

Registered number: 09106739

**ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.**

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**ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.**

**COMPANY INFORMATION**

<b>Directors</b>	L A Gold M S Johar G Sebasky
<b>Company secretary</b>	T Gough
<b>Registered number</b>	09106739
<b>Registered office</b>	Dryden House St. Johns Street Huntingdon England PE29 3NU
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Maurice Wilkes Building St John's Innovation Park Cowley Road Cambridge CB4 0DS

## **ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present the Strategic Report of Ascend Global Intermediate Holdings, Ltd. (the "Company") for the year ended 31 December 2019.

#### **Business review and future developments**

The results for the financial year and financial position of the Company are shown in the financial statements on pages 9 and 10.

The principal subsidiary of Ascend Global Intermediate Holdings, Ltd. is Premier Training International Limited ('PTI') which provides training and education to the health and fitness industry.

*The directors are pleased with the financial performance of its trading subsidiaries during the accounting year. PTI being the largest subsidiary has focused on increasing awareness of our digital delivery model while positioning ourselves in the market as a leader in online/digital delivery. We invested more operating expenditures in 2019 as compared to the original plan to support increased volumes of learners with the aim to grow our market share and increase brand awareness (including a much higher spend in marketing related expenses than originally planned) which we believe will pay off in the future. Along with increasing our volume of learners by 29% against 2018 levels, we also improved and matured our digital delivery model, significantly improving student outcomes measured by the numbers of students completing and qualifying through our courses. We have also greatly improved the student experience, as evidenced by our significant improvement in 3rd party product reviews via Trustpilot (currently sitting at 4.6 out of 5).*

Although these improvements did not make an immediate impact on our revenue and profitability in 2019 and took a bit longer than we anticipated, the investments that we made in marketing and operational improvements are expected to bear fruit in 2020 (and we are already seeing evidence of that with the business results from PTI through April 2020).

The focus for PTI in 2020 is to grow revenue of secondary products through enhanced bundling strategies, continue to improve the student experience and improve operational efficiency through enhanced cost controls across the business.

The other trading subsidiary, Active IQ Ltd, has taken advantage of the exemption from providing a business review for 2018. The directors are pleased with the performance of the Company.

The profit for the financial year is set out in the Statement of Comprehensive Income on page 9. The directors consider the performance of the Company during the year, the financial position at the end of the year and its prospects for the future to be satisfactory.

The directors of the ultimate parent company Ascend Learning LLC agreed to make a Capital Contribution of £Nil during the year (2018: £2,000,000) to the UK trading Group. The capital contribution has no obligation for repayment and conveys no rights to additional shares in the capital of the Company.

In 2018, the intercompany balance of £2,075,000 was formally converted to a Capital Contribution. The additional funds of £2,000,000 this year have been recorded as a Capital Contribution.

The COVID-19 outbreak and the resulting measures taken by government to contain the virus have led to significant macroeconomic uncertainty. The uncertainty is causing disruption to economic activity and it is unknown what the longer impact on business may be as the scale and duration of the impacts are unknown.

**ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Principal risks and uncertainties**

The principal risk for the Company is the continued successful trading of its subsidiaries PTI and AIQ. For PTI this is currently external competition, especially for its core product which has grown significantly recently. PTI has mitigated these risks by focusing on the quality and delivery mechanism of its education and outcomes.

The main risks for the subsidiaries from the uncertain situation regarding the COVID-19 outbreak are:

- Changes to customer demand impacting revenue and profitability
- Customer collection risk

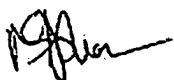
Management have strengthened the existing daily revenue demand monitoring programs to identify where additional operational focus is required.

As explained in note 2.3, there is material uncertainty regarding the Company's ability to continue as a going concern without support further financial support from the US parent although current base case assumptions in management's forecast do not indicate this to be the case.

**Financial key performance indicators**

Due to the non complex nature of the Company's activities, that of being a holding company, the directors believe that analysis using key performance indicators (KPIs) is not necessary or appropriate for an understanding of the development, performance or position of the Company. The KPIs of the principal trading subsidiary, PTI, are set out in the financial statements of PTI.

This report was approved by the board and signed on its behalf by:



**M S Johar**  
Director

Date: 9 July 2020

## **ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their annual report and the audited financial statements of Ascend Global Intermediate Holdings, Ltd. (the "Company") for the year ended 31 December 2019.

#### **Results and dividends**

The loss for the financial year amounted to £4,984,352 (2018: £17,465,387). No dividends were proposed or paid during the year (2018: £Nil).

#### **Directors**

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

L A Gold  
M S Johar  
G Sebasky  
N W Harding (resigned 31 May 2019)

#### **Qualifying third party indemnity provisions**

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

#### **Future developments**

See details of future developments in the Strategic Report on page 2.

