Registered number: 02017289

TES GLOBAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

TES GLOBAL LIMITED

COMPANY INFORMATION

Directors	Mr R Williams (appointed 7 July 2020) Mr P Simpson
Company secretary	Mr P Simpson
Registered number	02017289
Registered office	26 Red Lion Square London England WC1R 4HQ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Central Square Wellington Street Leeds LS1 4DL

TES GLOBAL LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

Introduction

Tes Global Limited and its subsidiaries ("Tes") is a global digital education technology business helping teachers and schools succeed. Our mission is to support and connect teachers and schools worldwide, helping them to improve children's lives through education.

Business review

Tes Global Limited is a subsidiary company of Tes Topco Limited, which consolidates the wider group and as a result these financial statements are for the company and are not consolidated. However, management look at the group as a whole and the detailed business review below is for the wider group.

Tes employs over 800 people in four countries working collaboratively with our customers and the broader education community around the world. We provide a number of different services to teachers and schools, with revenue categorised into the following:

- Attract – predominantly subscription-based recruitment services for schools encompassing a digital recruitment platform and bespoke recruitment services;
- Train – teacher training services covering blended online training through specific subject knowledge enhancement and initial teacher training through to online licenses for duty of care and safeguarding training;
- Empower – technology tools for schools and teachers covering classroom needs planning, pupil behaviour management and an online marketplace for free and premium teaching resources;
- Supply – the provision of supply teaching services to schools. Please see paragraph below concerning the disposal of the Tes Supply businesses in December 2020.

Alongside these market leading offerings, we remain the preeminent source of the latest news and information covering schools and the wider education sector, having published news and opinion for over 100 years. Our news site averages approximately 81 thousand visits each day and our weekly magazine, of which there are over 15 thousand subscribers, is read by multiple people per subscription.

Tes.com is home to a network of over 13 million educators and education enthusiasts worldwide. In addition to our news content, online discussion forums and recruitment platform, we host a global marketplace enabling educators to discover, share and sell paid and free classroom resources and lesson plans each year. In the twelve months to August 2020, 1.1m such resources were downloaded 50m times (2019: 36.7m).

Tes.com/jobs is the largest recruitment platform in the UK for permanent teaching roles, with 100% of our job listings advertised online and with a significant presence globally through customer relationships with well over 1,000 International schools. We have a very successful recruitment subscription offering allowing schools to benefit from unlimited adverts and cost certainty. All advertisers have access to our School Portal which combines a seamless recruitment process for schools (from job posting to application management) with access to additional Tes services.

The recruitment platform is driven by a highly engaged user base of global teaching professionals whose consumption of news, resources and training solutions generate in excess of one million unique users each month. Teacher engagement with these services means that Tes remains the platform where schools are most likely to find the highest quality candidates for their vacancies, whether they are active or passive jobseekers.

Our strategy is to continue to invest in developing new solutions and acquiring suitable businesses that complement our approach. Tes sees significant opportunity to expand our business within the UK and internationally building on our existing reputation and footprint. The successful performance of the Edval, Edukey and Educare acquisitions since joining the Tes Group illustrates the rationale for this approach. We see opportunity to acquire additional skills and services and are actively engaged in the screening and pursuit of acquisition opportunities.

Business development

Acquisition of Edval Education Pty Limited ("Edval") and Tutor In Limited ("Tutor In")
In November 2019, Tes acquired Edval and Tutor In. These acquisitions continue our strategy of strengthening our service offering with complementary capability and skills. Edval is a market leading provider of school timetabling software, with their tools simplifying and improving the process of school timetabling. Edval is well established in the Australian market and has enjoyed early success within the broader international and UK school systems. Tutor In is an online recruitment toolkit that helps find candidates for jobs through its Two Sigmas service.

Disposal of the Tes supply businesses
Subsequent to the year end on 21 December 2020, Tes sold Tes Supply Limited and its subsidiaries (Tes Bidco Limited, Vision for Education Limited, ABC Teachers Limited and Smart Education Limited) to Lloyds Development Capital Limited for a total consideration of £27.0m. Consideration comprised up-front cash of £12.5m, additional cash due in June 2022 £1.25m, deferred consideration determined by post-sale performance of £6.25m and loan notes issued of £6.25m. This disposal was a strategic decision in order to allow Tes to focus on its strategic priorities.

Impact of COVID-19
A detailed review of the impact of Covid-19 on the Group is included in Note 23.

Hive up of Educare Learning Limited

On 1 June 2020, the trade of Educare Learning Limited, excluding the Sport England contract, was hived up into the Company, delivering additional revenue of £1,181k for the last three months.

Impact of COVID-19

A detailed review of the impact of Covid-19 on the Group is included in the Directors' Report.

Trading performance in the year

Reported revenue for the year fell 4% to £59,207k *(2019: £61,522k)*, primarily as a result of COVID-19 school closures from March to July 2020. Of this, £57,917k *(2019: £61,311k)* related to school sales (advertising, events, magazine publication and content) and £1,290k *(2019: £211k)* of training related services (continuing professional development courses) including £1,181k following the Educare hive up in June 2020.

Within advertising revenue, we continued to benefit from the migration of customers from transactional advertising products towards subscription services. As a consequence, revenue recognised from subscription based advertising grew 13% to £42,397k *(2019: £37,635k)*. Transactional advertising reduced to £10,992k *(2019: £17,734k)* reflecting the impact of this migration as well as school closures as a result of COVID-19.

