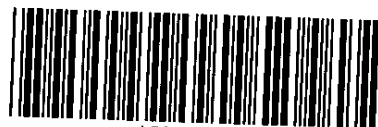


Registered number: 09098342

**TES FINANCE LIMITED
(FORMERLY TES FINANCE PLC)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

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TES FINANCE LIMITED

COMPANY INFORMATION

Directors	R Williams (appointed 7 July 2020) P Simpson
Registered number	09098342
Registered office	26 Red Lion Square London England WC1R 4HQ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors 1 Embankment Place London WC2N 6RH

TES FINANCE LIMITED

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TES FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2019

The Directors present their report and the audited financial statements for the year ended 31 August 2019.

Principal activities

The principal activity of the Company is of a financing company.

Business review

On 17 December 2018, Tes Global Group Limited, the parent company of the Company, was sold by TPG to Providence Equity Partners L.L.C (Providence), completion took place on 31 January 2019. In addition, the Senior Secured Notes were settled in full. As a result of the transaction, the Ultimate parent company changed to Tes Topco Limited.

On acquisition, Providence provided funding to the Tes Group, of which the entity belongs to, of £195m and access to a revolving credit facility of £25m, which was fully drawn in March 2020 to support the Group throughout COVID-19. Should the Company require, this funding is to be made available by Group. The Directors consider that the funding made available to the Group, is sufficient to fund the required debt servicing and working capital requirements for the next 12 months from the date of approval of these financial statements.

On 8 February 2019, the Company re-registered from a public to a private limited company. As part of this change, the Company's name was changed to Tes Finance Limited.

Results and dividends

The loss for the year, after taxation, amounted to £19,518k (2018: £6,135k).

The Directors do not recommend the payment of a dividend (2018: *£nil*).

Financial performance of the Group as a whole, for the year ended 31 August 2019, is set out in the consolidated financial statements of Tes Topco Limited.

Directors

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

R Grimshaw (resigned 26 June 2020)
R Williams (appointed 7 July 2020)
P Simpson
M Janzarik (resigned 31 January 2019)

Directors' and officers' indemnity

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

TES FINANCE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

Going concern

The company is reliant on support from the ultimate parent company, Tes Topco Limited, for it to continue to trade and a group letter of support is in place to support the Company if required, as a result of COVID-19.

Below is a summary of the directors' assessment of the group going concern position:

The Directors confirm that having reviewed the Group's cash requirements for the next 12 months from the date of signing the financial statements, they have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as and when they fall due for the foreseeable future. In assessing this they have considered the purchase of the group by Providence Equity Partners L.L.C. ("Providence"). The directors have considered their current cash flow projections, financing costs of the term loan and other use of proceeds, overlaid with the directors' expectations of the new capital structure and Providence's intentions to refinance the debt. Having due regard to these factors the directors have adopted the going concern basis in preparing these financial statements.

The uncertainty as to the future impact on the Group of COVID-19 has been considered as part of the Group's adoption of the going concern basis. To date, we have not seen a material impact on the Group's activities but with ongoing school closures, we anticipate that there is likely to be a significant reduction in the Group's revenue, particularly in transactional advertising and the provision of Supply teachers.

In the downside scenario that the Board has considered, we have assumed that UK schools remain closed until the start of the 2021 academic year (September 2020). The impact that this would have on our revenue remains unclear at this stage although our initial experience is that our transactional advertising and Supply net revenue has reduced by 60-80%. This would likely reduce our net revenue for the full year by up to £8m. Our mitigation strategies including the furloughing of employees, salary reduction and discretionary expenditure avoidance will materially offset such a decline in that period. The contracted nature of our subscription services means that we have a strong underpin for our financial performance. Encouragingly, our current experience is that we continue to see renewal volumes in line with our expectations across the Attract and Empower areas.

In our downside modelling, we would need to see a further decline in the level of transactional advertising and Supply revenue and a material reduction in our current subscription renewal before the Group reaching a point where it may breach its existing financial covenants. Given potential mitigations that would be available to the Group, we do not believe at this stage that this is a scenario that will materialise. Only this unlikely scenario would indicate the existence of a material uncertainty which may cast doubt about the Group's ability to continue as a going concern.