#### **Financial risk management**

The financial risk for the Company is negligible. It is financed via equity and debt financing from related undertakings as discussed in more detail in the financial statements.

#### **Going concern**

The financial statements are prepared on the assumption that the Company is a going concern, which assumes the Company will continue in operational existence for the foreseeable future.

Our base case cashflow forecast shows that we have sufficient resources to continue in operational existence and meet our liabilities as they fall due for more than 12 months from the date of signing the financial statements on the assumption that our US parent, Ascend Learning LLC, does not require repayment of the intercompany balance over this period, for which a letter of support has been obtained.

The COVID-19 outbreak has developed rapidly in 2020. Government measures taken and the macroeconomic uncertainty has caused disruption to economic activity, and it is unknown what the longer impact on the Company may be. The impacts of COVID-19 on society, and as a consequence business, may evolve in various directions. If the macroeconomic changes continue for a longer period of time, this will put pressure on the liquidity of the Company.

Management seeks to obtain the best possible information to assess these risks and implement appropriate measures to respond. The assumptions used in the modelling for the base case cashflow forecast have considered available information regarding the impact of customer demand on revenues and changing risk on customer collections. However, given the level of uncertainty around how long and deep the economic impact of the COVID-19 pandemic will be, further financial support, which is not yet committed, may be required from our US parent. These conditions 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.

## **ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.**

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

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

#### **Directors' confirmations**

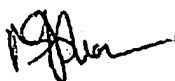
In the case of each directors in office at the date the Directors' Report is approved:

- 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 been 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.

#### **Independent auditors**

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:



**M S Johar**  
Director

Date: 9 July 2020

## ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.

## Report on the audit of the financial statements

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### Opinion

In our opinion, Ascend Global Intermediate Holdings, Ltd.'s financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Annual Report and Financial Statements, which comprise: the Balance Sheet as at 31 December 2019; 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.

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### 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.

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### 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 2.3 to the financial statements concerning the Company's ability to continue as a going concern. We note that management's base case cashflow forecast for the Company shows sufficient resources to continue operations and meet its liabilities for more than 12 months on the assumption that its US parent, Ascend Learning LLC, does not require repayment of the intercompany balances over this period, for which a letter of support has been obtained. However, given the level of uncertainty around how long and deep the economic impact of the COVID-19 pandemic will be, further financial support, which is not yet committed, may be required from the US parent. These conditions, along with the other matters explained in note 2.3 to the financial statements, 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.

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### 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.



## **ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD. (CONTINUED)**

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 Strategic Report and 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.

#### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 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 Strategic Report and 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](http://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.

ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD. (CONTINUED)

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## Other required reporting

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### 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.



Richard Bedlow (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cambridge  
Date: 10 July 2020

**ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
Administrative expenses		-	(17,329,397)
Exceptional administrative expenses	9	<u>(4,752,350)</u>	<u>-</u>
<b>Operating loss</b>		<b>(4,752,350)</b>	<b>(17,329,397)</b>
Interest payable and similar expenses	7	<u>(183,996)</u>	<u>(183,996)</u>
<b>Loss before taxation</b>		<b>(4,936,346)</b>	<b>(17,513,393)</b>
Tax on loss	8	<u>(48,006)</u>	<u>48,006</u>
<b>Loss for the financial year</b>		<b><u>(4,984,352)</u></b>	<b><u>(17,465,387)</u></b>
 <b>Total comprehensive expense for the financial year</b>		 <b><u>(4,984,352)</u></b>	 <b><u>(17,465,387)</u></b>

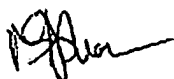
The notes on pages 12 to 21 form part of these financial statements.

**ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.**  
**REGISTERED NUMBER: 09106739**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Investments	10	6,402,388	11,154,738
<b>Current assets</b>			
Debtors	11	-	48,006
Creditors: amounts falling due within one year	12	(4,075,123)	(3,891,127)
<b>Net current liabilities</b>		<u>(4,075,123)</u>	<u>(3,843,121)</u>
<b>Total assets less current liabilities</b>		<u>2,327,265</u>	<u>7,311,617</u>
<b>Capital and reserves</b>			
Called up share capital	14	27,761,393	27,761,393
Capital redemption reserve	15	4,075,000	4,075,000
Profit and loss account		<u>(29,509,128)</u>	<u>(24,524,776)</u>
<b>Total shareholders' funds</b>		<u>2,327,265</u>	<u>7,311,617</u>

The financial statements on pages 9 to 21 were approved and authorised for issue by the board and were signed on its behalf by:



**M S Johar**

Director

Date: 9 July 2020

The notes on pages 12 to 21 form part of these financial statements.

ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total shareholders' funds £
At 1 January 2018	27,761,393	-	(7,059,389)	20,702,004
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(17,465,387)	(17,465,387)
Total comprehensive expense for the financial year	-	-	(17,465,387)	(17,465,387)
Contributions by and distributions to owners				
Additional capital reserve	-	4,075,000	-	4,075,000
Total transactions with owners	-	4,075,000	-	4,075,000
At 31 December 2018 and 1 January 2019	27,761,393	4,075,000	(24,524,776)	7,311,617
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(4,984,352)	(4,984,352)
Total comprehensive expense for the financial year	-	-	(4,984,352)	(4,984,352)
At 31 December 2019	27,761,393	4,075,000	(29,509,128)	2,327,265

The notes on pages 12 to 21 form part of these financial statements.

## **ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **1. General information**

The principal activity of Ascend Global Intermediate Holdings, Ltd. (the "Company") is that of a holding company.

The Company is a private company and is incorporated and domiciled in England. The address of its registered office is Dryden House, St. Johns Street, Huntingdon, England, PE29 3NU.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared on going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company is a wholly-owned subsidiary of Ascend Global Holdings, Ltd. and is included in the consolidated financial statements of Ascend Global Holdings, Ltd. which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

##### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Ascend Global Holdings Limited for the year ended 31 December 2019 and these financial statements may be obtained from Dryden House, St. Johns Street, Huntingdon, England, PE29 3NU.

## **ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **2. Accounting policies (continued)**

##### **2.3 Going concern**

The financial statements are prepared on the assumption that the Company is a going concern, which assumes the Company will continue in operational existence for the foreseeable future.

Our base case cashflow forecast shows that we have sufficient resources to continue in operational existence and meet our liabilities as they fall due for more than 12 months from the date of signing the financial statements on the assumption that our US parent, Ascend Learning LLC, does not require repayment of the intercompany balance over this period, for which a letter of support has been obtained.

The COVID-19 outbreak has developed rapidly in 2020. Government measures taken and the macroeconomic uncertainty has caused disruption to economic activity, and it is unknown what the longer impact on the Company may be. The impacts of COVID-19 on society, and as a consequence business, may evolve in various directions. If the macroeconomic changes continue for a longer period of time, this will put pressure on the liquidity of the Company.

Management seeks to obtain the best possible information to assess these risks and implement appropriate measures to respond. The assumptions used in the modelling for the base case cashflow forecast have considered available information regarding the impact of customer demand on revenues and changing risk on customer collections. However, given the level of uncertainty around how long and deep the economic impact of the COVID-19 pandemic will be, further financial support, which is not yet committed, may be required from our US parent. These conditions 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.

##### **2.4 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

The directors perform an impairment assessment if an indicator of impairment or any reversal of impairment is identified. To assess the carrying value of the investment, the directors consider the underlying net assets of subsidiaries and future earnings where appropriate. This is compared to the net position of the carrying value of the equity investment and any long term intercompany balances held with the subsidiary entities. Any impairment or reversal of impairment is taken to the Statement of Comprehensive Income.

##### **2.5 Debtors**

Short term debtors are measured at transaction price, less any impairment.

##### **2.6 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

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

**2. Accounting policies (continued)**

**2.7 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

**2.8 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost on a straight line basis.

**2.9 Finance costs**

In the prior year finance costs were charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method. The Directors have reviewed the accounting policy for accruing interest on debt instruments and noted it was not in line with loan agreements in place. The Directors have therefore changed their accounting policy to reflect interest on a straight line basis which is in line with their loan agreements.

**2.10 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.



## ASCEND GLOBAL INTERMEDIATE HOLDINGS, LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. Accounting policies (continued)

##### 2.11 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

##### 2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The directors make judgements when considering any impairment assessment in relation to the investment balance. See 2.4 above.

#### 4. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<u>3,890</u>	<u>3,540</u>

Auditors' remuneration was borne by a fellow group company in the year and not recharged to the Company.

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**5. Employees**

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

**6. Directors' remuneration**

During the current year, the directors were remunerated by other group companies for their services to the group as a whole and it is not practicable to allocate their remuneration between individual entities (2018: £Nil).

**7. Interest payable and similar expenses**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Loans from group undertakings	<b>183,996</b>	<b>183,996</b>

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8. Tax on loss

	2019 £	2018 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	47,956	(24,439)
Adjustment in respect of prior years	50	(23,567)
<b>Total deferred tax</b>	<b>48,006</b>	<b>(48,006)</b>
<b>Total tax</b>	<b>48,006</b>	<b>(48,006)</b>

**Factors affecting tax charge/(credit) for the year**

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019 £	2018 £
Loss before taxation	(4,936,346)	(17,513,393)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(937,906)	(3,327,545)