Trading performance in the year (continued)

Management adjusted EBITDA for the year was £30,965k *(2019: £28,631k)*, with the 8% increase driven by increased efforts by management to decrease discretionary spend in the business, as a result of COVID-19. The hive up of Educare also contributed £1,199k to the increase. A reconciliation of management adjusted EBITDA to profit is provided as follows:

	2020 £000	2019 £000
EBITDA*	**36,205**	**34,418**
Management recharges	(5,240)	(5,787)
Management adjusted EBITDA	**30,965**	**28,631**
Depreciation and amortisation (note 2)	(9,496)	(10,913)
Non-recurring and separately reported costs (note 2)	(5,529)	(9,609)
Foreign exchange	(173)	375
Operating profit	**15,767**	**8,484**
Finance income	25,319	22,009
Finance cost	(3,060)	(3,553)
Impairment charges	(7,380)	(66,378)
Income tax expense	(8,311)	(7,038)
Loss from continuing operations	**22,335**	**(46,476)**

Note EBITDA is a further measure of financial performance which takes management adjusted EBITDA and adds back management recharges. EBITDA and Management adjusted EBITDA is not a measure of financial performance under IFRS, but is presented because we believe that it is a relevant measure for assessing our performance as it adjusts for certain items which we believe are not indicative of our underlying operating performance.*

The Company had net assets at the 31 August 2020 of £275,788k *(2019: £250,908k)*.

Principal risks and uncertainties

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

Market risk

Changes in teacher turnover influence the Company's turnover and therefore future performance may be affected by changes in teacher mobility. The Company performs periodic market reviews to identify any underlying changes in the rate of teacher turnover. Teacher turnover is influenced by a number of factors, including public sector spending and recessionary pressures. Management performs periodic reviews to identify any underlying changes in the level of demand.

Competitive risk

Tes supports schools by attracting the right teachers to the right jobs. This will continue to deliver value to our customers. The main competitive threats facing the Company are from current competitors, potential new entrants and potential technological changes in the industry. In the opinion of the Directors, Tes has a sufficiently well-established position in the marketplace to defend against potential threats.

Credit risk

The Company ensures that appropriate credit checks are made on potential customers before sales are made. Management regularly review outstanding receivables and debtor recovery plans, together with credit limits across most of our largest customers. The Company's policy is to deposit surplus cash with internally approved banks. These banks are reviewed at least annually to ensure that appropriate credit ratings are maintained.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Principal risks and uncertainties (continued)

Cash flow / liquidity risk

The Company has access to sufficient funds to cover liabilities as they fall due, through the Group. The Group, of which the Company belongs to, has access to a £25m revolving credit facility, which is reasonably expected to be made available to the Company, if required. As of 31 August 2020, the full £25m of this facility was drawn down in order to support the Group's activities throughout COVID-19. The full facility was repaid in September 2020.

Renewal risk

Future revenues will be impacted by subscription renewal rates as we migrate an increasing proportion of schools to subscription products. The company is investing in account management and additional products and services that are of value to the customer, even outside of traditional recruitment periods, together with focusing on delivering a high quality service to ensure good renewal rates.

Financial key performance indicators

Due to the nature of the business, key performance indicators relating to financing are reviewed and monitored at Group level.

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

Mr P Simpson
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

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

Principal activities

Tes Global Limited (the "Company") is a private limited company incorporated in the United Kingdom and domiciled in England. The Company's registered office is 26 Red Lion Square, London, WC1R 4HQ. The Company's principal activity is the provision of digital education services as well as publishing of consumer and business journals and periodicals.

Business review

On 3 December 2019, the company acquired Edval Holdings Pty Limited and its subsidiaries and Tutor In Limited.

On 1 June 2020, the trade and assets of Educare Learning Limited were hived up into the Company, leaving only the Sport England contract in the entity.

On 19 August 2020 the second call option was exercised, and the Company purchased a further 19% of the share capital of Edukey Education Limited, taking the Company's ownership to 94%.

Results and dividends

The profit for the year on continuing operations, after taxation, amounted to £22,335k *(2019: loss of £46,476k)*.

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

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

Directors

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

Mr R Grimshaw (resigned 26 June 2020)
Mr R Williams (appointed 7 July 2020)
Mr P Simpson

Political donations

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

Principal risks and uncertainties

The principal risks and uncertainties, including financial risks facing the business are set out in the Strategic Report.

Environmental matters

The Company is fully committed to reducing its carbon emissions and play its part in the fight to combat climate change. The Company is fully registered for ESOS (Energy Saving Opportunities Scheme). The "Switch OFF" initiative encourages employees at Tes to shut down their computers and switch off their monitors on a daily basis. The Company has an automatic "Light Off" function across all Tes floors, inclusive of an intelligent lighting system for its meeting rooms. The Company has installed spectrally selective window film across specific glass areas for high solar gain, so as to effectively reduce energy consumption. The Company recycles wastepaper and cardboard on a weekly basis and has recycling bins on each floor for plastic bottles and aluminium cans. The Company has an automatic out of hour's shut-off for both air conditioning and heating, so as to reduce energy consumption. The Company prints all its publications on Programme for the Endorsement of Forest Certification accredited paper. The Company uses biodegradable film for all of its products.

Directors and officers indemnity

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

Going concern

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

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

Subsequent events

The impact of COVID-19 is discussed in note 23.

On 21 December 2020, Tes Supply Limited and its subsidiaries (Tes Bidco Limited, Vision for Education Limited, ABC Teachers Limited and Smart Education Limited) were sold to LDC for consideration of £27.0m. Consideration comprised up-front cash of £12.5m, additional cash due June 2022 £1.25m, deferred consideration determined by post-sale performance of £6.25m and loan notes issued of £6.25m.

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

On 25 February 2021, the Company acquired 100% of the share capital of SchoolCloud Systems Ltd for consideration of £43,624k.

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

Future developments

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

Other than the risk of school closures as a result of COVID-19, there were no major changes in business activities during the year and no significant changes are expected in the coming year.

Research and development activities

In the year ended 31 August 2020, the Company spent £5,029k *(2019: £5,644k)* on development. Development spend of £3,062k *(2019: £4,582k)* has been capitalised as part of the software and software development additions in the year (see Note 11).

Employee involvement

The Company and its leadership works hard to communicate its strategy, progress and updates to global staff, while investing in an open and collaborative culture that supports a shared common purpose. Communication is driven through several different channels, including a collaborative global intranet for news and collaboration, staff newsletters, town hall meetings and leadership blogs. Staff associations meet regularly with the management team to ensure the views of our employees are represented and taken into account when making decisions that are likely to affect their interests. The ambition is to ensure that employees understand the contribution they make to the business in achieving its goals both from a social purpose and a financial perspective.