On the basis that this Company is reliant on the letter of support from the Group, this also calls into question the material uncertainty over the ability of the Group to provide the letter of support, and hence the Company's going concern. In this scenario, this would indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Principal risks and uncertainties

Interest rate risk

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

TES FINANCE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

Principal risks and uncertainties (continued)

Cash flow / liquidity risk

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 2019, £5m of this facility was drawn down and at March 2020, this was fully drawn in order to support the Group's activities throughout COVID-19.

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.

Subsequent events

The impact of COVID-19 is discussed in note 12.

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 is not expected to have 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.

Directors' responsibilities statement

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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

TES FINANCE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Disclosure of information to auditors

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

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 12 August 2020 and signed on its behalf.



P Simpson
Director

Independent auditors' report to the members of TES Finance Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its loss 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 2019; the statement of profit or loss and other comprehensive income for the year ended 31 August 2019, the statement of changes in equity for the year ended 31 August 2019; 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.5 to the financial statements concerning the company's ability to continue as a going concern. The company is reliant on support from the ultimate parent company, Tes Topco Limited, for it to continue to trade and a group letter of support is in place to support the Company if required, as a result of COVID-19. However, as described in note 1.5 to the financial statements, there is a material uncertainty with regards to the ultimate parent company continuing to operate as a going concern in the event of a prolonged downside scenario. These conditions, with the potential that the ultimate parent cannot provide the support if called upon, create the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable 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 TES Finance 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 2019 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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

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.



Nigel Reynolds (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 August 2020

TES FINANCE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £000	2018 £000
Administrative expenses		(2,373)	(176)
Operating loss	2	(2,373)	(176)
Finance income	4	8,009	19,023
Finance expense	5	(29,927)	(26,125)
Loss before tax		(24,291)	(7,278)
Tax on loss	6	4,773	1,143
Loss for the financial year		<u>(19,518)</u>	<u>(6,135)</u>

There was no other comprehensive income for the year ended 31 August 2019 (2018: £nil).

The notes on pages 10 to 17 form part of these financial statements.

TES FINANCE LIMITED
REGISTERED NUMBER: 09098342

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2019

	Note	2019 £000	2018 £000
Current assets			
Trade and other receivables	7	382,437	369,657
		<u>382,437</u>	<u>369,657</u>
Trade and other payables	8	(415,603)	(86,257)
Net current (liabilities)/assets		<u>(33,166)</u>	<u>283,400</u>
Trade and other payables: amounts falling due after more than one year	9	-	(297,048)
Net liabilities		<u>(33,166)</u>	<u>(13,648)</u>
Capital and reserves			
Called up share capital	10	50	50
Accumulated losses		(33,216)	(13,698)
Total deficit		<u>(33,166)</u>	<u>(13,648)</u>

The financial statements on pages 7 to 17 were approved by the Board of Directors on 12 August 2020 and signed on its behalf by



P Simpson
Director

The notes on pages 10 to 17 form part of these financial statements.

TES FINANCE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2019**

	Called up share capital	Accumulated losses	Total deficit
	£000	£000	£000
At 1 September 2018	50	(13,698)	(13,648)
Comprehensive expense for the year			
Loss for the year	-	(19,518)	(19,518)
Total comprehensive expense for the year	-	(19,518)	(19,518)
At 31 August 2019	50	(33,216)	(33,166)

	Called up share capital	Accumulated losses	Total deficit
	£000	£000	£000
At 1 September 2017	50	(7,563)	(7,513)
Comprehensive expense for the year			
Loss for the year	-	(6,135)	(6,135)
Total comprehensive expense for the year	-	(6,135)	(6,135)
At 31 August 2018	50	(13,698)	(13,648)

The notes on pages 10 to 17 form part of these financial statements.

TES FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

1.1 Reporting entity

Tes Finance Limited (the "Company") is a private limited company incorporated in United Kingdom and domiciled in England. The Company's registered office is 26 Red Lion Square, London, WC1R 4HQ. The Company's principal activity is that of a financing company.

On 8 February 2019, the Company re-registered from a public to a private limited company. As part of this change, the Company's name was changed to Tes Finance Limited.

1.2 Basis of preparation of financial statements

The financial statements of Tes Finance 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 Global Holdings Limited and is included in the consolidated financial statements of Tes Topco Limited, which are publicly available. 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:

- IAS 7 Statement of Cash Flows; and
- 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. This covers all related party transactions entered into by this company;
- 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;

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

1.3 New standards in the year

Certain new accounting standards and interpretations have been published that are not mandatory for 31 August 2019 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.4 Impact of new international reporting standards, amendments and interpretations

IFRS 9 "Financial instruments"

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 9 from 1 September 2018.

