GLS Educational Supplies Limited**	EDACED 2 Limited	Direct	Dormant
SPA 4 Schools Limited*	EDACED 6 Limited	Direct	Dormant
Philip & Tacey Limited**		Indirect	Dormant
Protus Plastics Limited**		Indirect	Dormant
Hope Adventureplay Limited**	EDACED 4 Limited	Indirect	Dormant
Hope Export Limited**	EDACED 5 Limited	Indirect	Dormant
International Schools Supply Limited**		Indirect	Dormant

*The registered address of the company is Units 1-2, Down Business Centre, 55 Antrim Road, Ballynahinch, Co Down, BT24 8AN.
**The registered address of the company is Church Bridge House, Henry Street, Accrington, United Kingdom, BB5 4EE.
***The registered name of the companies were changed post year end to the above company names.

13. Inventories

	2021 £000	2020 £000
Finished goods	**11,456**	15,998

Finished goods recognised as cost of sales in the year amounted to £43,353,000 (2020: £48,864,000). The methodology for calculating the provision for impairment is detailed in note 2.

The total included within inventories is £1,151,000 (2020: £635,000) with the provisions made and utilised in the year set out below.

	2021 £000	2020 £000
Opening provision	(635)	(605)
Provision made in the period	**(550)**	(84)
Provision utilised in the period	**34**	54
Closing provision	**(1,151)**	(635)

14. Debtors

	2021 £000	2020 £000
Trade debtors	9,824	7,748
Amounts owed by group undertakings	32	767
Deferred tax asset	6,693	6,554
Prepayments and accrued income	1,903	2,265
	18,452	17,334

Debtors includes a deferred tax asset of £6,693,000 (2020: £6,554,000) expected to be recovered after more than one year.

Amount owed by group undertakings
Amounted owed by group undertakings are repayable on demand and interest free.

15. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade payables	8,920	16,446
Amounts owed to group undertakings	42,160	37,637
Other taxes and social security	2,549	1,608
Accruals and deferred income	1,921	980
Lease liabilities	763	818
	56,313	57,489

Amounts owed to group undertakings
Included within amounts owed to group undertakings is a £38m loan which was repayable on demand and subject to interest at 4.6%. This was repaid as part of the sale to West Moorland 221 Limited.

The other amounts owed to group undertakings, aside from the £38m loan, were repayable on demand and interest free.

16. Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Lease liabilities	**4,330**	4,831

17. Deferred taxation asset

	Fixed assets	Defined benefit pension scheme	Other short-term timing differences	Tax losses	Total
	£'000	£'000	£'000	£'000	£'000
At 29 March 2019	2,269	1,465	108	4,415	8,257
(Charge) for the period recognised in the income statement	(104)	(139)	(41)	-	(284)
Amounts recorded in other comprehensive income in respect of actuarial gain on defined benefit pension liability	-	(1,419)	-	-	(1,419)
As at 27 March 2020 as previously presented	2,165	(93)	67	4,415	6,554
Reclassification	-	(242)	-	242	-
Restated as at 27 March 2020	2,165	(335)	67	4,657	6,554
Credit for the period recognised in the income statement	(33)	(578)	21	-	(591)
Amounts recorded in other comprehensive income in respect of actuarial gain on defined benefit pension liability	-	730	-	-	730
At 26 March 2021	**2,132**	**(183)**	**88**	**4,657**	**6,693**

The opening balances have been reclassified.

The deferred tax assets and liabilities at 26 March 2021 have been calculated at 19% (2020: 19%), being the corporation tax rate substantively enacted at the balance sheet date. Subsequent to the year end, an increase in UK corporation tax rate to 25% (effective 1 April 2023) was substantively enacted. This will increase the company's future current tax charge accordingly. At a corporation tax rate of 25% the deferred tax balance would be £8,806,000.