Human rights

The Company is fully committed to respecting the human rights of our employees and to compliance with all applicable laws regarding, amongst other things:

- Prohibition of child, forced, bonded or indentured labour;
- Providing compensation and benefits that are competitive and comply with applicable minimum wage legislation, overtime hours and mandated benefits;
- Respecting the cultures, customs and values of the people in communities in which we operate;
- Promoting workplace diversity;
- Protecting the privacy of employees;
- Promoting environmental stewardship;
- Promoting health and safety practices; and
- Promoting ethical behaviours, business integrity and fair compensation.

The Company seeks to provide consistent and comprehensive guidance to our employees through internal training regarding human rights and employment issues across the Company. As s responsible corporate citizen, the Company operates in accordance with all applicable human rights laws and respects and promotes human rights through our employment policies and practices, through our supply chain and through the responsible provision or our products and services. Through various efforts to promote human rights, we seek to drive a consistent message that human rights form a part or our corporate culture and principles.

Social and community issues

The Company believes in the power of great teaching and supports the sharing of free classroom resources created by teachers all over the world. Research from Stanford professors has shown that these resources have a positive impact on the standard of teaching in the classroom and on teacher wellbeing.

Other core initiatives that support and celebrate the teaching profession include a number of annual awards to recognise outstanding contributions of learning institutes and individuals in the community. These include the Tes Schools Awards, which were established to celebrate and reward the professionalism and flair of those teams making an outstanding contribution to primary, secondary and special needs schools in both the maintained and independent sectors in the UK. The Tes FE Awards recognise the outstanding provision in all aspects of further education: colleges, work based learning providers, adult and community learning providers, offender learning establishments and specialist designated institutions.

The Company participates in a number of social and community initiatives through its staff and locations. A "Matched Giving" scheme matches money raised by employees for charity, with amounts of up to £500 per team per year and £200 for individuals. Tes offers work placements for secondary school students. The Company is also supporting the Campaign for Female Education (Camfed). Following a staff vote, Camfed was chosen as Global Charity Partner and support is also offered to a number of other local education related charities across the world.

Employment of disabled persons

The Company endeavours to promote and ensure equal opportunities to all its employees, job applicants and former employees, irrespective of race (including colour, nationality and ethnic and national origins), religion, belief, disability, gender, marital or civil partnership status, sex of sexual orientation, age or trade union membership. The Company values the individual contribution of all its employees and prospective employees for all sectors of the community. We recognise our social and moral duty to employ people with disabilities and we will do all that is practicable to meet this responsibility and comply with our legal responsibilities under the Equality Act 2010. All those involved in recruitment have the additional responsibility to be open to all candidates based on their skills and expertise. Recruiters can explore any reasonable adjustments that may be required to ensure that disabled candidates are able to compete fairly in the selection process and once they have been appointed. If members of staff become disabled, the Group continue employment where possible, either in the same or an alternative position, with appropriate retraining being given if necessary.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Directors' confirmations

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

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

Independent auditors

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

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

Mr P Simpson
Director

Independent auditors' report to the members of TES Global Limited

Report on the audit of the financial statements

Opinion

In our opinion, TES Global Limited's financial statements:

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

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

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

Independent auditors' report to the members of TES Global Limited

Strategic Report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £000	2019 £000
Continuing operations			
Turnover	3	**59,207**	61,522
Cost of sales		**(2,003)**	(2,516)
Gross profit		**57,204**	59,006
Other operating income	2	**1,007**	1,092
Administrative expenses		**(42,444)**	(51,614)
Operating profit	2	**15,767**	8,484
Interest receivable and similar income	5	**25,319**	22,009
Interest payable and similar expenses	6	**(3,060)**	(3,553)
Impairment of intercompany receivables	2	**-**	(66,378)
Impairment of investments	2	**(7,380)**	-
Profit/(loss) before taxation		**30,646**	(39,438)
Tax on profit/(loss)	9	**(8,311)**	(7,038)
Profit/(loss) for the financial year from continuing operations		**22,335**	(46,476)
Profit from discontinued operations	4	**-**	81,585
Profit for the financial year		**22,335**	35,109
Total comprehensive income for the financial year		**22,335**	35,109

The notes on pages 16 to 48 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020

	Note	2020 £000	2019 £000
Non-current assets			
Intangible assets	11	**30,704**	29,280
Right of use assets	12	**5,103**	6,360
Property plant and equipment	13	**3,358**	4,696
Investments	14	**25,289**	18,385
		64,454	58,721
Current assets			
Bank and cash balances	15	**18,981**	4,012
Trade and other receivables	16	**337,660**	274,974
		356,641	278,986
Current liabilities			
Trade and other payables	17	**(137,025)**	(71,697)
Financial liabilities at fair value through profit and loss	19	**-**	(7,907)
Lease liabilities	18	**(1,715)**	(1,365)
		(138,740)	(80,969)
Net current assets		**217,901**	198,017
Non-current liabilities			
Financial liabilities at fair value through profit and loss	19	**(2,416)**	-
Lease liabilities	18	**(4,151)**	(5,830)
		(6,567)	**(5,830)**
Net assets		**275,788**	250,908

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020

	Note	2020 £000	2019 £000
Capital and reserves			
Called up share capital	21	**2,555**	10
Retained earnings		**273,233**	250,898
Total equity		**275,788**	250,908

The financial statements on pages 12 to 48 were approved by the Board of Directors on 8 April 2021 and signed on its behalf by

Mr P Simpson
Director

The notes on pages 16 to 48 form part of these financial statements.

