

Company Registration No. 06779528 (England and Wales)

LEARNDIRECT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

LEARNDIRECT LIMITED

COMPANY INFORMATION

Directors	W Janse van Rensburg M J Beckett	(Appointed 22 January 2021)
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Company number	06779528
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Registered office	1st Floor Wilson House Lorne Park Road Bournemouth England BH11JN
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Auditor	BHP LLP 2 Rutland Park Sheffield S10 2PD
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LEARNDIRECT LIMITED

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LEARNDIRECT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2021

The directors present the strategic report for the period ended 30 April 2021.

Fair review of the business

On 12 August 2020 the company was acquired by the Learndirect Digital Group, and 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 dealt with at a group level.

Development and performance

Turnover for the year was £15,641,596. Operating profit was £4,358,392 and profit after tax was £5,005,352. The company continues to trade profitably in line with the group's strategic aims.

W Janse van Rensburg

Director

21 October 2021

LEARNDIRECT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2021

The directors present their annual report and financial statements for the year ended 30 April 2021.

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.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

SM Janse van Rensburg	(Resigned 12 August 2020)
PJ Janse van Rensburg	(Resigned 12 August 2020)
W Janse van Rensburg	
M J Beckett	(Appointed 22 January 2021)

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 2021

On behalf of the board

W Janse van Rensburg
Director

21 October 2021

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 2021 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 FRS 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 2021 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 and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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

LEARNDIRECT LIMITED

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

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.

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

29 October 2021

Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

LEARNDIRECT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2021

	Notes	2021 £	2020 £
Turnover	3	15,641,596	4,772,297
Cost of sales		(4,422,538)	(1,341,058)
Gross profit		11,219,058	3,431,239
Administrative expenses		(6,870,666)	(2,018,506)
Other operating income		10,000	-
Exceptional item	4	-	(40,000)
Operating profit	5	4,358,392	1,372,733
Interest receivable and similar income	8	1,542,767	4,535
Interest payable and similar expenses	9	(2,156)	(12,900)
Amounts written off investments	10	(608,890)	-
Profit before taxation		5,290,113	1,364,368
Tax on profit	11	(284,761)	(130,390)
Profit for the financial year		5,005,352	1,233,978

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 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	13		38,501		-
Tangible assets	14		21,731		118
Investments	15		6,521,503		7,965,000
			<u>6,581,735</u>		<u>7,965,118</u>
Current assets					
Debtors	17	17,216,812		4,193,877	
Cash at bank and in hand		3,176,924		1,070,620	
		<u>20,393,736</u>		<u>5,264,497</u>	
Creditors: amounts falling due within one year	18	(14,561,228)		(5,820,724)	
Net current assets/(liabilities)			<u>5,832,508</u>		<u>(556,227)</u>
Net assets			<u>12,414,243</u>		<u>7,408,891</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>10,874,243</u>		<u>5,868,891</u>
Total equity			<u>12,414,243</u>		<u>7,408,891</u>

The financial statements were approved by the board of directors and authorised for issue on 21 October 2021 and are signed on its behalf by:

W Janse van Rensburg
Director

Company Registration No. 06779528

LEARNDIRECT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2021

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 29 April 2019	250	1,539,750	4,634,913	6,174,913
Period ended 28 April 2020:				
Profit and total comprehensive income for the period	-	-	1,233,978	1,233,978
Balance at 28 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

LEARNDIRECT LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2021

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	25	1,411,404		563,912	
Interest paid		(2,156)		(12,900)	
Net cash inflow from operating activities		<u>1,409,248</u>		<u>551,012</u>	
Investing activities					
Purchase of intangible assets		(38,848)		-	
Purchase of tangible fixed assets		(23,490)		-	
Proceeds on disposal of subsidiaries		(36,503)		-	
Proceeds on disposal of investments		1,155,000		-	
Receipts arising from loans made		(283,890)		-	
Interest received		-		4,535	
Dividends received		<u>1,542,767</u>		<u>-</u>	
Net cash generated from investing activities		2,315,036		4,535	
Financing activities					
Repayment of borrowings		<u>(1,617,980)</u>		<u>(500,000)</u>	
Net cash used in financing activities		(1,617,980)		(500,000)	
Net increase in cash and cash equivalents		<u>2,106,304</u>		<u>55,547</u>	
Cash and cash equivalents at beginning of year		<u>1,070,620</u>		<u>1,015,073</u>	
Cash and cash equivalents at end of year		<u><u>3,176,924</u></u>		<u><u>1,070,620</u></u>	

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021

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, Lorne 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

The majority of the company's revenue during the period has been generated from commercial customers.