18. Contingent liabilities and commitments

a) *Guarantees*

The company, together with certain other wholly owned subsidiary undertakings of Studio Retail Group plc, has entered into an unsecured guarantee of certain borrowing facilities of Studio Retail Group plc. The amount of such borrowings drawn down by Studio Retail Group plc at 26 March 2021 was £65,000,000 (2020: £85,000,000). This has been discharged post year end.

b) *Capital commitments*

Capital commitments at the end of the period for which no provision has been made are £15,000 (2020: £57,000)

19. Employee benefits

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost for the period represents contributions payable by the company to the scheme and amounted to £397,000 (2020: £313,000). Outstanding contributions of £61,000 at 26 March 2021 are included within accruals and deferred income (2020: £64,000).

Defined benefit pension schemes

Findel Education Limited sponsors two sections, the Findel Education section and the Philip and Tacey section of the Findel Group Pension Fund, a defined benefit pension plan. The other two sections are the Galt section and the Findel Group section. The combined scheme is administered by Barnet Waddingham LLP. Only the costs and liabilities associated with the Findel Education and Philip and Tacey sections of the Findel Group Pension Fund scheme relate to Findel Education Limited.

Under the Scheme, the employees are entitled to retirement benefits based on final salary on attainment of retirement age (or earlier withdrawal or death). Each of the sections of the Scheme are closed to future accrual of benefits.

The Scheme is a registered funded pension scheme. The assets of the Scheme are held separately from the assets of the company in trustee administered funds. The nature of the relationship between the company and the trustees is also governed by UK regulations. The trustees must agree funding plans with the sponsoring company such that any funding shortfall is expected to be met by additional contributions and investment outperformance. In order to assess the level of contributions required, triennial valuations are carried out with the Scheme's obligations measured using prudent assumptions (relative to those used to measure accounting liabilities).

The most recent triennial valuation of the Scheme has an effective date of 5 April 2019 by Barnett Waddingham LLP using a 'market related basis' method. The company has employed independent actuaries (PricewaterhouseCoopers LLP – "PwC") to approximately update this valuation allowing for differences between the actuarial assumptions used by the Scheme for funding purposes and those adopted by the company to measure the Scheme's liabilities in the financial statements, as well as adjusting for benefit accrual and benefits paid by the Scheme. The next formal valuation is due with an effective date no later than 5 April 2022.

Contributions into the Scheme are assessed in accordance with the advice of qualified actuaries. The schedule of contributions relating to the Education and Philip and Tacey sections are summarised below.

The trustees' other duties include managing the investment of the Scheme's assets, administration of the Scheme's benefits and exercising of discretionary powers. The company works closely with the trustees to manage the Scheme. The trustee boards are made up of members nominated by the company and the Scheme's membership.

Funding valuation details

Findel Education section

The last funding valuation of the Scheme was undertaken at 5 April 2019 and recorded a surplus of £0.5m in respect of the Findel Education section.

Studio Retail Group plc (the parent company as at 26 March 2021) became the principal sponsor for the Findel Education and Philip Tacey sections of the Findel Group Pension Fund, following the sale of Findel Education Ltd in April 2021.

The latest full actuarial valuation (5 April 2019) has been updated for IAS 19 purposes to 26 March 2021 by PwC, using the assumptions detailed below.

19. Employee benefits *(continued)*

Philip and Tacey section

The last funding valuation of the Scheme was undertaken at 5 April 2019 and recorded a surplus of £0.4m in respect of the Philip and Tacey section.

Studio Retail Group plc (the parent company as at 26 March 2021) became the principal sponsor for the Findel Education and Philip Tacey sections of the Findel Group Pension Fund, following the sale of Findel Education Ltd in April 2021.

The latest full actuarial valuation (5 April 2019) has been updated for IAS 19 purposes to 26 March 2021 by PwC, using the assumptions detailed below.