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

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 September 2019	**10**	**250,898**	**250,908**
Comprehensive income for the year			
Profit for the year from continuing operations	-	22,335	22,335
Total comprehensive income for the year	**-**	**22,335**	**22,335**
Issued share capital in the year (note 21)	2,545	-	2,545
At 31 August 2020	**2,555**	**273,233**	**275,788**

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 September 2018	**10**	**215,789**	**215,799**
Comprehensive income for the year			
Loss for the year from continuing operations	-	(46,476)	(46,476)
Profit for the year from discontinued operations (note 4)	-	81,585	81,585
Total comprehensive income for the year	**-**	**35,109**	**35,109**
At 31 August 2019	**10**	**250,898**	**250,908**

The notes on pages 16 to 48 form part of these financial statements.

1. Accounting policies

1.1 Reporting entity

TES Global Limited (the 'Company') is a private limited company incorporated in the United Kingdom and domiciled in England. The Company's registered office is at 26 Red Lion Square, London, WC1R 4HQ. The Company's principal activity is the provision of digital education services as well as publishing of consumer and business journals and periodicals.

1.2 Basis for preparation

The financial statements of Tes Global Limited have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101).

The Company is a wholly owned subsidiary of TSL Education SPV2 Limited and is included in the consolidated financial statements of Tes Topco Limited, which are publicly available. The financial statements have been prepared under the historical cost convention, as modified by financial liabilities at fair value through profit or loss, and in accordance with FRS 101 and the Companies Act 2006. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IAS 7 Statement of Cash Flows;
- the requirements in IAS 24 Related Party Disclosures, to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements; and
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  i) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  ii) paragraph 118(e) of IAS 38 Intangible Assets

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

1. Accounting policies (continued)

1.3 Going concern

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

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

1.4 Employee benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

1.5 Functional currency

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

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

At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies, are retranslated at the rate prevailing at the statement of financial position date. Gains and losses arising on retranslation of monetary items are included in net profit or loss for the year.

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

1. Accounting policies (continued)

1.6 Revenue

Revenue comprises the fair value of the consideration receivable by the Company for the sale of goods and services in the ordinary course of its business. Revenue is shown net of value added tax, returns and trade discounts.

Transactional advertising is recognised straight line over the period that an advert is run.

Advertising revenue under a subscription contract is recognised on a straight-line basis over the period that the subscription runs.

Revenue from circulation from Newsstand is recognised in the week in which the magazine is published. Refunds from circulation returns are debited to revenue. Circulation revenues under a subscription contract are recognised on a straight line basis over the length of the subscription.

Revenue from the smart recruitment business represents net invoiced sale of services, excluding value added tax, and is recognised when the service to the customer has been completed.

Online training revenue is recognised only in relation to the proportion of individual course modules delivered in the period. Revenue in relation to course modules not yet delivered is deferred until delivery of the module.

Software subscription revenues are recognised on a straight line basis over the period of the subscription contract.

Display revenues are recognised in line with the stage of completion of contracted performance obligations..

Exhibition revenue is recognised on a straight line basis over the period in which the Exhibition occurs.

Tes Prime revenue from attraction packages is recognised as performance of the service occurs.
Tes Prime revenue from selection and search packages is recognised in line with the performance of the service related to each element of the package.

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

1.8 IFRS 15 Revenue from contracts with customers

In recognising revenue under IFRS 15, the Company has followed the five step model and considered identification of the contract with a customer, identification of performance obligation of each contract, transaction price, allocation of transaction price to performance obligation and recognition of revenue at the point the performance obligation has been satisfied.

1.9 Cost of sales

Cost of sales includes print and paper, distribution costs and any other costs associated directly with revenue generating activities of the Company.

1. Accounting policies (continued)

1.10 Finance income and expense

Finance income is recognised using the effective interest method. When a loan or receivable is impaired, the Company reduces the carrying value to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues to unwind the discount as interest income.
Finance costs are accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

1.11 Non-recurring items

Items which are material either because of their size or nature and which are non-recurring, are presented within their relevant profit and loss category, but disclosed separately in Note 2 to the financial statements. The separate reporting of non-recurring items helps to provide a better understanding of the Company's financial statements. These items are not deemed significant enough to highlight separately on the face of the profit and loss.

1.12 Research and development

Research expenditure is expensed through the profit and loss as incurred.

The development cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

1.13 Current and deferred taxation

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

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

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

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

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

1. Accounting policies (continued)

1.14 Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Software and software development	2 – 4 years straight line
Publishing rights and titles	20 years straight line

(ii) Internally-generated intangible assets

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

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

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

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

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

(iii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

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

1. Accounting policies (continued)

1.15 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1. Accounting policies (continued)

1.16 Property, plant and equipment

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

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

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

The estimated useful lives range as follows:

Fixtures and fittings	20 - 25% straight line
Computer equipment	20 - 25% straight line

1.17 Investment in subsidiary undertakings and associates

Investments in subsidiary undertakings and associates are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment. Cost is defined as the fair value of the consideration transferred, excluding acquisition related costs.

1.18 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash glows (when the effect of time value of money is material).

When some or all of the economic benefits required to settle a provision to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

1. **Accounting policies (continued)**

1.19 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit.

1.20 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Appropriate provisions for impairment are recognised as per note 1.22. Subsequent recoveries of amounts previously written off are credited to the income statement.

1.21 Impairment of trade receivables

The Company fully provides for any amounts of loan principal and charged income that is estimated to be irrecoverable from customers. This provision is calculated based on the type of debt, its age and the period in which the original debt was initiated and by comparison with the past performance of similar historical loans.

1.22 Trade and other payables

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

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

1.23 Bank and cash balances

Cash and cash equivalents include cash in hand, current balances and other short-term highly liquid investments with banks and similar institutions.

Overdrawn bank balances are shown as current liabilities.

1. Accounting policies (continued)

1.24 Put/call option

The call options give the Company a contractual right to purchase the equity instruments owned by non-controlling interests which gives rise to a financial liability for the present value of the redemption amount. The financial liability is recognised initially at the present value of the redemption amount with the corresponding debit recognised directly in equity. Subsequent fair value re-measurements of the liability at future balance sheet dates have been taken to the income statement.

1.25 Group as lessee

The Group assess whether a contract contains a lease at inception of a contract. For all lease agreements with a contractual length exceeding 12 months, a right of use asset is recognised and a corresponding lease liability. The Group recognises lease payments as an operating expense on a straight line basis over the lease term.