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.

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.

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.

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

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	10 years straight line
Intellectual property rights	10 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:

Office equipment	5 years straight line
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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, associates and jointly controlled entities 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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

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.

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.

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

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.

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.

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

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.

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.

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

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.

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.

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

2 Judgements and key sources of estimation uncertainty

(Continued)

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 an area of estimation uncertainty due to the size of the debtor ledger. The group makes a provision against a percentage of each months sales and reviews this against a bad debt provision model to ensure it is reasonable. The bad debt provision model considers the debtor ledger, cash receipts and non-moving balances to establish the likely recoverability of debtors. There is a dedicated collections team and the model is constantly updated and refined based on past experience.

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

	2021 £	2020 £
Turnover analysed by class of business		
Education courses and services	15,641,596	4,772,297
	<u> </u>	<u> </u>
	2021 £	2020 £
Other significant revenue		
Interest income	-	4,535
Dividends received	1,542,767	-
	<u> </u>	<u> </u>

4 Exceptional item

	2021 £	2020 £
Expenditure		
Intercompany balances written off	-	40,000
	<u> </u>	<u> </u>

5 Operating profit

	2021 £	2020 £
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	35,088	22,000
Depreciation of owned tangible fixed assets	1,877	253
Amortisation of intangible assets	347	-
	<u> </u>	<u> </u>

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Operational	40	4

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	3,226,971	1,012,963
Social security costs	174,498	51,311
Pension costs	22,045	4,015
	3,423,514	1,068,289

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	315,395	276,034

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

	2021 £	2020 £
Remuneration for qualifying services	315,395	276,034

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Other interest income	-	4,535
Income from fixed asset investments		
Income from shares in group undertakings	1,542,767	-
Total income	1,542,767	4,535

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

		(Continued)	
8	Interest receivable and similar income		
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	-	4,535
		<u> </u>	<u> </u>
9	Interest payable and similar expenses		
		2021	2020
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Other interest on financial liabilities	2,156	12,900
		<u> </u>	<u> </u>
10	Amounts written off investments		
		2021	2020
		£	£
	Amounts written off current loans	(283,890)	-
	Other gains and losses	(325,000)	-
		<u> </u>	<u> </u>
		(608,890)	-
		<u> </u>	<u> </u>

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

11 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	284,761	-
Adjustments in respect of prior periods	-	130,390
	<u>284,761</u>	<u>130,390</u>
Total current tax	<u>284,761</u>	<u>130,390</u>

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:

	2021 £	2020 £
Profit before taxation	<u>5,290,113</u>	<u>1,364,368</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,005,121	259,230
Tax effect of expenses that are not deductible in determining taxable profit	121,401	12,738
Adjustments in respect of prior years	-	130,390
Group relief	(545,147)	(268,183)
Dividend income	(293,126)	-
Deferred tax not recognised	(3,488)	(3,785)
	<u>284,761</u>	<u>130,390</u>
Taxation charge for the year	<u>284,761</u>	<u>130,390</u>

12 Impairments

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

	Notes	2021 £	2020 £
In respect of:			
Fixed asset investments	15	<u>325,000</u>	<u>-</u>
Recognised in:			
Amounts written off investments		<u>325,000</u>	<u>-</u>

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

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

13 Intangible fixed assets

	Goodwill	Software	Intellectual property rights	Total
	£	£	£	£
Cost				
At 29 April 2020	3,940,000	-	-	3,940,000
Additions	-	31,909	6,939	38,848
At 30 April 2021	3,940,000	31,909	6,939	3,978,848
Amortisation and impairment				
At 29 April 2020	3,940,000	-	-	3,940,000
Amortisation charged for the year	-	-	347	347
At 30 April 2021	3,940,000	-	347	3,940,347
Carrying amount				
At 30 April 2021	-	31,909	6,592	38,501
At 28 April 2020	-	-	-	-

14 Tangible fixed assets

	Office equipment
	£
Cost	
At 29 April 2020	1,308
Additions	23,490
At 30 April 2021	24,798
Depreciation and impairment	
At 29 April 2020	1,190
Depreciation charged in the year	1,877
At 30 April 2021	3,067
Carrying amount	
At 30 April 2021	21,731
At 28 April 2020	118