Actuarial Assumptions

Findel Education and Philip & Tacey sections

The following are the principal actuarial assumptions at the reporting date:

	2021	2020
Financial Assumptions		
Discount rate for scheme liabilities	**1.95%**	2.50%
RPI Price Inflation	**3.35%**	2.75%
CPI Price Inflation	**2.70%**	1.85%
Rate of increase to pensions in payment (RPI capped at 5% per annum)	**3.25%**	2.75%
Rate of increase to pensions in payment (CPI capped at 5% per annum)	**2.70%**	1.90%
Rate of increase to deferred pensions	**2.70%**	1.85%
Life expectancy (periods)		
Current pensioner aged 65 (male)	**86.5 yrs**	86.5 yrs
Current pensioner aged 65 (female)	**88.4 yrs**	88.3 yrs
Future pensioner aged 65 in 20 years (male)	**87.8 yrs**	87.8 yrs
Future pensioner aged 65 in 20 years (female)	**89.8 yrs**	89.7 yrs
Demographic Assumptions		
Cash Commutation (members taking cash lump sum)	**60%**	60%
Proportion of members that are married at retirement	**70%**	70%
Proportion of members taking TPIE option*	**15%**	15%
Age at which members are assumed to take TPIE option*	**61.0 yrs**	61.0 yrs

Assumptions regarding post retirement mortality are based on published statistics and mortality tables – 113% S3NMA / 124% S3NFA CMI 2020 1.25% p.a. (2020: 100% S2NXA – CMI 2019 1.25% p.a.)

*The Scheme has an embedded option at retirement for members to take TPIE (Total Pension Increase Exchange), following bulk exercises carried out in late 2014 and early 2015. Since this option is a formalised ongoing process, allowance has been made for this in calculating the IAS 19 liability. A 15% take up at an average age of 61.0 years has been assumed, based upon take up rates seen to date.

Net pension asset

		2021			2020	
	Education	**Philip & Tacey**	**Total**	Education	Philip & Tacey	Total
	£000	**£000**	**£000**	£000	£000	£000
Fair value of scheme assets	35,754	2,701	38,455	33,591	2,610	36,201
Present value of scheme liabilities	(35,228)	(2,263)	(37,491)	(32,312)	(2,125)	(34,437)
Net pension asset	526	438	964	1,279	485	1,764

19. Employee benefits *(continued)*

Plan assets

	2021 Education £000	2021 Philip & Tacey £000	2021 Total £000	2020 Education £000	2020 Philip & Tacey £000	2020 Total £000
Plan assets comprise:						
Equities	12,904	365	13,269	10,597	300	10,897
Bonds	21,328	1,818	23,146	15,891	2,008	17,899
Cash	1,522	518	2,040	7,103	302	7,405
Total market value of assets	35,754	2,701	38,455	33,591	2,610	36,201

Movement in the present value of scheme liabilities

	2021 Education £000	2021 Philip & Tacey £000	2021 Total £000	2020 Education £000	2020 Philip & Tacey £000	2020 Total £000
At beginning of period	(32,312)	(2,125)	(34,437)	(38,044)	(2,466)	(40,510)
Past service cost [1]	(212)	(39)	(251)	-	-	-
Interest cost	(791)	(52)	(843)	(905)	(59)	(964)
Remeasurements:						
Effect of changes in demographic assumptions	409	16	425	871	141	1,012
Effect of changes in financial assumptions	(4,068)	(170)	(4,238)	1,431	40	1,471
Effect of experience adjustments	280	9	289	2,277	123	2,400
Benefits paid	1,466	98	1,564	2,058	96	2,154
At end of period	(35,228)	(2,263)	(37,491)	(32,312)	(2,125)	(34,437)

Movement in the fair value of plan assets

	2021 Education £000	2021 Philip & Tacey £000	2021 Total £000	2020 Education £000	2020 Philip & Tacey £000	2020 Total £000
At beginning of period	33,591	2,610	36,201	29,594	2,312	31,906
Interest on assets	858	66	924	734	57	791
Return on scheme assets - remeasurements	(299)	(17)	(316)	2,379	205	2,584
Company contributions	3,070	140	3,210	2,942	132	3,074
Benefits paid	(1,466)	(98)	(1,564)	(2,058)	(96)	(2,154)
At end of period	35,754	2,701	38,455	33,591	2,610	36,201

