

COMPANY NO: 03946675

REED LEARNING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

◆ For the year ended 30 June 2021 ◆

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REED LEARNING LIMITED

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REED LEARNING LIMITED

COMPANY INFORMATION

Directors	James Reed MA, MBA, FCIPD Nigel Marsh ACMA, MBA Pierre Vangrevelinghe BA (Hons) (appointed 01 July 2021)
Registered office	Academy Court 94 Chancery Lane London, UK WC2A 1D1
Company number	03946675
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP

REED LEARNING LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report on Reed Learning Limited ("the Company") for the year ended 30 June 2021. The Company generates revenue from brand licence agreements with training and development providers.

The Company's trading results are set out in the Income Statement on page 6.

Turnover was £136k in the year (2020: £161k) while exceptional other income was £280k (2020: £380k). Operating profit was £367k (2020: £456k). The Balance Sheet on page 7 of the financial statements shows that retained earnings increased during the year to £3,440k (2020: £3,131k).

Key performance indicators

	2021	2020
Operating profit margin excluding exceptional other income	63.9%	47.2%
Current ratio	6.8	4.7

Notes to key performance indicators

- Operating profit margin excluding exceptional other income calculated as operating profit excluding exceptional other income as a percentage of revenue.
- Current ratio is derived by dividing current assets by current liabilities, and is a good indicator of a Company's ability to meet short-term debt obligations; the higher the ratio, the more liquid the Company is.

Acquisition of Watson Martin Limited

On 20 July 2021, the company acquired through a share purchase agreement the entire share capital of Watson Martin Limited. The Company and Watson Martin Limited enjoyed many years of successful partnership prior to the acquisition, and the Directors believe that the acquisition of Watson Martin Limited will help further the long term interests of both companies.

Principal risks and uncertainties facing the Company

The principal risk facing the Company is its reliance upon its licensees. Economic and business factors affecting licensees is beyond the Company's control, though the company can mitigate the impact of reduced revenue through management of its costs.

Covid-19 risk and business response

Leading up to the acquisition of Watson Martin Limited, the Company worked closely with its licensee to help manage the business impact of Covid-19 and as such mitigate its own exposure to risk of reduced licence income. The Company also took steps together with other companies in the Reed Group to manage its cost base and thus preserve profitability. The Directors are confident that with the steps taken, the Company remains well positioned for future growth.

Financial risks facing the Company

The Directors have reviewed the nature of the Company's business and the assets and liabilities contained within the balance sheet and consider the only relevant financial risk to be credit and liquidity risk. The Company mitigates credit risk through close cooperation and strong working relationships between itself and its licensees.

Liquidity risk is managed through a combination of three factors. First, close cooperation between itself and its licensees, as addressed above. Second, the Company carefully manages costs and its credit terms with suppliers, balancing equitable treatment of suppliers with the need to conserve cash. Finally, the Company participates in cash pooling arrangements with the wider Reed group, ensuring that adequate cash balances are maintained to meet its commitments as and when they fall due.

REED LEARNING LIMITED

Environment

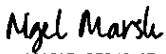
The Company operates within the REED Group's policy with regard to the environment. This is to ensure that it understands and effectively manages the actual and potential environmental impact of its activities. The Group's operations are conducted such that it complies with all legal requirements relating to the environment in all areas where it carries out its business. During the period covered by this report, the Group has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

Whilst the Company is exempt from publishing its own statement, the Group's Streamlined Energy & Carbon Report may be found on the websites of related Group companies.

Modern Slavery Statement

The Board has approved the Group's policy on Anti-Slavery and Human Trafficking, which may be found on the Company's website.

Approved by the Board of Directors on 10th March 2022 and signed on its behalf by:

DocuSigned by:

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Nigel Marsh ACMA, MBA
Director

REED LEARNING LIMITED

DIRECTORS' REPORT

The Directors present their report on the affairs of the Company and its financial statements for the year ended 30 June 2021.

The methods for mitigating both financial risks and the principal risks and uncertainties facing the company are included in the Strategic Report.

Dividends

No dividend has been proposed for the year (2020: £nil).

Payment of creditors

The Company's policy for all suppliers is to fix terms of payment when contracting to each business transaction. This is to ensure that the supplier is aware of the terms.

Charitable donations and political contributions

No charitable donations and political contributions were made in the year (2020: £nil).

Going concern basis

After making enquiries, the Directors have formed a judgement, that at the time of approving the financial statements, there is reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Board of Directors


The composition of the Board of Directors is given on page 1. No Director was, or is, materially interested in any contract subsisting during, or at the end of, the financial period.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Acts 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006. For the year ended 30 June 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The financial statements on pages 6 to 14 were approved by the Board of Directors on 10th March 2022 and signed on its behalf by:

DocuSigned by:

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Nigel Marsh ACMA, MBA
Director

REED LEARNING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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.

