

Company Registration No. 12794644 (England and Wales)

LEARNDIRECT DIGITAL HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2021

LEARNDIRECT DIGITAL HOLDINGS LIMITED

COMPANY INFORMATION

Directors	J J Rodriguez Cesenas	{Appointed 5 August 2020}
	M G Doolittle	{Appointed 5 August 2020}
	W Janse van Rensburg	{Appointed 12 August 2020}
	P Henchoz	{Appointed 22 January 2021}
	M J Beckett	{Appointed 22 January 2021}
	L E Byrne	{Appointed 22 January 2021}

Company number	12794644
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Registered office	C/O Learndirect 1st Floor Wilson House Lorne Park Road Bournemouth England BH1 1JN
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Auditor	BHP LLP 2 Rutland Park Sheffield S10 2PD
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LEARNDIRECT DIGITAL HOLDINGS LIMITED

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LEARNDIRECT DIGITAL HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 30 APRIL 2021

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

Fair review of the business

Learndirect Digital Holdings Limited and its subsidiary Learndirect Digital Group Limited were established in August 2020 to acquire, on 12 August 2020, the commercial businesses of Learndirect Limited and its subsidiaries Stonebridge Associated Colleges Limited, Pearltech Limited, Digital Monkey Media Limited, Central College for Education Limited and Online Academies Limited.

The group provides online accredited educational courses to learners across a wide range of subjects through its well-established key brands, led by Learndirect and Stonebridge Associated Colleges. The group also provides digital marketing support and learner management platforms to the further education sector.

On 19 February 2021, the group acquired Animal Jobs Direct Limited, trading as Animal Courses Direct, another well-established online accredited course provider, servicing the Animal Care and Veterinary Education sector.

On 2 March 2021, the group acquired Teach and Travel Group Limited, trading as i-to-i, which provides Teaching English as a Foreign Language (TEFL) courses to students internationally, including South Africa, Far East and USA as well as the UK.

The group strategy is to grow its subject faculty range both organically and through acquisition, building on core foundations of high-quality educational support solutions, offering best-in-class online platforms, and by leveraging its strong relationships with awarding bodies.

Principal risks and uncertainties

The group's operations expose it to a variety of financial risks as discussed below.

Price risk

The Group is exposed to market price risk as a result of its operations. Market prices are continually monitored and proactively managed at both an operational management level to mitigate the risk to earnings.

Liquidity risk

The group maintains a balance of long-term investor loan notes and bank debt finance arrangements designed to ensure that the group has sufficient funds for its operations.

Credit risk

The group maintains a provisioning process to manage credit risk on receivables and also monitor high-risk accounts through a dedicated customer liaison and collections team.

Development and performance

During the period ended 30 April 2021, group turnover was £17,329,274. Operating Profit was £2,290,119. Profit after Interest and Tax was £461,997. These results, at group consolidated level, only capture the financial results arising post-acquisition for all subsidiaries.

The underlying un-audited financial activity of the combined trading companies in the group for the full year to 30 April 2021 resulted in a turnover of £27,790,290 (20% over budget, 89% year on year growth) and earnings before interest, tax, depreciation and amortisation (EBITDA) at £8,190,702, (20% over budget, 208% year on year growth).

There have been no material events impacting these financial statements since the balance sheet date. The group continues to trade profitably in line with its strategic aims.

LEARNDIRECT DIGITAL HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

On behalf of the board

W Janse van Rensburg
Director

21 October 2021

LEARNDIRECT DIGITAL HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 APRIL 2021

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

Principal activities

The principal activity of the group during the period was the provision of adult education courses including tutoring, training support for courses, and the delivery of online and offline commercial courses. The principal activity of the company during the period was that of a holding company.

Results and dividends

The results for the period are set out on page 8.

