Registered number: 07485685

HIBERNIA COLLEGE UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

COMPANY INFORMATION

Directors	R Williams (appointed 14 September 2020) S Pinches (resigned 30 September 2020) P Simpson
Registered number	07485685
Registered office	26 Red Lion Square London England WC1R 4HQ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Central Square 29 Wellington Street Leeds LS1 4DL

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

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

Principal activities

The principal activity of the Company is the provision of accredited, web based, third level education qualifications.

Results and dividends

The profit for the year, after taxation, amounted to £2,565k *(2019: £2,209k)*.

The business continued to grow during the year, seeing revenue growth of 3.5% to £9,603k. The Company achieved operating profit of £2,745k *(2019: £2,495k)* and a profit after tax of £2,565k *(2019: £2,209k)*.

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

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

Directors

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

J Knight (resigned 26 August 2020)
R Williams (appointed 14 September 2020)
S Pinches (resigned 30 September 2020)
P Simpson

Directors' and officers' indemnity

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

Going concern

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

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

Principal risks and uncertainties

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

Market risk
Changes in student turnover influence the Company's revenue and therefore future performance may be affected by changes in student demand. The Company performs regular reviews of its offerings to ensure it is attracting enough students.

In relation to the global pandemic COVID-19 in March 2020, detailed commentary has been provided in this report.

Competitive risk
The main competitive threats facing the Company are from current competitors and potential new entrants into the market. In the opinion of the Directors, the Company has sufficiently well-established positions in the local markets within which it operates to depend against potential threats.

Cash flow / liquidity risk
There is a risk that the Company does not have sufficient cash reserves to continue its' trade or cover its liabilities. The Company has sufficient funds to cover liabilities as they fall due. The Group, of which the Company belongs to, has access to a £25m revolving credit facility, which is reasonably expected to be made available to the Company, if required. As at 31 August 2020, the full £25m of this facility was drawn down in response to the COVID-19 pandemic, the full amount was however, repaid in September 2020.

Interest rate risk

All material interest relates to intercompany balances. Whilst subject to change this is controlled and managed on a group-wide basis.

Small company

In preparing this report, the Directors have taken advantage of the small companies exemption provided by Section 415A of the Companies Act 2006.

Events after the reporting date

The impact of COVID-19 is discussed in note 14.

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

Future developments

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

There were no major changes in business activities during the year and no significant changes are expected in the coming year.

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

Independent auditors

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

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

P Simpson
Director

Independent auditors' report to the members of Hibernia College UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Hibernia College UK Limited's financial statements:

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

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

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

Independent auditors' report to the members of Hibernia College UK Limited

Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Rebecca Gissing (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
9 April 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £000	*2019 £000*
Revenue	2	**9,603**	*9,275*
Cost of sales		**(3,450)**	*(2,997)*
Gross profit		**6,153**	*6,278*
Other income	3	**4**	*-*
Administrative expenses		**(3,412)**	*(3,783)*
Operating profit	3	**2,745**	*2,495*
Interest receivable and similar income	5	**522**	*296*
Interest payable and similar expenses	6	**(100)**	*(65)*
Profit before tax		**3,167**	*2,726*
Tax on profit	7	**(602)**	*(517)*
Profit for the financial year		**2,565**	*2,209*
Total comprehensive income for the financial year		**2,565**	*2,209*

The notes on pages 10 to 24 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020

	Note	2020 £000	*2019 £000*
Non-current assets			
Intangible assets	9	**615**	*485*
		615	*485*
Current assets			
Trade and other receivables	10	**10,356**	*8,256*
Cash at bank and in hand		**4,083**	*840*
		14,439	*9,096*
Trade and other payables	11	**(7,597)**	*(4,689)*
Net current assets		**6,842**	*4,407*
Net assets		**7,457**	*4,892*
Capital and reserves			
Called up share capital	12	**-**	*-*
Retained earnings		**7,457**	*4,892*
Total equity		**7,457**	*4,892*

The financial statements on pages 7 to 24 were approved by the Board of Directors on 8 April 2021 and signed on its behalf by

P Simpson
Director

The notes on pages 10 to 24 form part of these financial statements.