The right of use asset is recognised as a non-current asset (note 12), with the lease liability presented separately as liability. The liability is recognised as current to the extent of payments due within 12 month of the balance sheet date, anything due thereafter is recognised as a non-current liability (note 18).

The lease liability is initially measured at the present value of the lease payments, discounted at a rate implicit in the lease, where this cannot be readily determined, the incremental borrowing rate is applied.

Lease payments comprise:
- fixed lease payments, less lease incentives; and
- onerous lease provision releases.

The lease liability is subsequently measured by increasing the carrying value to reflect interest on the lease liability and reducing carrying value in line with lease payments made. Interest is charged using the effective interest method.

The Group re-measures the lease liability and a corresponding adjustment to the right of use asset, when a change in lease term arises, as such the lease liability is re-measured by discounting the revised lease payments at a revised discounting rate. No such adjustments were made during the year ended 31 August 2020.

The right of use asset comprises the initial measurement of the corresponding lease liability made at or before the commencement date, plus any directly attributable costs. The assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the shorter of the period of the lease term and the useful life of the asset. Depreciation is charged at commencement of the lease.

Right of use assets are subject to impairment reviews in line with the Group's impairment policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement, the Group has not applied this practical expedient.

1. Accounting policies (continued)

1.26 Group as lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease. Otherwise, it is classified as a finance lease.

If the sublease is classified as a finance lease, the original lessee derecognises the right-of-use asset on the head lease at the sublease commencement date and continues to account for the original lease liability in accordance with the lessee accounting policy (see 1.27). The original lessee, as the sublessor, recognises a net investment in the sublease and evaluates for impairment regularly by applying the derecognition and impairment requirements in IFRS 9 Financial Instruments.

The lessor shall use the interest rate implicit in the lease to measure the net investment in the lease. In the case of a sublease, if the interest rate implicit in the sublease cannot be readily determined, an intermediate lessor may use the discount rate used for the head lease, adjusted for any initial direct costs associated with the sublease, to measure the net investment in the sublease.

The difference between the right-of-use asset and net investment in the sublease is recognised in the profit or loss. During the term of the sublease, the intermediate lessor recognises both finance income on the sublease and interest expense on the head lease.

If the sublease is classified as an operating lease, the intermediate lessor continues to recognise the right-of-use asset and lease liability in accordance with the lessee accounting policy (see 1.25). Revenue from the sublease is recognised over the term of the sublease.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16. However, when the Company was an intermediate lessor the subleases were classified with reference to the underlying asset.

1.27 IFRS 9 Expected credit loss

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

1. Accounting policies (continued)

1.28 Critical accounting estimates and judgements

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

Put/call on non-controlling interest

The Company has estimated the value of future consideration payable to vendors based on management's estimate of the future performance indicators of the relevant entity. These are assessed at least on an annual basis and any adjustments to fair value are reflected in the profit and loss.

Carrying value of investments

The carrying value of investments are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an investment may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use.

There were no other critical accounting estimates or judgements required when preparing these financial statements.

2. Operating profit

The operating profit is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible fixed assets	**1,326**	1,209
Depreciation of right of use assets	**1,449**	1,449
Amortisation of intangible assets	**8,146**	8,255
Loss on disposal of tangible assets	**79**	-
Loss on disposal of intangible assets	**282**	-
Research and development	**1,967**	1,078

Other operating income comprises £301k *(2019: £nil)* of Coronavirus Job Retention Scheme funding from the UK government in the year, a scheme the Government set up in the wake of the COVID-19 pandemic to help businesses secure jobs. The Company also generated other income of £706k *(2019: £1,092)* relating to Transitional Services charged and income related to provision of office space (service charges, utilities and insurance).

2. Operating profit (continued)

	2020 £000	2019 £000
Non-recurring costs		
M&A and disposal costs	**1,349**	5,036
Separately reported costs		
Restructuring costs	**1,679**	887
COVID 19	**408**	-
Other business costs	**-**	952
Onerous property costs	**185**	(421)
Revaluation of put/call	**1,908**	3,155
Provision against intercompany balances	**-**	66,378
Impairment of investment (note 20)	**7,380**	-
	11,560	70,951

Non-recurring costs

Mergers and acquisitions costs

The Company incurred mergers and acquisitions related costs in the year of £1,349k *(2019: £5,036k)*. These costs comprise third party advisory fees incurred in respect of completed, potential and aborted acquisitions and disposals in both current and prior year.

Separately reported costs

Restructuring costs

Restructuring costs incurred in the year comprise £1,679k *(2019: £887k)* of staff restructuring costs, these include changes in senior management and other redundancies, including fees associated with this.

COVID-19

Costs incurred by the Company that could not be avoided as a result of the impositions of COVID-19 include property costs for the year of Government imposed closure comprising business rates (£0.1m), service charges (£0.1m) and utilities (£0.1m). In addition, irrecoverable costs related to events that had to be cancelled as a result of imposed lockdowns totalled £0.1m.

Other business costs

Other exceptional business costs in the year include £nil *(2019: £437k)* of one-off consultancy and other advisory fees related to pre-acquisition ownership.

2. Operating profit (continued)

Onerous property costs

In the year ended 31 August 2020, the Company entered into a sub-letting arrangement with two third party companies for unoccupied areas in Red Lion Square. The Company was unable to re-charge all committed costs related to the sub-let areas and therefore costs incurred by the Company, not recovered through sub-letting charges of £185k *(2019: £nil)*, were treated as onerous property costs. These costs include business rates, buildings insurance and service charges.

Revaluation of put/call option

The fair value of the option to acquire the final 6% shareholding in EduKey Education Limited was assessed by management and revalued, reflecting the improving performance of the business, to £2,416k *(2019: £7,907k)* resulting in a cost in the year of £1,908k *(2019: £3,155k)* (note 19). This option is exercisable in July 2022.