REED LEARNING LIMITED**INCOME STATEMENT****For the year ended 30 June 2021**

	Note	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Turnover	2	136	161
Cost of sales		-	-
Gross profit		136	161
Administrative expenses		(49)	(85)
Exceptional other income	3	280	380
Operating profit		367	456
Interest receivable and similar income	5	-	18
Profit before taxation		367	474
Tax on profit	6	(58)	(84)
Profit for the financial year		309	390

There was no other comprehensive income except as reported above, therefore no Statement of Comprehensive Income has been presented.

All activities relate to continuing operations.

The notes on pages 9 to 14 form part of these financial statements.

REED LEARNING LIMITED**BALANCE SHEET**
At 30 June 2021

	Note	At 30 June 2021 £'000	At 30 June 2020 £'000
Fixed assets			
Tangible assets		-	-
Current assets			
Debtors	8	4,114	3,957
Cash at bank and in hand		-	93
		4,114	4,050
Creditors: Amounts falling due within one year	9	(608)	(853)
Net current assets		3,506	3,197
Total assets less current liabilities		3,506	3,197
Net assets		3,506	3,197
Capital and reserves			
Called up share capital	10	66	66
Retained earnings		3,440	3,131
Total Shareholders' funds		3,506	3,197

The notes on pages 9 to 14 form part of these financial statements.

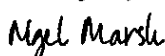
For the year ending 30 June 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Director Responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

The financial statements were approved by the Board on 10th March 2022 and signed on its behalf by:

DocuSigned by:



Nigel Marsh ACMA, MBA
Director

Company number: 03946675

REED LEARNING LIMITED**STATEMENT OF CHANGES IN EQUITY****For the year ended 30 June 2021**

	Called up share capital £'000	Retained earnings £'000	Shareholders' funds Total £'000
Balance as at 1 July 2019	66	2,741	2,807
Profit for the financial year	-	390	390
Balance as at 30 June 2020	66	3,131	3,197
Balance as at 1 July 2020	66	3,131	3,197
Profit for the financial year	-	309	309
Balance as at 30 June 2021	66	3,440	3,506

The notes on pages 9 to 14 form part of these financial statements.

REED LEARNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For year ended 30 June 2021 (CONTINUED)**

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Company is incorporated and domiciled in England and Wales and is a private company limited by share capital.

The financial statements of the Company have been prepared in accordance with the Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements of Reed Learning Limited, have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applied to companies using FRS 101.

FRS 101 sets out amendments to EU adopted IFRS that are necessary to achieve compliance with the Companies Act 2006 and related regulations.

The Company is a wholly owned subsidiary company of a group headed by Reed Global Limited, and is included in the consolidated financial statements of that Company, which are publicly available.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of 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:

Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:

- (i) paragraph 79(a)(iv) of IAS 1;
- (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';

The following paragraphs of IAS 1, 'Presentation of financial statements':

- 16 (statement of compliance with all IFRS),
- 38A (requirement for minimum of two primary statements, including cashflow statements),
- 38B-D (additional comparative information),
- 134-136 (capital management disclosures).

Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation). The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Standards, interpretations and amendments to published standards adopted in 2020

The Company adopted no new standards, interpretations or amendments to published standards in the year under review.

REED LEARNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For year ended 30 June 2021 (CONTINUED)**

1. ACCOUNTING POLICIES (CONTINUED)

Going concern

The financial statements have been prepared under the going concern basis.

Having considered the Company's forecasts and projections the directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. In the current year the directors recognise that the Company made a profit and is in a position of net assets. For these reasons and considering future projections the directors continue to adopt the going concern basis in preparing these financial statements.

Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for turnover and administrative expenses during the year. No estimates or judgements made in the preparation of these financial statements are significant and therefore are not deemed to be critical.

The Company holds credit balances for services it received from suppliers but for which it has not yet been billed. The Company's policy is to hold such balances for six years following the time of supply, at which point any residual balances are credited to the Income Statement and disclosed as Exceptional Other Income.

Revenue Recognition

The Company derives its revenue from the licence of its brand to licensees operating within the training and skills development sector.

Turnover is measured at the fair value of the consideration received or receivable for supply of the services supplied as outlined above, stated net of value added taxes and to the extent that there is a right to consideration. The Company recognises revenue when performance obligations in the related customer contracts are satisfied.