VISION FOR EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 Impact of new international reporting standards, amendments and interpretations (continued)

IFRS 15 "Revenue from contracts with customers"

Management has undertaken a group wide assessment of IFRS 15 and concluded that there is no impact on the Company due to the fact it has no revenue.

IFRS 16 "Leases"

Management has undertaken a group wide assessment of IFRS 16 and concluded that there is no impact on the Company as there are no active leases with commitments exceeding 1 year.

1.5 Going concern

The company is reliant on support from the ultimate parent company, Tes Topco Limited, for it to continue to trade and a group letter of support is in place to support the Company if required, as a result of COVID-19.

Below is a summary of the directors' assessment of the group going concern position:

The directors confirm that having reviewed the Group's cash requirements for the next 12 months from the date of signing the financial statements, they have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as and when they fall due for the foreseeable future. In assessing this they have considered the purchase of the group by Providence Equity Partners L.L.C. ("Providence"). The directors have considered their current cash flow projections, financing costs of the term loan and other use of proceeds, overlaid with the directors' expectations of the new capital structure and Providence's intentions to refinance the debt. Having due regard to these factors the directors have adopted the going concern basis in preparing these financial statements.

The uncertainty as to the future impact on the Group of COVID-19 has been considered as part of the Group's adoption of the going concern basis. To date, we have not seen a material impact on the Group's activities but with ongoing school closures, we anticipate that there is likely to be a significant reduction in the Group's revenue, particularly in transactional advertising and the provision of Supply teachers.

In the downside scenario that the Board has considered, we have assumed that UK schools remain closed until the start of the 2021 academic year (September 2020). The impact that this would have on our revenue remains unclear at this stage although our initial experience is that our transactional advertising and Supply net revenue has reduced by 60-80%. This would likely reduce our net revenue for the full year by up to £8m. Our mitigation strategies including the furloughing of employees, salary reduction and discretionary expenditure avoidance will materially offset such a decline in that period. The contracted nature of our subscription services means that we have a strong underpin for our financial performance. Encouragingly, our current experience is that we continue to see renewal volumes in line with our expectations across the Attract and Empower areas.

TES FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.5 Going concern (continued)

In our downside modelling, we would need to see a further decline in the level of transactional advertising and Supply revenue and a material reduction in our current subscription renewal before the Group reaching a point where it may breach its existing financial covenants. Given potential mitigations that would be available to the Group, we do not believe at this stage that this is a scenario that will materialise. Only this unlikely scenario would indicate the existence of a material uncertainty which may cast doubt about the Group's ability to continue as a going concern.

On the basis that this Company is reliant on the letter of support from the Group, this also calls into question the material uncertainty over the ability of the Group to provide the letter of support, and hence the Company's going concern. In this scenario, this would indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

1.6 Finance income and expense

Finance income is recognised using the effective interest method. When a loan or receivable is impair, 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.

1.7 Borrowing costs

All borrowing costs are recognised in the Statement of Profit or Loss, on a time basis, by reference to the principal amount of borrowing outstanding and the applicable interest rate.

1.8 Current and deferred taxation

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

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

1.9 Trade and other receivables

Short term receivables are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

TES FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.10 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.

1.11 Trade and other payables

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

Amounts due within one year are classed as current liabilities, any amounts due after more than one year are classified as non-current liabilities.

1.12 Borrowings

Senior secured notes are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, net of any transaction costs incurred. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

1.13 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.

1.14 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.

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

2. Operating loss

Audit services are borne by the Company's parent undertaking, Tes Global Limited. No amounts were recharged to the company.

TES FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

3. Employees

The Company has no employees other than the Directors, who did not receive any remuneration (2018:£ Nil).

The Directors are remunerated by other group companies. Their emoluments are deemed to be wholly attributable to their services to these companies. Accordingly, the Directors received no emoluments (2018: £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 2019 (2018:£nil).