Provision against irrecoverable intercompany balances

In assessing the recoverability of intercompany balances under IFRS 9, it was concluded that three balances due to the Company were wholly irrecoverable and therefore a provision against the three balances in full was made.

Impairment of investment in Educare

On 1 June 2020 the trade and assets of Educare Learning Limited were hived up into the Company. Management's assessment of the goodwill acquired following this transaction gave rise to an impairment charge of £7,380k *(2019: £nil)*.

	2020	2019
	£000	£000
Auditors' remuneration		
Audit fees	**347**	204
Audit related assurance services	**8**	9
	355	213

3. Turnover

The Company generates revenue across the following segments:

	2020 £000	2019 £000
School sales	**57,917**	61,311
Train	**1,290**	211
	59,207	61,522

The Company derives revenue from the transfer of goods and services over a specified contract length and at a point in time, as follows:

	2020 £000	2019 £000
Recognised over a specified contract	**46,075**	41,020
Recognised at a point in time	**13,132**	20,502
	59,207	61,522

The Company does not adjust contracted consideration at inception of a contract, where the period between transferring goods or services and payment by customers, is expected less than one year.

The Company has trading activities generated worldwide, with revenue generated by customer location presented as follows:

	2020 £000	2019 £000
United Kingdom	**48,620**	51,870
Europe	**2,644**	2,418
Rest of the world	**7,943**	7,234
	59,207	61,522

4. Discontinued operations

On 14 December 2018 The University Services part of Tes Global Limited's trade was carved out and purchased by THE World University Insights Limited, World University Services Pty and World University Inc ("THE"), all Companies owned by TPG LLC, this gave rise to a profit of £80,993k. The net assets at the date of sale was as follows:

	2020 **£000**	2019 £000
Cash proceeds	-	83,493
	-	83,493
Net assets disposed of:		
Tangible fixed assets	-	(44)
Intangible fixed assets	-	(1,307)
Investments	-	(1,580)
Debtors	-	(918)
Creditors	-	1,349
	-	(2,500)
Profit on disposal before tax	-	80,993

The net inflow of cash in respect of the sale of The University Services part of Tes Global Limited is as follows:

	2020 **£000**	2019 £000
Cash consideration	-	83,493
Cash transferred on disposal	-	-
Net inflow of cash	-	83,493

4. Discontinued operations (continued)

	Year ended 31 August 2020 £000	Period ended 14 December 2018 £000
Revenue	-	4,471
Expenses	-	(3,745)
Interest receivable	-	1
Profit before taxation	-	727
Tax on profit	-	(135)
Profit before gain after taxation of discontinued operation	-	592
Gain on disposal of business	-	80,993
Profit after gain after taxation of discontinued operation	-	81,585

5. Interest receivable and similar income

	2020 £000	2019 £000
Interest receivable from group companies	**25,293**	21,980
Other interest receivable	**26**	29
	25,319	22,009

6. Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	**3**	8
Other loan interest payable	**30**	283
Loans from group undertakings	**2,785**	2,957
Interest on lease liabilities (note 18)	**242**	305
	3,060	3,553

7. Employees

Employee benefit expenses (including Directors) comprise:

	2020 £000	2019 £000
Wages and salaries	**9,475**	13,676
Social security costs	**1,081**	1,549
Other pension costs	**685**	946
	11,241	16,171

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

	2020 No.	2019 No.
Editorial	**36**	41
Sales and marketing	**63**	84
Technology	**41**	48
Resources	**3**	15
Production	**15**	9
Administration	**33**	39
	191	236

8. Directors' emoluments

The Directors are remunerated by Tes Acquisition Limited. No amounts were recharged to the Company in respect of these services for the year ended 31 August 2020 *(2019: £nil)*.

9. Tax on profit/(loss)

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	**8,270**	7,327
Adjustments in respect of previous periods	**(26)**	(167)
	8,244	7,160
Total current tax	**8,244**	7,160
Deferred tax		
Reversal of timing differences	**167**	18
Adjustments in respect of previous periods	**(100)**	(5)
Total deferred tax	**67**	13
Income tax expense	**8,311**	7,173
Taxation on profit is attributable to:		
Profit from continuing operations	**8,311**	7,038
Profit from discontinued operation	**-**	135
	8,311	7,173

Taxation expense is attributable to profit from continuing operations £8,311k (*2019: £7,038k*) and profit from discontinued operations £nil *(2019: £135k)*

9. Tax on profit/(loss) (continued)

Factors affecting tax charge for the year

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

	2020 £000	2019 £000
Profit/(loss) before tax from continuing operations	**30,646**	(39,438)
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 19% *(2019 - 19%)*	**5,823**	(7,494)
Effects of:		
Expenses not deductible for tax purposes	**626**	1,506
Permanent differences arising in respect of fixed assets	**586**	586
Impairment of investments	**1,402**	-
Impairment of intercompany balances	**-**	12,612
Adjustments to tax charge in respect of prior periods	**(26)**	(167)
Impact of tax rate change	**(100)**	(5)
Total tax charge for the year	**8,311**	7,038

Factors that may affect future tax charges

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

10. Deferred taxation

	2020	2019
	£000	£000
At beginning of year	**894**	907
Charged to profit or loss	**(67)**	(13)
At end of year	**827**	894

The deferred tax asset is made up as follows:

	2020	2019
	£000	£000
Accelerated capital allowances	**809**	861
Short term timing differences	**18**	33
	827	894

	2020	2019
	£000	£000
Deferred tax asset to be recovered after more than one year	**655**	847
Deferred tax asset to be recovered in less than one year	**172**	47
	827	894

There is no unrecognised deferred tax *(2019: £nil)*.

