

Company registration number 06779528 (England and Wales)

LEARNDIRECT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2022

LEARNDIRECT LIMITED

COMPANY INFORMATION

Directors W Janse van Rensburg
M J Beckett

Company number 06779528

Registered office 1st Floor Wilson House
Lorne Park Road
Bournemouth
England
BH11JN

Auditor BHP LLP
2 Rutland Park
Sheffield
S10 2PD

LEARNDIRECT LIMITED

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LEARNDIRECT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2022

The directors present the strategic report for the period ended 30 April 2022.

Fair review of the business

The group strategy is to grow both organically and through acquisition, building on core foundations of high-quality educational support solutions, offering best-in-class online platforms, and by leveraging its strong relationships with awarding bodies.

Principal risks and uncertainties

The principal risks and uncertainties affecting company are outlined below:

Price risk

The company is exposed to market price risk as a result of its operations. Market prices are continually monitored and proactively managed at both an operational and management level to mitigate the risk to earnings.

Credit risk

The group maintains a provisioning process to manage credit risk on receivables and also monitor high-risk accounts through dedicated customer liaison and collections functions.

There have been no material events impacting these financial statements since the balance sheet date. The company continues to trade profitably in line with its strategic aims.

Development and performance

Turnover for the year was £16,556,298 (2021: £15,641,596), operating profit was £3,240,538 (2021: £4,358,392) and profit after tax was £2,884,083 (2021: £5,005,352). The company continues to trade profitably in line with the group's strategic aims.

M J Beckett

Director

30 November 2022

LEARNDIRECT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2022

The directors present their annual report and financial statements for the year ended 30 April 2022.

Principal activities

The principal activity of the company continued to be the provision of adult education courses including tutoring, training support for courses, and the delivery of online and offline commercial courses.

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £5,000,000. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

W Janse van Rensburg
M J Beckett

Auditor

The auditor, BHP LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

LEARNDIRECT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

On behalf of the board

M J Beckett
Director

30 November 2022

LEARNDIRECT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEARNDIRECT LIMITED

Opinion

We have audited the financial statements of Learndirect Limited (the 'company') for the year ended 30 April 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

LEARNDIRECT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LEARNDIRECT LIMITED

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of such regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud.

We addressed the risk of management override of internal controls, including testing of journals and review of the nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We have considered the risk of fraud in revenue and have carried out audit procedures to ensure that revenue is being recognised in accordance with appropriate accounting standards and therefore not materially misstated.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

LEARNDIRECT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LEARNDIRECT LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Philip Allsop
Senior Statutory Auditor
For and on behalf of BHP LLP

30 November 2022

Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

LEARNDIRECT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2022

	Notes	2022 £	2021 £
Turnover	3	16,556,298	15,641,596
Cost of sales		(8,472,678)	(4,422,538)
Gross profit		8,083,620	11,219,058
Administrative expenses		(4,789,095)	(6,870,666)
Other operating income		10,013	10,000
Operating profit	4	3,304,538	4,358,392
Interest receivable and similar income	7	-	1,542,767
Interest payable and similar expenses	8	-	(2,156)
Amounts written off investments	9	-	(608,890)
Profit before taxation		3,304,538	5,290,113
Tax on profit	10	(356,455)	(284,761)
Profit for the financial year		2,948,083	5,005,352

The profit and loss account has been prepared on the basis that all operations are continuing operations.

LEARNDIRECT LIMITED

BALANCE SHEET

AS AT 30 APRIL 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	13		716,240		38,501
Tangible assets	14		40,051		21,731
Investments	15		6,521,503		6,521,503
			<u>7,277,794</u>		<u>6,581,735</u>
Current assets					
Debtors	17	20,814,788		17,216,812	
Cash at bank and in hand		<u>2,601,491</u>		<u>3,176,924</u>	
			<u>23,416,279</u>		<u>20,393,736</u>
Creditors: amounts falling due within one year	18	<u>(20,218,747)</u>		<u>(14,561,228)</u>	
Net current assets			<u>3,197,532</u>		<u>5,832,508</u>
Total assets less current liabilities			<u>10,475,326</u>		<u>12,414,243</u>
Provisions for liabilities					
Deferred tax liability	19	<u>113,000</u>	<u>(113,000)</u>	<u>-</u>	<u>-</u>
Net assets			<u>10,362,326</u>		<u>12,414,243</u>
Capital and reserves					
Called up share capital	21		250		250
Share premium account			1,539,750		1,539,750
Profit and loss reserves			<u>8,822,326</u>		<u>10,874,243</u>
Total equity			<u>10,362,326</u>		<u>12,414,243</u>

The financial statements were approved by the board of directors and authorised for issue on 30 November 2022 and are signed on its behalf by:

M J Beckett
Director

Company Registration No. 06779528

LEARNDIRECT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2022

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 29 April 2020		250	1,539,750	5,868,891	7,408,891
Year ended 30 April 2021:					
Profit and total comprehensive income for the year		-	-	5,005,352	5,005,352
Balance at 30 April 2021		250	1,539,750	10,874,243	12,414,243
Year ended 30 April 2022:					
Profit and total comprehensive income for the year		-	-	2,948,083	2,948,083
Dividends	11	-	-	(5,000,000)	(5,000,000)
Balance at 30 April 2022		250	1,539,750	8,822,326	10,362,326

LEARNDIRECT LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	25	5,308,856	1,411,404
Interest paid		-	(2,156)
Income taxes paid		(63,280)	-
Net cash inflow from operating activities		<u>5,245,576</u>	<u>1,409,248</u>
Investing activities			
Purchase of intangible assets		(795,990)	(38,848)
Purchase of tangible fixed assets		(25,019)	(23,490)
Proceeds from disposal of subsidiaries		-	(36,503)
Proceeds from disposal of investments		-	1,155,000
Repayment of loans		-	(283,890)
Dividends received		-	1,542,767
Net cash (used in)/generated from investing activities		<u>(821,009)</u>	<u>2,315,036</u>
Financing activities			
Repayment of borrowings		-	(1,617,980)
Dividends paid		(5,000,000)	-
Net cash used in financing activities		<u>(5,000,000)</u>	<u>(1,617,980)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(575,433)</u>	<u>2,106,304</u>
Cash and cash equivalents at beginning of year		<u>3,176,924</u>	<u>1,070,620</u>
Cash and cash equivalents at end of year		<u><u>2,601,491</u></u>	<u><u>3,176,924</u></u>

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

Company information

Learndirect Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1st Floor Wilson House, Lome Park Road, Bournemouth, England, BH1 1JN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents the value, net of value added tax and discounts, of adult educational courses including tutoring and training support provided to learners. Course revenues are recognised on delivery of the course materials. However, provision is made for the estimated future costs of learner support and accreditation.

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

A number of intangible assets included within computer software are in relation to staff costs regarding the development of computer software to the extent that the technical, commercial and financial feasibility can be demonstrated. Likewise, staff costs in relation to course development expenditure is capitalised under the same conditions. Research expenditure is written off against profits in the year in which it incurred.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 years straight line
Course development costs	3 years straight line
Intellectual property rights	10/3 years straight line

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	5 years straight line
Office equipment	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, 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). Where 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.

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are 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 within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Bad debt provision

The bad debt provision is deemed to be a key estimate and judgement within the accounts and it is reflected in Trade Debtors (note 16). Across the Group the methodology for calculating the provision varies due to the differences in uncertainties in each group company.

In Learndirect Limited, the provision is made as a percentage of the debtors on the debtors ledger at the balance sheet date, stratified by ageing. This is reviewed against a bad debt provision model to ensure it is reasonable. The bad debt provision model considers the debtor ledger, balances where agreed payment plans are being actively adhered to and non-moving balances to establish the likely recoverability of debtors.

The organisation outsourced the collection of early customer arrears (default +9 days to default +45 days) in June 2022, as well as implementing a strategic relationship with an FCA regulated DCA (Debt Collection Agency), whose services include office based contact strategies, tracing of gone-aways, litigation, customer score-carding and field based collection activities.

Assessor and awarding bodies cost accrual

Revenue is recognised when learners gain access to courses and it is therefore appropriate to accrue the associated costs to match against the revenue. The accrual is calculated based on a percentage of monthly sales and is regularly reviewed to ensure that the level is appropriate.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Education courses and services	16,556,298	15,641,596
	<u> </u>	<u> </u>
	2022	2021
	£	£
Other revenue		
Dividends received	-	1,542,767
	<u> </u>	<u> </u>

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	15,572	35,088
Depreciation of owned tangible fixed assets	6,699	1,877
Amortisation of intangible assets	118,251	347

5 Employees

The average monthly number of persons employed by the company during the year was:

	2022 Number	2021 Number
Operational	64	40

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	1,874,627	3,226,971
Social security costs	168,622	174,498
Pension costs	27,458	22,045
	2,070,707	3,423,514

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	-	315,395

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	n/a	315,395

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

7 Interest receivable and similar income

	2022	2021
	£	£
Income from fixed asset investments		
Income from shares in group undertakings	-	1,542,767
	<u> </u>	<u> </u>

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	-	2,156
	<u> </u>	<u> </u>

9 Amounts written off investments

	2022	2021
	£	£
Amounts written back to/(written off) current loans	-	(283,890)
Other gains and losses	-	(325,000)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	-	(608,890)
	<u> </u>	<u> </u>

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

10 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	266,563	284,761
Adjustments in respect of prior periods	(23,108)	-
Total current tax	243,455	284,761
Deferred tax		
Origination and reversal of timing differences	113,000	-
Total tax charge	356,455	284,761