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

Directors

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

J J Rodriguez Cesenas	(Appointed 5 August 2020)
M G Doolittle	(Appointed 5 August 2020)
W Janse van Rensburg	(Appointed 12 August 2020)
P Henchoz	(Appointed 22 January 2021)
M J Beckett	(Appointed 22 January 2021)
L E Byrne	(Appointed 22 January 2021)

Auditor

BHP LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Energy and carbon report

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

W Janse van Rensburg
Director

21 October 2021

LEARNDIRECT DIGITAL HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 30 APRIL 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LEARNDIRECT DIGITAL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LEARNDIRECT DIGITAL HOLDINGS LIMITED

Opinion

We have audited the financial statements of Learndirect Digital Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 30 April 2021 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2021 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

LEARNDIRECT DIGITAL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LEARNDDIRECT DIGITAL HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

LEARNDIRECT DIGITAL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LEARNDDIRECT DIGITAL HOLDINGS LIMITED

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of such regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud.

We addressed the risk of management override of internal controls, including testing of journals and review of the nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We have considered the risk of fraud in revenue and have carried out audit procedures to ensure that revenue is being recognised in accordance with appropriate accounting standards and therefore not materially misstated. A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Philip Allsop (Senior Statutory Auditor)
For and on behalf of BHP LLP

29 October 2021

Chartered Accountants
Statutory Auditor

LEARNDIRECT DIGITAL HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 APRIL 2021

	Notes	period ended 30 April 2021 £
Turnover	3	17,329,274
Cost of sales		(5,085,858)
Gross profit		12,243,416
Administrative expenses		(9,917,485)
Other operating income		64,188
Restructuring costs	4	(100,000)
Operating profit	5	2,290,119
Interest receivable and similar income	9	3,102
Interest payable and similar expenses	10	(1,691,896)
Profit before taxation		601,325
Tax on profit	11	(139,328)
Profit for the financial period		461,997
Profit for the financial period is attributable to:		
- Owners of the parent company		415,746
- Non-controlling interests		46,251
		461,997

LEARNDIRECT DIGITAL HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 APRIL 2021

	period ended 30 April 2021 £
Profit for the period	461,997
Other comprehensive income	-
Total comprehensive income for the period	461,997
Total comprehensive income for the period is attributable to:	
- Owners of the parent company	415,746
- Non-controlling interests	46,251
	461,997

LEARNDIRECT DIGITAL HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 30 APRIL 2021

	Notes	2021 £	£
Fixed assets			
Goodwill	12	25,045,175	
Other intangible assets	12	903,706	
Total intangible assets		25,948,881	
Tangible assets	13	143,908	
		26,092,789	
Current assets			
Debtors	16	10,641,072	
Cash at bank and in hand		4,737,186	
		15,378,258	
Creditors: amounts falling due within one year	17	(9,524,414)	
Net current assets			5,853,844
Total assets less current liabilities			31,946,633
Creditors: amounts falling due after more than one year	18		(30,974,531)
Provisions for liabilities			
Deferred tax liability	20	12,000	(12,000)
Net assets			960,102
Capital and reserves			
Called up share capital	22		2,000
Share premium account			478,000
Profit and loss reserves			415,746
Equity attributable to owners of the parent company			895,746
Non-controlling interests			64,356
			960,102

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

W Janse van Rensburg
Director

LEARNDIRECT DIGITAL HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 30 APRIL 2021

	Notes	2021 £	£
Fixed assets			
Investments	14		369,000
Current assets			
Debtors	16	21,893,022	
Creditors: amounts falling due within one year	17	(9,798,843)	
Net current assets			12,094,179
Total assets less current liabilities			12,463,179
Creditors: amounts falling due after more than one year	18	(13,120,372)	
Net liabilities			(657,193)
Capital and reserves			
Called up share capital	22		2,000
Share premium account			478,000
Profit and loss reserves			(1,137,193)
Total equity			(657,193)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £1,137,193.