Movement in the net pension liability

	2021 Education £000	2021 Philip & Tacey £000	2021 Total £000	2020 Education £000	2020 Philip & Tacey £000	2020 Total £000
At beginning of period	1,279	485	1,764	(8,450)	(154)	(8,604)
Past service cost [1]	(212)	(39)	(251)	-	-	-
Net interest cost	67	14	81	(171)	(2)	(173)
Remeasurements	(3,678)	(162)	(3,840)	6,958	509	7,467
Company contributions	3,070	140	3,210	2,942	132	3,074
At end of period	526	438	964	1,279	485	1,764

19. Employee benefits *(continued)*

Amounts recognised in the Income Statement

	2021			2020		
	Education	**Philip & Tacey**	**Total**	Education	Philip & Tacey	Total
	£000	**£000**	**£000**	£000	£000	£000
Past service cost (1)	(212)	(39)	(251)	-	-	-
Net interest cost	67	14	81	(171)	(2)	(173)
Total expense recognised	(145)	(25)	(170)	(171)	(2)	(173)

Amounts recognised in other comprehensive income

	2021			2020		
	Education	**Philip & Tacey**	**Total**	Education	Philip & Tacey	Total
	£000	**£000**	**£000**	£000	£000	£000
Total Remeasurements	(3,678)	(162)	(3,840)	6,958	509	7,467

(1) In October 2019, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The latest ruling in November 2020, the 'Lloyds III judgement', concluded that scheme will now need to review past transfer values and consider whether any top up would be required to equalise those benefits. There is no limit to the lookback period and Trustees will need to consider any transfer values paid where a member has accrued service between 17 May 1990 and 5 April 1997. After discussion with the trustees, actuaries and legal advisors of our fund, a past service cost of £251,000 has been recognised, increasing the total scheme liabilities to address this historical issue.

Sensitivities

The approximate effects of changes to key assumptions on the value of scheme liabilities is given below:

Findel Education section

Assumption	Change in Assumption	Impact on scheme liabilities	
		if assumption increases	if assumption decreases
Discount rate	0.5% pa	Decrease by 7.2%	Increase by 8.1%
RPI inflation	0.5% pa	Increase by 3.1%	Decrease by 3.0%
Salary increases	0.5% pa	No change	No change
Life expectancy	1 year	Increase by 5.2%	Decrease by 5.0%

Philip and Tacey section

Assumption	Change in Assumption	Impact on scheme liabilities	
		if assumption increases	if assumption decreases
Discount rate	0.5% pa	Decrease by 5.6%	Increase by 6.1%
RPI inflation	0.5% pa	Increase by 0.9%	Decrease by 1.0%
Salary increases	0.5% pa	No change	No change
Life expectancy	1 year	Increase by 6.4%	Decrease by 6.1%

These movements have been calculated assuming that changes in the RPI inflation assumption have a knock-on effect on the pension increase and deferred revaluation assumptions (i.e. the "real" increase rates are maintained).

The above changes in assumptions may have an impact on the value of the Scheme's investment holdings. For example, the Scheme holds a proportion of their assets in liability driven investments. A fall in the discount rate as a result of lower UK corporate bond yields may lead to an increase in the value of these assets, thus mitigating the increase in the defined benefit obligation to some extent.

Risk and risk management

The company's defined benefit pension plans, in common with the majority of such plans in the UK, have a number of areas of risk. These areas of risk, and the ways in which the company has sought to manage them, are set out below.

The risks are considered from both a funding perspective, which drives the cash commitments of the company, and from an accounting perspective, i.e. the extent to which such risks affect the amounts recorded in the company's financial statements.

19. Employee benefits *(continued)*

Asset volatility

The funding liabilities are calculated using a discount rate set with reference to government bond yields, with allowance for additional return to be generated from the investment portfolio. The defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields.

The Scheme hold a significant proportion of their assets in equities and other return-seeking assets. The returns on such assets tend to be volatile and are not correlated to government bonds. This means that the funding levels are likely to be volatile in the short-term, potentially resulting in short-term cash requirements and an increase in the net defined benefit liability recorded on the balance sheet.