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

15 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	16	6,521,503	6,485,000
Unlisted investments		-	1,480,000
		<u>6,521,503</u>	<u>7,965,000</u>

Movements in fixed asset investments

	Shares in subsidiaries £	Other investments £	Total £
Cost or valuation			
At 29 April 2020	6,485,000	1,480,000	7,965,000
Additions	361,503	-	361,503
Disposals	(325,000)	(1,480,000)	(1,805,000)
At 30 April 2021	<u>6,521,503</u>	<u>-</u>	<u>6,521,503</u>
Carrying amount			
At 30 April 2021	<u>6,521,503</u>	<u>-</u>	<u>6,521,503</u>
At 28 April 2020	<u>6,485,000</u>	<u>1,480,000</u>	<u>7,965,000</u>

16 Subsidiaries

Details of the company's subsidiaries at 30 April 2021 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

17 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	7,536,182	2,387,946
Amounts owed by group undertakings	9,616,653	1,344,060
Other debtors	13,896	434,742
Prepayments and accrued income	50,081	27,129
	<u>17,216,812</u>	<u>4,193,877</u>

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

18 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Other borrowings	19	-	1,617,980
Trade creditors		557,965	132,613
Amounts owed to group undertakings		9,778,254	2,661,134
Corporation tax		415,151	130,390
Other taxation and social security		1,996,593	554,889
Other creditors		21,634	466,236
Accruals and deferred income		1,791,631	257,482
		<u>14,561,228</u>	<u>5,820,724</u>

19 Loans and overdrafts

	2021 £	2020 £
Loans from related parties	-	1,617,980
	<u>-</u>	<u>1,617,980</u>
Payable within one year	-	1,617,980
	<u>-</u>	<u>1,617,980</u>

The long-term loans are not secured on the assets of the company.

20 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	22,045	4,015
	<u>22,045</u>	<u>4,015</u>

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

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary Shares of £1 each	250	250	250	250
	<u>250</u>	<u>250</u>	<u>250</u>	<u>250</u>

LEARNDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

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:

	2021 £	2020 £
Within one year	114,710	-

23 Related party transactions

Remuneration of key management personnel

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

	2021 £	2020 £
Aggregate compensation	449,075	276,034

Other information

At 30 April 2021, the following balances were owed to Learndirect Limited, £nil (at 28 April 2020: £15,000) due from Brentwood Academy of Health and Beauty, £nil (at 28 April 2020: £25,000) due from Stonebridge Property (Leisure) Limited, £nil (at 28 April 2020: £267,982) due from Bay4 LLP, £nil (at 28 April 2020: £120,548) due from 2YOO Limited and £nil (at 28 April 2020: £5,360) due from the Ultimate Fish Company Limited.

At 30 April 2021, the following balances were owed by Learndirect Limited, £5,037 (at 28 April 2020: £nil) due to LD Training Limited and £nil (at 28 April 2020: £463,528) due to a Self Administered Pension scheme of the Van Rensburg family.

As part of a group restructure, the following balances were written off during the year: £227,982 due from Bay4 LLP, £25,548 due from 2YOO Limited, £25,000 due from Stonebridge Property (Leisure) Limited and £5,360 due from the Ultimate Fish Company Limited.

The investment in Dimensions Group Holdings of £325,000 was sold to Wayne Janse Van Rensburg on 7th August 2020 for £1, which was considered to be the market value of the sale shares.

All of the entities above are controlled by Wayne Janse Van Rensburg or members of his close family.

The investment in Bay4 LLP of £1,480,000 was transferred to the parents of Wayne Janse van Rensburg during the year in exchange for the settlement of loan notes held by them.

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.

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 2021

25 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	5,005,352	1,233,978
Adjustments for:		
Taxation charged	284,761	130,390
Finance costs	2,156	12,900
Investment income	(1,542,767)	(4,535)
Amortisation and impairment of intangible assets	347	-
Depreciation and impairment of tangible fixed assets	1,877	253
Other gains and losses	608,890	-
Movements in working capital:		
Increase in debtors	(13,022,935)	(2,259,212)
Increase in creditors	10,073,723	1,450,138
Cash generated from operations	1,411,404	563,912

26 Analysis of changes in net funds/(debt)

	29 April 2020 £	Cash flows £	30 April 2021 £
Cash at bank and in hand	1,070,620	2,106,304	3,176,924
Borrowings excluding overdrafts	(1,617,980)	1,617,980	-
	(547,360)	3,724,284	3,176,924

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.