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

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 September 2019	-	4,892	4,892
Comprehensive income for the year			
Profit for the financial year	-	2,565	2,565
Total comprehensive income for the year	-	2,565	2,565
At 31 August 2020	-	7,457	7,457

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 September 2018	-	2,683	2,683
Comprehensive income for the year			
Profit for the financial year	-	2,209	2,209
Total comprehensive income for the year	-	2,209	2,209
At 31 August 2019	-	4,892	4,892

The notes on pages 10 to 24 form part of these financial statements.

1. Accounting policies

1.1 Reporting entity

Hibernia College UK Limited (the "Company") is a private limited company incorporated in the United Kingdom and domiciled in England. The Company's registered office is 26 Red Lion Square, London, England, WC1R 4HQ. The Company's principal activity is the provision of accredited, web-based, third level education qualifications.

1.2 Basis of preparation of financial statements

The financial statements of Hibernia College UK Limited have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101).

The Company is a wholly owned subsidiary of Tes Topco Limited and is included in the consolidated financial statements of Tes Topco Limited. The financial statements have been prepared in accordance with Companies Act 2006 as applicable to companies using FRS101, and under the historical cost convention.

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

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

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- IAS 7 Statement of Cash Flows;
- The requirements in IAS 24 Related Party Disclosures, to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D,111 and 134-136 of IAS 1 Presentation of Financial Statements; and
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 118(e) of IAS 38 Intangible Assets.

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

1. Accounting policies (continued)

1.3 Going concern

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

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

1.4 Functional currency

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

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

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

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

1.5 IFRS 15 Revenue from contracts with customers

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

1.6 Revenue recognition

Revenue comprises the fair value of the consideration receivable by the Company for the sale of goods and services in the ordinary course of its business. Revenue is shown net of value added tax, returns and trade discounts. Revenue is recognised depending on the nature of the good or service supplied.

One off sales are recognised immediately, while training course revenue is recognised on a straight line basis over the period that the course runs..

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

1. Accounting policies (continued)

1.7 Cost of sales

Cost of sales includes exam and course fees, external tutor fees and other distribution costs associated with revenue generating activities.

1.8 Interest receivable, payable and similar income and expenses

Finance income is recognised using the effective interest method. When a loan or receivable is impaired, the Company reduces the carrying value to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues to unwind the discount as interest income.

Finance costs are accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

1.9 Current and deferred taxation

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

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

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

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

1.10 Intangible assets

(i) Intangible assets acquired separately

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

Development expenditure 2 – 4 years straight line

1. Accounting policies (continued)

1.10 Intangible assets (continued)

(ii) Internally generated intangible assets

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

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

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

(ii) Internally generated intangible assets (continued)

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

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

1.11 Impairment of intangible assets

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

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

1. Accounting policies (continued)

1.12 Impairment of intangible assets (continued)

Recoverable amount is the higher of fair value less cost of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been previously recognised. 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 (see note 1.11).

1.13 Trade and other receivables

Trade and other receivables includes amounts due from group companies and customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. Balances due after one year are presented as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Appropriate provisions for impairment are recognised as per note 1.15. Subsequent recoveries of amounts previously written off, are credited to profit and loss.

1.14 IFRS 9 Expected credit loss

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

1.15 Trade and other payables

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

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

1. Accounting policies (continued)

1.16 Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.17 Financial instruments

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

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

1.18 Share capital

All ordinary shares are classified as equity and carry the same voting and dividend rights. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.19 Critical accounting estimates and judgements

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

Capitalisation of development costs

Development costs are capitalised, in accordance with the Company's accounting policy. Determining the amounts to be capitalised requires management to make a judgement based on assumptions and estimates regarding the expected future cash generation of new developments and the expected period of benefits.

Intercompany receivables

Intercompany receivables have been assessed in line with IFRS 9. As part of this, management have assessed outstanding balances based on the probability of default, loss given default and exposure default. The judgemental elements of this are the expected ability of debtors to repay on demand, and the probability of default and this is therefore highly subjective and potentially large in magnitude.

There were no other critical accounting estimates or judgements required in the preparation of these financial statements.

2. Revenue

The following is an analysis of the Company's revenue for the year from continuing operations:

	2020	*2019*
	£000	*£000*
Training course revenue	**9,603**	*9,275*
	9,603	*9,275*

All turnover arose within the United Kingdom.

3. Operating profit

The Company made an operating profit of £2,745k *(2019: £2,495k)* for the year ended 31 August 2020.