11. Intangible assets

	Goodwill £000	Software and software development £000	Publishing rights and titles £000	Assets under construction £000	Total £000
Cost					
At 1 September 2019	-	36,732	62,006	-	98,738
Additions	-	3,062	-	1,967	5,029
On hive up of Educare Learning Limited (note 20)	4,823	-	-	-	4,823
Transfer between classes	-	-	-	-	-
Disposals	-	(296)	-	-	(296)
At 31 August 2020	**4,823**	**39,498**	**62,006**	**1,967**	**108,294**
Accumulated amortisation					
At 1 September 2019	-	25,432	44,026	-	69,458
Charge for the year	-	5,064	3,082	-	8,146
On disposals	-	(14)	-	-	(14)
At 31 August 2020	**-**	**30,482**	**47,108**	**-**	**77,590**
Net book value					
At 31 August 2020	**4,823**	**9,016**	**14,898**	**1,967**	**30,704**
At 31 August 2019	-	11,300	17,980	-	29,280

Publishing rights and titles are, in the opinion of the Directors, in a sufficiently well-established position in the marketplace to be defended against threats arising from current competitors, potential new entrants and potential technological changes in the industry and accordingly no provision for impairment is necessary at the balance sheet date.

Within software and software development, assets under construction amounted to £1,967k (2019: £nil) at 31 August 2020 and are not yet being amortised.

Goodwill of £4,823k was recognised on the hive up of the trade of Educare Learning Limited on 1 June 2020.

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

11. Intangible assets (continued)

Sensitivity analysis

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

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

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

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

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

12. Right of Use Assets

	Property leases £000	Total £000
Cost or valuation		
At 1 September 2019	7,809	7,809
Net investment in the sublease	(1,210)	(1,210)
At 31 August 2020	6,599	6,599
Accumulated depreciation		
At 1 September 2019	1,449	1,449
Charge for the year	1,449	1,449
Net investment in the sublease	(1,402)	(1,402)
At 31 August 2020	1,496	1,496
Net book value		
At 31 August 2020	5,103	5,103
At 31 August 2019	6,360	6,360

Right of use assets relate to property leases held by the Company. The interest charge on these assets of £242k (2019: £305k) has been included in interest payable (note 6) and the depreciation charge of £1,449k (2019: £1,449k) is included within admin expenses (note 2).

Amounts recognised in the income statement

	2020 £000	2019 £000
Depreciation charge (note 2)	1,449	1,449
Credit in respect of the net investment in sub lease	(1,402)	-
Interest expense (note 6)	242	305
	289	1,754

13. Property, plant and equipment

	Fixtures and fittings £000	Computer equipment £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 September 2019	7,084	9,888	2,035	19,007
Additions - external	-	46	-	46
Acquired on hive up of Educare (note 20)		21	-	21
Disposals	(87)	(1)	-	(88)
Transfer between classes	1,855	180	(2,035)	-
At 31 August 2020	**8,852**	**10,134**	**-**	**18,986**
Accumulated depreciation				
At 1 September 2019	5,184	9,127	-	14,311
Charge for the year	907	419	-	1,326
Depreciation on disposals	(9)	-	-	(9)
At 31 August 2020	**6,082**	**9,546**	**-**	**15,628**
Net book value				
At 31 August 2020	**2,770**	**588**	**-**	**3,358**
At 31 August 2019	1,900	761	2,035	4,696

The assets under construction balance at 31 August 2020 represents ongoing refurbishment of the office at 26 Red Lion Square, London. Works were completed in the year and depreciation charges commenced.

14. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 September 2019	18,784
Additions	19,108
Disposals (note 20)	(4,824)
At 31 August 2020	**33,068**
Accumulated impairment	
At 1 September 2019	399
Impairment in the year (note 2)	7,380
At 31 August 2020	**7,779**
Net book value	
At 31 August 2020	**25,289**
At 31 August 2019	18,385

Investments in subsidiary undertakings are recorded at cost, which is the fair value of the consideration paid, less any impairment.

In the Company, investments represent investment in the subsidiaries listed in this note £25,289k *(2019: £18,385k)*. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

14. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Holding
Educare Learning Limited*	Provision of education services	100 %
Motivation Management Limited	Dormant	100 %
Tes Global Services Limited*	Holding company	100 %
TSL Education US Holding Limited*	Holding company	100 %
Tes Aus Global Pty Limited*	Dormant	100 %
Tes Global Hong Kong Limited*	Dormant	100 %
Tes Supply Limited*	Holding company	100 %
Smart Teachers Limited	Dormant	100 %
Smart Education (Australia) Pty Limited	Dormant	100 %
Hibernia College UK Limited*	Provider of web based education qualifications	100 %
Edukey Education Limited*	Provision of education services	94 %
TSL Education Limited*	Dormant	100 %
The Times Educational Supplement Limited*	Dormant	100 %
Educational Exhibitions Limited*	Dormant	100 %
The Times Higher Education Supplement Limited*	Dormant	100 %
Edval Holdings Pty Limited (Australia)	Holding Company	100%
Tutor In Limited	Software Company	100%

*All companies are registered to: 26 Red Lion Square, London, WC1R 4HQ except for:

- Tes Aus Global Pty Ltd: 250 Bay Street, Brighton, Vic, 3186, Australia
- Smart Education (Australia) Pty Limited: Level 18, 530 Collins Street, Melbourne VIC 300, Business – Level 3, 127 Creek Street, Brisbane, Australia
- Tes Global Hong Kong Ltd:18th Floor, Edinburgh Tower, The Landmark,15 Queen's Road, Central, Hong Kong
- Educare Learning Limited, 3 St Paul's Place, 129 Norfolk Street, Sheffield, S1 2JE.

14. Investments (continued)

On 3 December 2019 the Company purchased 100% of the ordinary share capital of Edval Holdings Pty Limited for consideration of $22.0m (£11,018k).

On 3 December 2019 the Company purchased 100% of the ordinary share capital of Tutor In Limited for consideration of £2,026k.

On 16 December 2019 the Company acquired 100% of the ordinary share capital of Smart Education (Australia) Pty Limited at market value of £6,000k.

On 19 August 2020 the Company purchased a further 19% of the share capital of Edukey Education Limited, for consideration of £7,408k, taking the Company's ownership to 94%. The option to purchase the final 6% is exercisable in July 2022.