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	3,304,538	5,290,113
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	627,862	1,005,121
Tax effect of expenses that are not deductible in determining taxable profit	-	121,401
Adjustments in respect of prior years	(23,108)	-
Group relief	(249,822)	(545,147)
Dividend income	-	(293,126)
Deferred tax not recognised	3,134	(3,488)
Remeasurement of deferred tax for changes in tax rates	27,187	-
Fixed asset differences	(28,798)	-
Taxation charge for the year	356,455	284,761

11 Dividends

	2022 £	2021 £
Final paid	5,000,000	-

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2022 £	2021 £
In respect of:			
Fixed asset investments	15	-	325,000
Recognised in:			
Amounts written off investments		-	325,000

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

13 Intangible fixed assets

	Goodwill	Software	Course development costs	Intellectual property rights	Total
	£	£	£	£	£
Cost					
At 1 May 2021	3,940,000	31,909	-	6,939	3,978,848
Additions	-	591,607	204,383	-	795,990
At 30 April 2022	3,940,000	623,516	204,383	6,939	4,774,838
Amortisation and impairment					
At 1 May 2021	3,940,000	-	-	347	3,940,347
Amortisation charged for the year	-	82,451	35,106	694	118,251
At 30 April 2022	3,940,000	82,451	35,106	1,041	4,058,598
Carrying amount					
At 30 April 2022	-	541,065	169,277	5,898	716,240
At 30 April 2021	-	31,909	-	6,592	38,501

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

14 Tangible fixed assets

	Fixtures and fittings	Office equipment	Total
	£	£	£
Cost			
At 1 May 2021	-	24,798	24,798
Additions	10,822	14,197	25,019
At 30 April 2022	10,822	38,995	49,817
Depreciation and impairment			
At 1 May 2021	-	3,067	3,067
Depreciation charged in the year	1,374	5,325	6,699
At 30 April 2022	1,374	8,392	9,766
Carrying amount			
At 30 April 2022	9,448	30,603	40,051
At 30 April 2021	-	21,731	21,731

15 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	16	6,521,503	6,521,503

16 Subsidiaries

Details of the company's subsidiaries at 30 April 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Stonebridge Associated Colleges Limited	1st Floor Wilson House, Lorne Park Road, Bournemouth, England, BH1 1JN	Ordinary shares	100.00
Pearltech UK Limited	As above	Ordinary shares	100.00
Central College for Education Limited	As above	Ordinary shares	100.00
Online Academies Limited	As above	Ordinary shares	100.00
Digital Monkey Media Limited	As above	Ordinary shares	100.00

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

17 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	10,320,988	7,536,182
Amounts owed by group undertakings	10,328,450	9,616,653
Other debtors	13,832	13,896
Prepayments and accrued income	151,518	50,081
	<u>20,814,788</u>	<u>17,216,812</u>

18 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	1,331,406	557,965
Amounts owed to group undertakings	15,093,559	9,778,254
Corporation tax	595,326	415,151
Other taxation and social security	2,263,369	1,996,593
Other creditors	6,543	21,634
Accruals and deferred income	928,544	1,791,631
	<u>20,218,747</u>	<u>14,561,228</u>

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022	Liabilities 2021
	£	£
Balances:		
Accelerated capital allowances	<u>113,000</u>	<u>-</u>
Movements in the year:		2022
		£
Liability at 1 May 2021		-
Charge to profit or loss		<u>113,000</u>
Liability at 30 April 2022		<u>113,000</u>

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

20 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	27,458	22,045

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share capital

	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary Shares of £1 each	250	250	250	250

22 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	168,231	114,710

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel (including Directors' remuneration) is as follows.

	2022	2021
	£	£
Aggregate compensation	-	449,075

Other information

The company has taken advantage of the exemption in section 33.1A of FRS 102 from disclosing transactions entered into between two or more members of the group as all subsidiaries are wholly owned.

At 30 April 2022, £12,682 was owed to Learndirect Limited relating to members of the group which are not wholly owned.

At 30 April 2022 £410,963 was owed by Learndirect Limited relating to members of the group which are not wholly owned.

24 Ultimate controlling party

The immediate parent company of Learndirect Limited is Learndirect Digital Group Limited and the ultimate UK parent company is Learndirect Digital Holdings Limited. The ultimate controlling party is Queens Park Equity Partners I LP (Guernsey).

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

25 Cash generated from operations

	2022 £	2021 £
Profit for the year after tax	2,948,083	5,005,352
Adjustments for:		
Taxation charged	356,455	284,761
Finance costs	-	2,156
Investment income	-	(1,542,767)
Amortisation and impairment of intangible assets	118,251	347
Depreciation and impairment of tangible fixed assets	6,699	1,877
Other gains and losses	-	608,890
Movements in working capital:		
Increase in debtors	(3,597,976)	(13,022,935)
Increase in creditors	5,477,344	10,073,723
Cash generated from operations	5,308,856	1,411,404

26 Analysis of changes in net funds

	1 May 2021 £	Cash flows £	30 April 2022 £
Cash at bank and in hand	3,176,924	(575,433)	2,601,491

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.