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

W Janse van Rensburg
Director

Company Registration No. 12794644

LEARNDIRECT DIGITAL HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 APRIL 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Period ended 30 April 2021:							
Profit and total comprehensive income for the period		-	-	415,746	415,746	46,251	461,997
Issue of share capital	22	2,000	478,000	-	480,000	-	480,000
Non-controlling interest at acquisition		-	-	-	-	18,105	18,105
Balance at 30 April 2021		<u>2,000</u>	<u>478,000</u>	<u>415,746</u>	<u>895,746</u>	<u>64,356</u>	<u>960,102</u>

LEARNDIRECT DIGITAL HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 APRIL 2021

		Share capital	Share premium account	Profit and loss reserves	Total
	Notes	£	£	£	£
Period ended 30 April 2021:					
Loss and total comprehensive income for the period		-	-	(1,137,193)	(1,137,193)
Issue of share capital	22	2,000	478,000	-	480,000
Balance at 30 April 2021		<u>2,000</u>	<u>478,000</u>	<u>(1,137,193)</u>	<u>(657,193)</u>

LEARNDIRECT DIGITAL HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 APRIL 2021

	Notes	2021 £	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	25	1,564,742	
Interest paid		(1,358,498)	
Income taxes refunded/(paid)		86,229	
Net cash inflow/(outflow) from operating activities			292,473
Investing activities			
Purchase of business		(17,755,100)	
Purchase of intangible assets		(53,055)	
Purchase of tangible fixed assets		(39,117)	
Proceeds on disposal of tangible fixed assets		76	
Interest received		3,102	
Net cash used in investing activities			(17,844,094)
Financing activities			
Proceeds from issue of shares		480,000	
Issue of loan notes		12,471,073	
Repayment of loan notes		(8,493,498)	
Repayment of borrowings		(22,927)	
Proceeds of new bank loans		17,991,000	
Repayment of bank loans		(136,841)	
Net cash generated from/(used in) financing activities			22,288,807
Net increase in cash and cash equivalents			4,737,186
Cash and cash equivalents at beginning of period			-
Cash and cash equivalents at end of period			4,737,186

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 APRIL 2021

1 Accounting policies

Company information

Learndirect Digital Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is C/O Learndirect, 1st Floor Wilson House, Lorne Park Road, Bournemouth, England, BH1 1JN.

The group consists of Learndirect Digital Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member and the parent of a group where the group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Learndirect Digital Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 April 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Reporting period

This is the company and group's first reporting period and covers the period from 5 August 2020 to 30 April 2021.

1.6 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.7 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.8 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.9 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	10 years straight line
Development costs	15% reducing balance
Intellectual property rights	10 years straight line

1.10 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10 years straight line
Plant and equipment	10 - 20% straight line
Fixtures and fittings	10 - 20% straight line
Computers	10 - 20% straight line

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.11 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

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

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

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

1.12 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.13 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.14 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.15 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.16 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.17 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.18 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

1.19 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.20 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.21 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Bad debt provision

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

Assessor and awarding bodies cost accrual

Revenue is recognised when learners gain access to courses and it is therefore appropriate to accrue the associated costs to match against the revenue. The accrual is calculated based on a percentage of monthly sales and is regularly reviewed to ensure that the level is appropriate.

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

3	Turnover and other revenue	2021
		£
	Turnover analysed by class of business	
	Education courses and services	17,329,274
		2021
		£
	Other significant revenue	
	Interest income	3,102
	Grants received - Coronavirus Job Retention Scheme	46,244
4	Exceptional item	2021
		£
	Expenditure	
	Restructuring costs	100,000
		100,000
5	Operating profit	2021
		£
	Operating profit for the period is stated after charging/(crediting):	
	Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(7,302)
	Government grants	(46,244)
	Depreciation of owned tangible fixed assets	23,938
	Profit on disposal of tangible fixed assets	(76)
	Amortisation of intangible assets	1,531,367
	Operating lease charges	120,300
6	Auditor's remuneration	2021
		£
	Fees payable to the company's auditor and associates:	
	For audit services	
	Audit of the financial statements of the group and company	12,000
	Audit of the financial statements of the company's subsidiaries	59,400
		71,400
	For other services	
	Taxation compliance services	15,800

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

7 Employees

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

Group 2021 Number	Company 2021 Number
157	6

Their aggregate remuneration comprised:

	Group 2021 £	Company 2021 £
Wages and salaries	4,072,063	140,329
Social security costs	385,009	15,743
Pension costs	71,341	8,362
	4,528,413	164,434

8 Directors' remuneration

	2021 £
Remuneration for qualifying services	299,329
Company pension contributions to defined contribution schemes	4,444
	303,773