15. Cash and cash equivalents

	2020	2019
	£000	£000
Cash at bank and in hand	**18,981**	4,012
	18,981	4,012

16. Trade and other receivables

	2020 £000	2019 £000
Due after more than one year		
Deferred tax asset	**827**	894
Due in less than one year		
Trade debtors	**5,288**	3,244
Amounts owed by group undertakings	**329,032**	267,822
Other debtors	**611**	583
Prepayments and accrued income	**1,902**	2,431
	337,660	274,974

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

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

The maximum exposure to credit risk at the end of the year is the fair value of trade and other receivables. The Directors estimate that the carrying value of receivables is an approximation of their fair value. Amounts owed by group undertakings are unsecured, repayable on demand and bear interest at a rate of 8% per annum *(2019: 8%)*.

17. Trade and other payables

	2020 £000	2019 £000
Trade creditors	**1,031**	331
Amounts owed to group undertakings	**107,328**	49,792
Corporation tax	**5,590**	6,191
Other tax and social security	**6,623**	459
Other creditors	**2,757**	577
Contract liabilities	**9,349**	6,005
Accruals	**4,347**	8,342
	137,025	71,697

Included within social security and other taxes is £7,804k of deferred VAT payments (of the total VAT liability of £6,222k), £3,707k is due in respect of VAT for the quarter ended 29 February 2020 and £4,097k in respect of the quarter ended 31 May 2020, following Government initiatives in the wake of the COVID-19 pandemic. Based on current government guidance, the Group intends to opt into repaying this amount by instalments, the latest of which must be paid by March 2022.

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

18. Lease liabilities

	2020	2019
	£000	£000
Non-current		
Lease liabilities	**4,151**	5,830
	4,151	5,830
Current		
Lease liabilities	**1,715**	1,365
	1,715	1,365
	5,866	7,195

Due within 1 year	**1,715**	1,365
Due between 1 and 5 years	**3,229**	4,563
Due after 5 years	**922**	1,267
	5,866	7,195

The lease liability is unwound in line with contractual rental payments, with an imputed interest rate of 3.5% *(2019: 3.5%)*.

19. Financial liabilities at fair value through profit and loss

Liabilities as per statement of financial position:

	2020 £000	2019 £000
Put/call option		
Edukey Education Limited	**2,416**	7,907
	2,416	7,907
Less non-current portion		
Edukey Education Limited	**(2,416)**	-
Current liability	**-**	7,907

Management of Edukey have a put option to sell their remaining controlling interest to the Company and the Company has a purchased call option that accompanies the put option, on similar terms. An initial financial liability of £3.8m was recognised at acquisition date for the 55% not acquired. During the year ended 31 August 2018 the first of these options was exercised by the Company for £1.8m to acquire an additional 30% shareholding. The option to acquire the final 25% shareholding was revalued in the year ended 31 August 2019 to £7.9m with the increase charged to profit and loss.

On 19 August 2020 the second call option was exercised, and the Company purchased a further 19% of the share capital of Edukey Education Limited, for consideration of £7.4m, taking the Company's ownership to 94%. The option to purchase the final 6% is exercisable in July 2022.

The Company's financial liabilities carried at fair value are classified within Level 3 of the fair value hierarchy (fair value is based on appropriate valuation techniques using non-market observable inputs). There were no transfers between levels during the year. The Company's finance department includes a team that performs the valuation of contingent consideration and put/call options required for financial reporting purposes, including Level 3 fair values. This team reports directly to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussion of valuation processes and results are held between the CFO, AC and the valuation team at least once every quarter, in line with the Company's quarterly reporting dates.

20. Hive up of Educare Learning Limited

On 1 June 2020 the trade, excluding a contract with Sport England, of Educare Learning Limited was purchased by the Company for nil consideration. The net assets at the date of purchase were as follows:

	2020 £000	2019 £000
Tangible fixed assets	21	-
Debtors	1,125	-
Creditors	(2,922)	-
Net assets acquired	(1,776)	-
Goodwill acquired on hive up	4,823	-

Goodwill recognised as a result of the hive up was determined as follows, based on the assets acquired by the Tes Topco Limited Group upon acquisition of Educare Learning Limited on 23 August 2019:

	Book value £000	Revaluation £000	Fair value £000
Assets:			
Intangible assets	-	5,458	5,458
Property, plant and equipment	41	-	41
Financial assets	791	-	791
Cash	3,359	-	3,359
	4,191	**5,458**	**9,649**
Liabilities:			
Trade creditors and accruals	(671)	-	(671)
Contract liabilities – deferred revenue	(2,287)	2,087	(200)
Deferred tax	(5)	(1,393)	(1,398)
	(2,963)	**694**	**(2,269)**
Total identifiable net assets at fair value	**1,228**	**6,152**	**7,380**
Goodwill			4,823
Purchase consideration			**12,203**

20. Hive up of Educare Learning Limited (continued)

The investment value of £12,204k recognised following the acquisition of Educare Learning Limited in 2019, as a result of the hive up was impaired down to the goodwill value, giving rise to an impairment charge of £7,380 (note 2) and the remaining investment value of £4,824k disposed of (note 14).

21. Called up share capital

	2020	2019
	£000	£000
Allotted, called up and fully paid		
2,554,921 *(2019 - 10,000)* Ordinary shares of £1.00 each	**2,555**	10

On 20 December 2019 2,544,921 shares were issued at nominal value of £1.00 each.

22. Controlling party

The immediate parent undertaking is TSL Education SPV2 Limited, a company registered in England & Wales. The company and its immediate parent are both consolidated entities of Tes Topco Limited a company registered in England & Wales.

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

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

23. Events after the reporting date

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

On 21 December 2020, Tes Supply Limited and its subsidiaries (Tes Bidco Limited, Vision for Education Limited, ABC Teachers Limited and Smart Education Limited) were sold to LDC for consideration of £27.0m. Consideration comprised up-front cash of £12.5m, additional cash due June 2022 £1.25m, deferred consideration determined by post-sale performance of £6.25m and loan notes issued of £6.25m.

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

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

On 25 February 2021, the Company acquired 100% of the share capital of SchoolCloud Systems Ltd for consideration of £43,624k.

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