
EDVAL EDUCATION LTD

**UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2020**

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EDVAL EDUCATION LTD

COMPANY INFORMATION

Directors	R Williams P Simpson
Registered number	11034872
Registered office	3rd Floor, Building 3 St Paul's Place 129 Norfolk Street Sheffield S1 2JE

EDVAL EDUCATION LTD

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EDVAL EDUCATION LTD
REGISTERED NUMBER: 11034872

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020

	Note	31 August 2020 £000	30 June 2019 £000
Fixed assets			
Tangible assets	2	4	-
		<u>4</u>	<u>-</u>
Current assets			
Trade and other receivables	3	99	41
Cash at bank and in hand		75	14
		<u>174</u>	<u>55</u>
Trade and other payables	4	(887)	(468)
Net current assets		<u>(713)</u>	<u>(413)</u>
Net assets		<u><u>(709)</u></u>	<u><u>(413)</u></u>
Capital and reserves			
Called up share capital	5	166	166
Retained earnings		(875)	(579)
		<u><u>(709)</u></u>	<u><u>(413)</u></u>

The Directors of the Company have elected not to include a copy of the profit and loss account within the financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

EDVAL EDUCATION LTD
REGISTERED NUMBER: 11034872

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020

For the period ended 31 August 2020, the Company was entitled to an exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The shareholders have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476. The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 1 to 10 were approved by the Board of Directors on 8 April 2021 and signed on its behalf by



P Simpson
Director

The notes on pages 4 to 10 form part of these financial statements.

EDVAL EDUCATION LTD

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

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 July 2019	166	(579)	(413)
Comprehensive income for the period			
Loss for the period	-	(296)	(296)
At 31 August 2020	166	(875)	(709)

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 July 2018	166	(239)	(73)
Comprehensive income for the year			
Loss for the year	-	(340)	(340)
At 30 June 2019	166	(579)	(413)

The notes on pages 4 to 10 form part of these financial statements.

EDVAL EDUCATION LTD

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1. Accounting policies

1.1 Reporting entity

Edval Education Ltd (the 'Company') is a limited company incorporated in the United Kingdom and domiciled in England. The Company's registered office is at 3rd Floor, Building 3 St Paul's Place, 129 Norfolk Street, Sheffield, England, S1 2JE. The Company's principal activity is that of creating and providing timetabling software, support and services to schools in the UK.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 was acquired by Tes Global Limited on 3 December 2019. Therefore, the period from 3 December 2019 to 31 August 2019 is included in the consolidated financial statements of Tes Topco Limited, which are publicly available.

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

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

1.3 New accounting standards in the year

There were no new accounting standards adopted for the reporting period commencing 1 July 2019.

1.4 New accounting standards not yet adopted

Certain new accounting standard and interpretations have been published that are not mandatory for reporting periods ending 31 August 2020 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.

EDVAL EDUCATION LTD

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2020

1. Accounting policies (continued)

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. The directors have considered their current cash flow projections, financing costs of the term loan and availability of the revolving credit facility. 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. The most significant impact for the Group arises on the potential closure of schools and the impact that this could have on school and teacher behaviour. UK schools remained open between September and December but have closed in January 2021 with the consensus being that this will be the case until March 2021. Despite the ongoing implementation of wider economic and social restrictions, it is apparent that the reopening of schools remains a key UK Government priority. The position varies by country across our International schools base. Encouragingly schools have remained open in Australia which is our individually most significant international market.

The Board has taken significant confidence from the manner in which the Group traded during the second half of the 2020 financial year despite the widespread schools closures in that period. In this period, we saw a reduction in the quantum of transactional advertising and supply revenue versus our original expectations. The remainder of our business, where revenue is largely covered by recurring subscription contracts, performed materially in line with our expectations. Our trading experience in the first four months of the 2021 financial year has been strong with revenue and cash generation in line with our expectations.

Following our disposal of the Supply businesses in December 2020, the potential adverse impact of school closures is materially reduced. Our most significant area of risk arises from a slowdown in overall teacher recruitment volumes. In revenue terms this would result in a reduction in transactional advertising.

The Board has prepared a prudent budget for the 2021 financial year with a combination of modest new business sales and cost reduction to mitigate any potential performance risk. Further to this, we have considered the potential impact that school closures would have on the revenue we generate from transactional advertising. Should revenue reduce to levels seen in the second half of 2020, schools would need to remain fully closed for more than a year before the Group would come close to a potential breach of quarterly banking covenants. We do not believe this is a realistic scenario. EBITDA headroom at each of the quarterly covenant test points from February 2021 to February 2022 exceeds £10m before the application of sensitivities. This headroom is based on no specific cost mitigation exercises and an assumption of ongoing investment in the business. Discretionary cost management and broader cost reduction initiatives are available to the Group in the event that we experience a material reduction in revenue.

EDVAL EDUCATION LTD

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.5 Going concern (continued)

In consideration of the above factors, we do not believe that there is a scenario that would result in the Group reaching a point where it may breach its existing financial covenants. However, it is unclear for how long there will remain a risk of school closures and possible disruption to our business from COVID 19. The consolidated financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

1.6 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.

1.7 Property plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal is recognised in profit and loss. Subsequent expenditure is capitalised if it is probably that future economic benefits associated with the expenditure, will flow to the Company.

Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

The estimated useful lives range as follows:

Computer equipment	20% on cost
Fixtures and fittings	33% on cost

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

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2020**

1. Accounting policies (continued)

1.8 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 1.12. Subsequent recoveries of amounts previously written off, are credited to profit and loss.

1.9 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.

1.10 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.

1.11 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.

1.12 Critical accounting estimates and judgements

The preparation of the Company's financial statements in accordance with FRS 102 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.

EDVAL EDUCATION LTD

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2020

2. Tangible fixed assets

	Computer equipment £000	Total £000
Cost or valuation		
At 1 July 2019		-
Additions	5	5
At 31 August 2020	<u>5</u>	<u>5</u>
Depreciation		
At 1 September 2019	-	-
Charge for the period	(1)	(1)
At 31 August 2020	<u>(1)</u>	<u>(1)</u>
Net book value		
At 31 August 2020	<u><u>4</u></u>	<u><u>4</u></u>
<i>At 31 August 2019</i>	<u><u>-</u></u>	<u><u>-</u></u>

EDVAL EDUCATION LTD

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2020

3. Trade and other receivables

	31 August 2020 £000	31 August 2019 £000
Due within one year		
Trade receivables	44	37
Corporation tax	54	-
Other debtors and prepayments	1	4
	<u>99</u>	<u>41</u>

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 period 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.

EDVAL EDUCATION LTD

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2020

4. Trade and other payables

	31 August 2020 £000	31 August 2019 £000
Trade creditors	9	5
Other taxation and social security	1	6
Intercompany payables	731	374
Accruals and deferred revenue	146	83
	<u>887</u>	<u>468</u>

5. Share capital

	31 August 2020 £	31 August 2019 £
Allotted, authorised, called up and fully paid		
166,000 (2019 – 166,000) Ordinary shares of £1.00 each	<u>166</u>	<u>166</u>

6. 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 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.

7. 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.

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.