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

	2021 £
Remuneration for qualifying services	243,778

9 Interest receivable and similar income

	2021 £
Interest income	
Interest on bank deposits	3,102

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

10 Interest payable and similar expenses

	2021 £
Interest on bank overdrafts and loans	484,113
Other interest on financial liabilities	1,148,856
Finance costs amortised	58,927
Total finance costs	1,691,896

11 Taxation

	2021 £
Current tax	
UK corporation tax on profits for the current period	187,161
Adjustments in respect of prior periods	(52,833)
Total current tax	134,328
Deferred tax	
Origination and reversal of timing differences	5,000
Total tax charge	139,328

The actual charge for the period can be reconciled to the expected charge/(credit) for the period based on the profit or loss and the standard rate of tax as follows:

	2021 £
Profit before taxation	601,325
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00%	114,252
Tax effect of expenses that are not deductible in determining taxable profit	176,389
Tax effect of income not taxable in determining taxable profit	(20,256)
Adjustments in respect of prior years	(52,832)
Permanent capital allowances in excess of depreciation	22,000
Other permanent differences	(30,911)
Deferred tax not recognised	(69,314)
Taxation charge	139,328

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

12 Intangible fixed assets

Group	Goodwill	Software	Development costs	Intellectual property rights	Total
	£	£	£	£	£
Cost					
At 5 August 2020	-	-	-	-	-
Additions - internally developed	-	-	7,978	-	7,978
Additions - separately acquired	-	38,138	-	6,939	45,077
Additions - business combinations	26,489,403	82,363	18,714	836,713	27,427,193
At 30 April 2021	26,489,403	120,501	26,692	843,652	27,480,248
Amortisation and impairment					
At 5 August 2020	-	-	-	-	-
Amortisation charged for the period	1,444,228	1,611	1,396	84,132	1,531,367
At 30 April 2021	1,444,228	1,611	1,396	84,132	1,531,367
Carrying amount					
At 30 April 2021	25,045,175	118,890	25,296	759,520	25,948,881

The company had no intangible fixed assets at 30 April 2021.

13 Tangible fixed assets

Group	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost					
At 5 August 2020	-	-	-	-	-
Additions	-	14,960	-	24,157	39,117
Business combinations	36,764	38,185	10,614	43,166	128,729
At 30 April 2021	36,764	53,145	10,614	67,323	167,846
Depreciation and impairment					
At 5 August 2020	-	-	-	-	-
Depreciation charged in the period	1,101	17,871	345	4,621	23,938
At 30 April 2021	1,101	17,871	345	4,621	23,938
Carrying amount					
At 30 April 2021	35,663	35,274	10,269	62,702	143,908

The company had no tangible fixed assets at 30 April 2021.

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

14 Fixed asset investments

	Notes	Group 2021 £	Company 2021 £
Investments in subsidiaries	15	-	369,000
Movements in fixed asset investments			
Company			Shares in subsidiaries £
Cost or valuation			
At 5 August 2020			-
Additions			369,000
At 30 April 2021			369,000
Carrying amount			
At 30 April 2021			369,000

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

15 Subsidiaries

Details of the company's subsidiaries at 30 April 2021 are as follows:

Name of undertaking	Address	Class of shares held	% Held	
			Direct	Indirect
Learndirect Digital Group Limited	1	Ordinary shares	100.00	-
Learndirect Limited	1	Ordinary shares	0	100.00
Stonebridge Associated Colleges Limited	1	Ordinary shares	0	100.00
Pearltech UK Limited	1	Ordinary shares	0	100.00
Central College for Education Limited	1	Ordinary shares	0	100.00
Digital Monkey Media Limited	1	Ordinary shares	0	100.00
Online Academies Limited	1	Ordinary shares	0	100.00
Learndirect Digital Animal Welfare Limited	2	Ordinary shares	0	81.80
Animaljobsdirect Limited	2	Ordinary shares	0	81.80
Learndirect Digital English Language Limited	2	Ordinary shares	0	79.00
The Really Useful Skills Company Limited	2	Ordinary shares	0	79.00
The Teach and Travel Group Ltd	2	Ordinary shares	0	79.00