Included within the Company's operating profit for the year are amortisation costs of £186k *(2019: £130k)*.

The Company received £4k *(2019: £nil)* of Coronavirus Job Retention Scheme funding from the UK government in the year, a scheme the Government set up in the wake of the COVID-19 pandemic to help businesses secure jobs.

Audit services are borne by the Company's parent undertaking, Tes Global Limited. No amounts were recharged to the Company *(2019: £nil)*.

4. Employees

Staff costs were as follows:

	2020 £000	*2019 £000*
Wages and salaries	**1,014**	*1,691*
Social security costs	**90**	*140*
Other pension costs	**67**	*103*
	1,171	*1,934*

The average monthly number of persons employed by the Company in the year was 27 *(2019: 30)* all who worked in the sales and marketing department.

Directors' emoluments

The Directors are remunerated by Tes Global Limited and Tes Acquisition Limited. Their emoluments are deemed to be wholly attributable to their services to these companies. Accordingly, the Directors received no emoluments (*2019: £nil*) for services provided to the Company. No amounts were recharged to the Company in respect of these services for the year ended 31 August 2020 (*2019: £nil*).

5. Interest receivable and similar income

	2020 £000	*2019 £000*
Interest receivable from group companies	**522**	*296*
	522	*296*

6. Interest payable and similar expenses

	2020 £000	*2019 £000*
Interest payable to group companies	100	*65*
	100	*65*

7. Tax on profit

	2020 £000	*2019 £000*
Corporation tax		
Current tax on profits for the year	604	*519*
Total current tax	604	*519*
Deferred tax		
Origination of timing differences	(2)	*(2)*
Total deferred tax	(2)	*(2)*
Taxation on profit on ordinary activities	602	*517*

Factors affecting tax charge for the year

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

	2020 £000	*2019 £000*
Profit before tax	3,167	*2,726*
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% *(2019: 19%)*	602	*518*
Effects of:		
Expenses not deductible for tax purposes	-	*1*
Adjustments to deferred tax charge in respect of prior periods	-	*(2)*
Total tax charge for the year	602	*517*

7. Tax on profit (continued)

Factors that may affect future tax charges

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

8. Deferred taxation

	2020 £000	*2019 £000*
At beginning of year	**(2)**	-
Charged to profit or loss	**(2)**	*(2)*
At end of year	**(4)**	*(2)*

The deferred tax asset is made up as follows:

	2020 £000	*2019 £000*
Accelerated capital allowances	**(1)**	*(1)*
Short term timing differences	**(3)**	*(1)*
	(4)	*(2)*

9. Intangible assets

	Development expenditure £000
Cost	
At 1 September 2019	**677**
Additions	316
At 31 August 2020	**993**
Accumulated amortisation	
At 1 September 2019	**192**
Charge for the year	186
At 31 August 2020	**378**
Net book value	
At 31 August 2020	**615**
At 31 August 2019	*485*

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

Sensitivity analysis

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

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

9. Intangible assets (continued)

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

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

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

10. Trade and other receivables

	2020 £000	2019 £000
Trade receivables	**605**	*2,148*
Less: provision for impairment for trade receivables	**(38)**	*(38)*
Amounts owed by group undertakings	**8,658**	*6,131*
Other debtors	**1,118**	*1*
Deferred tax	**4**	*2*
Prepayments	**9**	*12*
	10,356	*8,256*

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

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

The maximum exposure to credit risk at the end of the year is the fair value of trade and other receivables. The Directors estimate that the carrying value of receivables is an approximation of their fair value.

Other debtors comprises amounts owed by the Department for Education, received post year end.

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

11. Trade and other payables

	2020 £000	*2019 £000*
Trade payables	219	*210*
Amounts owed to group undertakings	2,847	*1,766*
Other payables	760	*80*
Accruals	3,139	*1,771*
Contract liabilities	632	*862*
	7,597	*4,689*

Accruals include £1,118k due to learners in respect of bursaries. The amount due from the Department for Education, was received post year end, to then be paid on to learners.

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

12. Called up share capital

	2020 £	*2019 £*
Allotted, authorised, called up and fully paid		
100 *(2019 - 100)* Ordinary shares of £1 each	100	*100*

13. Controlling party

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

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

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

14. Events after the reporting date

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

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

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

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