4. Finance income

	2019 £000	2018 £000
Interest receivable from group companies	8,009	19,023
	<u>8,009</u>	<u>19,023</u>

5. Finance expenses

	2019 £000	2018 £000
Interest on bank loan	7,930	19,023
Amortisation of issue costs	675	1,620
Loans from group undertakings	21,322	5,482
	<u>29,927</u>	<u>26,125</u>

Interest payable on senior secured notes in the year relates to the listed loan facility, which was repaid in full on 31 January 2019, following acquisition of the Tes Topco Limited Group, of which the Company is a subsidiary.

TES FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

6. Tax on loss

	2019	2018
	£000	£000
Corporation tax		
Current tax credit on profits for the year	(4,615)	(1,143)
Adjustments in respect of previous periods	(158)	-
Total tax charge for the year	<u>(4,773)</u>	<u>(1,143)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019	2018
	£000	£000
Loss before tax	<u>(24,291)</u>	<u>(7,278)</u>
Loss multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(4,615)	(1,383)
Effects of:		
Expenses not deductible for tax purposes	-	240
Adjustments to tax in respect of prior periods	(158)	-
Total tax credit for the year	<u>(4,773)</u>	<u>(1,143)</u>

Factors that may affect future tax charges

The reduction in the rate of UK corporation tax to 17% was substantively enacted as part of the Finance Bill 2017 (on 6 September 2017) to take effect from 1 April 2020. It was announced in the Budget on 11 March 2020 that there would now be an increase in the UK corporation tax rate to 19% from 1 April 2020 but this has not yet been substantially enacted. Deferred taxes at the balance sheet date have been measured at 17% being the enacted tax rate at the date of these accounts.

TES FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

7. Trade and other receivables

	2019 £000	2018 £000
Amounts owed by group undertakings	382,437	369,657
	<u>382,437</u>	<u>369,657</u>

Amounts owed by TSL Education SPV2 Limited were previously linked to the senior secured loan notes and therefore attracted interest of 6.75% on £200m and a floating rate of interest on the remaining £100m. As these were repaid in full on 31 January 2019, following the sale of Tes Global Group Limited and its subsidiaries to Tes Acquisition Limited, interest charged to TSL Education SPV2 Limited ceased to accrue.

Amounts owed by other group undertakings are unsecured, repayable on demand and bear interest at a rate of 8% per annum (2018: 8%). The interest of 8% on loan forms a small proportion of total interest income.

8. Trade and other payables

	2019 £000	2018 £000
Amounts owed to group undertakings	415,490	78,557
Accruals	113	7,700
	<u>415,603</u>	<u>86,257</u>

Amounts owed to group undertakings are unsecured, repayable on demand and bear interest at a rate of 8% per annum (2018: 8%).

9. Trade and other payables : amounts falling due after more than one year

	2019 £000	2018 £000
Senior secured loan notes	-	297,048
	<u>-</u>	<u>297,048</u>

The senior secured loan notes attracted interest of 6.75% on £200m and a floating rate of interest on the remaining £100m. These were repaid in full on 31 January 2019, following the sale of Tes Global Group Limited and its subsidiaries to Tes Acquisition Limited.

TES FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

10. Called up share capital

	2019 £000	2018 £000
Allotted, authorised, called up and fully paid		
50,000 (2018:50,000) Ordinary shares of £1.00 each	<u>50</u>	<u>50</u>

11. Controlling party

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

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

12. Events after the reporting date

The Company has considered the impact of post reporting date events up to and including the date of signing. In March 2020, the Group had drawn its full £25m revolving credit facility, which the Company has access to should it be required, in order to further strengthen the capital structure. The revolving credit facility is due for repayment by September 2020, but can be extended as required.

The outbreak of the coronavirus COVID-19 is having a direct impact on the customer and supply chain. Whilst we have seen a reduction in transactional advertising and Supply revenue consistent with the reduced curriculum provision, our subscription renewals continue to perform well and activity levels in the Train and Empower areas have been high as schools adapt to new working practices. Considering that the spread of the virus accelerated during the first quarter of 2020, this event was classified as a non-adjusting event for accounting purposes. Given the uncertainties on the scope and length as well as the ongoing developments, the Group cannot give any accurate or reliable estimation on potential quantitative impacts currently. This may result in a challenged and volatile market environment. The assessment on the ability of the group to operate as going concern is disclosed under Note 1.5.

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 2019.

After the reporting date on 31 August 2019, there were no other events of special significance which may have a material effect on the financial position and performance of the Group.