The Company has assessed that the licences granted to licensors confer the right to access the licenced intellectual property throughout the licence period. Licence revenue accrues to the Company based upon the sales revenue of its licensors. As such, the Company recognises revenue only following the supply of royalty statements from its licensors and when any uncertainty surrounding variable consideration is resolved.

Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Where law or accounting standards require gains and losses to be recognised, these will be recognised in other comprehensive income.

REED LEARNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS**For year ended 30 June 2021 (CONTINUED)****Cash flow statement**

The Company has taken advantage of the exemption under FRS 101 not to prepare a cash flow statement as the Company's ultimate parent at the balance sheet date, Reed Global Limited, has prepared a cash flow statement.

2. TURNOVER

Turnover represents royalty revenue from the training and development providers, and is recognised based on licence agreements with these providers.

3. EXCEPTIONAL OTHER INCOME

This relates to the write back of sales credit notes and payments on account that are over six years old.

4. DIRECTORS AND EMPLOYEES REMUNERATION

Another Group company bears the cost of directors' remuneration which is considered insignificant in relation to the Company. The Company receives and is recharged for services from other Group companies to facilitate its operations.

The Company had no employees in the year under review (2020: nil).

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Interest receivable on loan to group undertakings	-	18

REED LEARNING LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For year ended 30 June 2021 (CONTINUED)**6. TAX ON PROFIT****a) UK corporation tax**

	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
UK corporation tax on profit for the year	62	79
Adjustment in respect of previous periods	-	-
Total current UK corporation tax on profit for the year	62	79
Deferred tax:		
Origination and reversal of temporary differences	12	11
Effect of rate change	(16)	(6)
	(4)	5
Total current UK corporation tax on profit for the period	58	84

b) Factors affecting current tax charge

The tax assessed on the profit for the year is at the standard rate of corporation tax in the UK of 19.00%.
(2020: 19.00%)

	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Profit before taxation	367	474
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	70	90
Effect of rate change	(12)	(6)
Total tax charge for the year	58	84

c) Factors affecting future tax charges

The deferred tax balance at 30 June 2020 was measured at a rate of 19%. During the year the deferred tax balance has been restated to be measured at a rate of 25%.

REED LEARNING LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For year ended 30 June 2021 (CONTINUED)**7. DEFERRED TAX**

	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Depreciation in excess of capital allowances	55	50
Tax losses carried forward	-	-
Deferred tax asset at end of the year	<u>55</u>	<u>50</u>
Provision at start of period	50	55
Deferred tax charged to the income statement for the year	5	(5)
Deferred tax asset at end of the year (note 8)	<u>55</u>	<u>50</u>

8. DEBTORS

	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Trade debtors	-	-
Amounts owed by group undertakings	4,014	3,864
Other debtors	4	4
Prepayments and accrued income	41	39
Deferred tax asset (note 7)	55	50
Other taxation and social security	-	-
	<u>4,114</u>	<u>3,957</u>

Amounts owed by group undertakings are repayable on demand and no interest is charged on the balance outstanding.

REED LEARNING LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For year ended 30 June 2021 (CONTINUED)**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	At 30 June 2021 £'000	At 30 June 2020 £'000
Trade creditors	180	200
Amounts owed to group undertakings	3	1
Accruals	265	533
Corporation tax payable	141	101
Other taxation and social security	2	1
Other creditors	17	17
	<u>608</u>	<u>853</u>

Amounts owed to group undertakings are repayable on demand and no interest is charged on the balance outstanding

10. CALLED UP SHARE CAPITAL

The share capital of the Company is as follows:

	At 30 June 2021 £'000	At 30 June 2020 £'000
Authorised, issued and fully paid		
33,023,426 (2019: 33,023,426) Ordinary shares of £0.002 each	<u>66</u>	<u>66</u>

11. ULTIMATE PARENT COMPANY

The Company is wholly owned by Reed Global Limited, the ultimate parent of the Reed Group, which is registered in England and Wales. The largest and smallest set of financial statements into which these financial statements are consolidated are those of Reed Global Limited. Copies of group financial statements can be obtained from the Company's registered office at Academy Court, 94 Chancery Lane, London, WC2A 1DT.

It is also the parent undertaking for the largest and smallest group for which the group financial statements are prepared.

12. RELATED PARTY TRANSACTIONS

At 30 June 2021, as identified in note 13, Reed Global Limited was the Company's ultimate parent Company. The Company has taken advantage of the exemption granted by FRS101 not to disclose related party transactions with Reed Group companies.

13. SUBSEQUENT EVENTS

The Company acquired all outstanding shares in issue of Watson Martin Limited on 20 July 2021 for cash consideration of £1,051,978 and deferred, contingent consideration of up to £700,000.