Registered office addresses (all UK unless otherwise indicated):

- 1 c/o Learndirect, 1st Floor Wilson House, Lorne Park Road, Bournemouth, BH1 1JN
- 2 4th Floor Wilson House, Lorne Park Road, Bournemouth, BH1 1JN

16 Debtors

	Group 2021	Company 2021
	£	£
Amounts falling due within one year:		
Trade debtors	9,991,026	-
Amounts owed by group undertakings	-	21,893,022
Other debtors	477,124	-
Prepayments and accrued income	165,922	-
	<u>10,634,072</u>	<u>21,893,022</u>
Amounts falling due after more than one year:		
Deferred tax asset (note 20)	<u>7,000</u>	<u>-</u>
Total debtors	<u>10,641,072</u>	<u>21,893,022</u>

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

17 Creditors: amounts falling due within one year

	Group 2021 £	Company 2021 £
Trade creditors	1,069,181	-
Amounts owed to group undertakings	-	9,616,653
Corporation tax payable	931,592	-
Other taxation and social security	2,919,161	29,124
Other creditors	1,567,643	38,967
Accruals and deferred income	3,036,837	114,099
	<u>9,524,414</u>	<u>9,798,843</u>

18 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	Company 2021 £
Debenture loans	19	13,120,372	13,120,372
Bank loans and overdrafts	19	17,854,159	-
		<u>30,974,531</u>	<u>13,120,372</u>

19 Loans and overdrafts

	Group 2021 £	Company 2021 £
Loan notes	13,120,372	13,120,372
Bank loans	17,854,159	-
	<u>30,974,531</u>	<u>13,120,372</u>
Payable after one year	<u>30,974,531</u>	<u>13,120,372</u>

The loan notes, which are unsecured, bear interest at a rate of 10% and are repayable at the company's discretion, but no later than 12 August 2027 in respect of loan notes with a nominal value of £3,670,375, no later than 19 February 2028 in respect of loan notes with a nominal value of £389,819, no later than 2 March 2028 in respect of loan notes with a nominal value of £1,101,326 and no later than 12 August 2030 in respect of loan notes with a nominal value of £7,934,000. Interest is accrued on a daily basis and from May 2021 the interest is compounded annually and will be paid no later than the redemption date of the loan notes.

The bank loan bears interest at the rate of 7.5% per annum and is secured by a fixed and floating charge over all the present and future assets of Learndirect Digital Holdings Limited and its subsidiary Learndirect Digital Group Limited. The loan is repayable by a single bullet payment in August 2025.

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2021 £	Assets 2021 £
Group		
Accelerated capital allowances	12,000	7,000

The company has no deferred tax assets or liabilities.

	Group 2021 £	Company 2021 £
Movements in the period:		
Asset at 5 August 2020	-	-
Charge to profit or loss	5,000	-
Liability at 30 April 2021	5,000	-

The deferred tax asset set out above is expected to reverse within 12 months and relates accelerated capital allowances that are expected to mature within the same period.

21 Retirement benefit schemes

	2021 £
Defined contribution schemes	
Charge to profit or loss in respect of defined contribution schemes	71,341

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

	2021 Number	2021 £
Ordinary share capital Issued and fully paid		
A Ordinary shares of 1p each	114,000	1,140
B Ordinary shares of 1p each	66,000	660
C Ordinary shares of 1p each	20,000	200
	200,000	2,000

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

22 Share capital

(Continued)

A ordinary shares hold 90% of the total voting rights. B ordinary shares hold 10% of the total voting rights. C ordinary shares do not hold any voting rights.

Subject to prior distribution rights of Investor Loans and Shareholder Loans, holders of A ordinary shares shall be entitled to receive a portion of the distributions (including distribution of dividend, liquidation distributions or otherwise) equal to the Class A Percentage multiplied by the distributions. Subject to prior distribution rights of Investor Loans and Shareholder Loans, holders of B ordinary shares shall be entitled to receive a portion of the distributions (including distribution of dividend, liquidation distributions or otherwise) equal to the Class B Percentage multiplied by the distributions. Subject to prior distribution rights of Investor Loans, Shareholder Loans, Class A ordinary shares and Class B ordinary shares, holders of C ordinary shares shall be entitled to receive all distributions (including distribution of dividend, liquidation distributions or otherwise) made by the company.