The Scheme also holds insurance policies for a small proportion of the pensioner liabilities, which provide a perfect match for those liabilities.

Changes in bond yields

Falling bond yields tend to increase the funding and accounting liabilities. However, the investment in liability driven investments offers a degree of matching, i.e. the movement in assets arising from changes in bond yields partially matches the movement in the funding or accounting liabilities. In this way, the exposure to movements in bond yields is reduced to some extent.

Inflation risk

Some of the Scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although in most cases caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the Scheme's assets are either unaffected by inflation (fixed interest bonds) or only loosely correlated with inflation (equities), meaning that an increase in inflation will also increase the deficit.

However, the investment in liability driven investments offers a degree of matching, i.e. the movement in assets arising from changes in inflation partially matches the movement in the funding or accounting liabilities. In this way, the exposure to movements in inflation is reduced to some extent.

Life expectancy

The majority of the Scheme's obligations are to provide a pension for the life of the member, so increases in life expectancy will result in an increase in the Scheme's liabilities.

Areas of risk management

Although investment decisions in the UK are the responsibility of the trustees, the company takes an active interest to ensure that pension Scheme risks are managed efficiently. A long-term plan is in place to reduce investment risk in the Scheme as the funding improves.

To manage the risks of the Scheme, transfer value exercises were carried out during 2014 and 2015, which resulted in a number of members transferring out of the Scheme. The transfer value option has now been embedded within the Scheme.

In addition to this, the Scheme also holds insurance policies for a small proportion of the pensioner liabilities, which provide a perfect match for those liabilities.

IFRIC 14

IFRIC 14 is an interpretation relating to IAS 19 (and therefore applicable under FRS 101) that covers whether pension scheme surpluses can be recognised on the Balance Sheet. Based on the circumstances of the Fund and in line with the prior period, the company does not believe that IFRIC 14 impacts the IAS 19 results since the company has a right to a refund of surplus assets at some point in the future.

19. Employee benefits *(continued)*

Future benefit payments

The scheme liabilities represent a long-term obligation and most of the payments due will occur several decades into the future. The table below provides an estimate of the Scheme benefit payments in the future. These payments will be made from the Scheme assets, with the company contributing to the scheme to cover any funding deficit.

	Findel Education £000	Philip & Tacey £000
2021 – 2030	13,883	1,157
2031 – 2040	14,833	1,022
2041 – 2050	10,996	437
2051 – 2060	6,282	175
2061 – 2070	1,790	23
2071 – 2080	143	-
2081 – 2090	2	-
2091 – 2100	-	-
After 2100	-	-
Total	47,929	2,814

The duration, or average term to payment for the benefits due weighted by liability for the Findel Education section, is around 15.6 years. The duration, or average term to payment for the benefits due weighted by liability for the Philip and Tacey section, is around 12.1 years.

Share-based payments

The company is part of a group-wide share-based payment plan in respect of the shares of its immediate parent, Studio Retail Group plc. It recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the Group. The charge recognised for the current period was £187,000 (2020: charge of £82,000).

Under the group-wide scheme, Studio Retail Group plc has issued to certain senior employees nil cost options under the Performance Share Plan (PSP) that requires Studio Retail Group plc to award shares to the employee on the vesting of the award subject to the achievement of certain predetermined performance conditions. The performance period in respect of all outstanding awards is three years after the awards were granted.

The performance conditions that apply to the awards granted since 2016 have been based upon a number of vesting criteria, including division-specific criteria for Findel Education's management.

20. Ultimate parent company

The immediate and ultimate parent company as at the balance sheet date was Studio Retail Group plc registered in England and Wales. This is the largest and smallest group into which the Company is consolidated. Copies of those group financial statements have been delivered to, and are available from, the Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ.

21. Post balance sheet events

On 16 April 2021 the company was sold by its existing owners, Studio Retail Group plc to West Moorland 221 Ltd.