**Effects of:**

Expenses not deductible for tax purposes	902,947	3,292,586
Group relief surrendered	34,959	7,645
Rate difference in respect of deferred tax	-	2,875
Adjustment to tax charge for prior years - Deferred tax	50	(23,567)
Deferred tax not recognised	47,956	-
<b>Total tax charge/(credit) for the financial year</b>	<b>48,006</b>	<b>(48,006)</b>

**Factors that may affect future tax charges**

The tax rate for the current year remains the same as 2018. Changes to the UK corporation tax rates were substantially enacted as part of Finance Act 2016 (on 6 September 2016). These included reductions to the Corporation Tax main rate to 17% from 1 April 2020. However, at Budget 2020, the government announced that the Corporation Tax main rate will remain at 19% for the year starting at 1 April 2020 and 2021 (included as part of Draft Finance Bill 2020). Deferred taxes at the Balance Sheet date have been measured using the latest announced tax rates at Budget 2020 and this has been reflected within these financial statements.

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FOR THE YEAR ENDED 31 DECEMBER 2019**

**9. Exceptional items**

	2019 £	2018 £
Impairment of investments	<u>4,752,350</u>	<u>-</u>

**10. Investments**

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January 2019	34,903,000
At 31 December 2019	<u>34,903,000</u>
<b>Accumulated impairment</b>	
At 1 January 2019	23,748,262
Charge for the year	4,752,350
At 31 December 2019	<u>28,500,612</u>
<b>Net book value</b>	
At 31 December 2019	<u>6,402,388</u>
At 31 December 2018	<u>11,154,738</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Premier Training International Limited*	Dryden House, St. Johns Street, Huntingdon, England, PE29 3NU	Fitness training instructor courses	Ordinary	100%
Active IQ Academy Limited*	Dryden House, St. Johns Street, Huntingdon, England, PE29 3NU	Training provider	Ordinary	100%
Active IQ Limited*	Dryden House, St. Johns Street, Huntingdon, England, PE29 3NU	Approved awarding body	Ordinary	100%

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**10. Investments (continued)**

**Subsidiary undertakings (continued)**

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Ascend Learning UK Limited	Dryden House, St. Johns Street, Huntingdon, England, PE29 3NU	Holding company	Ordinary	100%
Premier Global Limited*	Dryden House, St. Johns Street, Huntingdon, England, PE29 3NU	Dormant	Ordinary	100%

\*indirectly owned

**11. Debtors**

	<b>2019 £</b>	<b>2018 £</b>
Deferred taxation (note 13)	-	48,006

**12. Creditors: amounts falling due within one year**

	<b>2019 £</b>	<b>2018 £</b>
Amounts owed to group undertakings	<b>4,075,123</b>	3,891,127

Within amounts owed to group undertakings, there are loans from Ascend Learning UK Limited, Premier Training International Limited, Active IQ Limited and Active IQ Academy Limited which total £3,066,609 (2018: £3,066,609). Interest on these loans is charged at a rate of 6% per annum, there is no fixed repayment date for this loan. All other amounts owed by group undertakings are unsecured and interest free.

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**13. Deferred taxation**

	2019 £
At beginning of year	48,006
Charged to profit or loss	(48,006)
<b>At end of year</b>	<b>-</b>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Losses	-	48,006

**14. Called up share capital**

	2019 £	2018 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
27,761,393 (2018: 27,761,393) Ordinary shares of £1 (2018: £1) each	<b>27,761,393</b>	27,761,393

**15. Capital Redemption Reserve**

In 2018 the directors of the ultimate parent company Ascend Learning LLC agreed to make a Capital Contribution of £2,000,000 to the UK trading Group. The capital contribution had no obligation for repayment and conveyed no rights to additional shares in the capital of the Company.

Also in 2018, the intercompany balance of £2,075,000 was formally converted to a Capital Contribution. The additional funds of £2,000,000 were recorded as a Capital Contribution.

**16. Ultimate parent undertaking and controlling party**

The Company's ultimate parent company is Ascend Learning LLC, a limited liability company resident in the United States of America. In the opinion of the directors the ultimate controlling party is private equity funds managed by the Blackstone Group, through partnerships resident in the United States and Canada Pension Plan Investment Board, through corporations resident in the United States and Canada. The parent undertaking of the largest group and the smallest group, which includes the Company and for which group financial statements are prepared, is Ascend Global Holdings Ltd a company incorporated in Great Britain. Copies of the group financial statements of Ascend Global Holdings Ltd are available from Dryden House, St Johns Street, Huntingdon, PE29 3NU.

**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Subsequent events**

The COVID-19 outbreak has developed rapidly in 2020. Government measures taken and the macroeconomic uncertainty has caused disruption to economic activity, and it is unknown what the longer impact on the Company may be.

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the Company may experience reduced customer demand, additional impairments required against receivable balances and pressure on liquidity although the exact impact on the activities of the Company in the remainder of 2020 and thereafter cannot be predicted. We also refer to note 2.3.