No shares are redeemable.

23 Acquisition of a business

On 12 August 2020 the group acquired 100 percent of the issued share capital of Learndirect Limited.

	Book Value £	Adjustments £	Fair Value £
Net assets acquired			
Intangible assets	836,713	-	836,713
Property, plant and equipment	38,258	-	38,258
Trade and other receivables	6,504,471	-	6,504,471
Cash and cash equivalents	2,218,177	-	2,218,177
Trade and other payables	(3,687,163)	-	(3,687,163)
Tax liabilities	(637,251)	-	(637,251)
Total identifiable net assets	5,273,205	-	5,273,205
Goodwill			18,175,650
Total consideration			23,448,855
The consideration was satisfied by:			£
Cash			14,685,558
Deferred consideration			8,763,297
			23,448,855

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

23 Acquisition of a business

(Continued)

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

£

Turnover	16,144,092
Profit after tax	3,185,259

On 19 February 2021 the group acquired 81.8 percent of the issued capital of Animaljobsdirect Limited.

	Book Value £	Adjustments £	Fair Value £
Net assets acquired			
Intangible assets	82,363	-	82,363
Property, plant and equipment	11,739	-	11,739
Trade and other receivables	29,507	-	29,507
Cash and cash equivalents	235,734	-	235,734
Trade and other payables	(204,670)	-	(204,670)
Tax liabilities	(73,784)	-	(73,784)
Total identifiable net assets	80,889	-	80,889
Non-controlling interests			(14,641)
Goodwill			2,068,752
Total consideration			2,135,000
The consideration was satisfied by:			£
Cash			1,745,000
Deferred consideration			390,000
			2,135,000

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

£

Turnover	520,299
Profit after tax	167,932

The goodwill arising on the acquisition of the business is attributable to anticipated profitability of the business.

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

23 Acquisition of a business

(Continued)

On 2 March 2021 the group acquired 79.0 percent of the issued capital of The Really Useful Skills Company Ltd.

Net assets acquired	Book Value £	Adjustments £	Fair Value £
Intangible assets	18,714	-	18,714
Property, plant and equipment	78,732	-	78,732
Trade and other receivables	248,839	-	248,839
Cash and cash equivalents	363,544	-	363,544
Trade and other payables	(693,332)	-	(693,332)
Total identifiable net assets	16,497	-	16,497
Non-controlling interests			(3,464)
Goodwill			6,330,290
Total consideration			6,343,323
The consideration was satisfied by:			£
Cash			4,141,997
Deferred consideration			2,201,326
			6,343,323
Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:			£
Turnover			660,290
Profit after tax			75,504

LEARNDIRECT DIGITAL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2021

24 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	Company 2021 £
Within one year	160,339	-
Between two and five years	35,787	-
	<u>196,126</u>	<u>-</u>

25 Cash generated from/(absorbed by) group operations

	2021 £
Profit for the period after tax	461,997
Adjustments for:	
Taxation charged	139,328
Finance costs	1,691,896
Investment income	(3,102)
Gain on disposal of tangible fixed assets	(76)
Amortisation and impairment of intangible assets	1,531,367
Depreciation and impairment of tangible fixed assets	23,938
Decrease in provisions	(718,297)
Movements in working capital:	
Increase in debtors	(3,851,255)
Increase in creditors	2,288,946
Cash generated from/(absorbed by) operations	<u><u>1,564,742</u></u>

26 Analysis of changes in net debt - group

	5 August 2020 £	Cash flows £	Finance costs amortised £	30 April 2021 £
Cash at bank and in hand	-	4,737,186	-	4,737,186
Borrowings excluding overdrafts	-	(30,915,604)	(58,927)	(30,974,531)
	<u>-</u>	<u>(26,178,418)</u>	<u>(58,927)</u>	<u>(26,237,345)</u>

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