

Educational Publishers LLP

Registered Number :

OC314882

Annual Report and Financial Statements

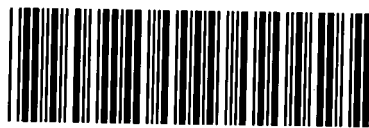
For the Year Ended :

31 December 2017

Registered address :

80 Strand, London WC2R 0RL

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COMPANIES HOUSE

Educational Publishers LLP

MEMBERS' REPORT

The members present their report and the audited financial statements of Educational Publishers LLP (the 'partnership') for the year ended 31 December 2017.

The partnership has taken exemption from preparing a Strategic Report in accordance with s414B of the Companies Act 2006 relating to small companies.

Principal activities

The principal activity of the partnership is that of an educational publisher in the markets of schools, revision, languages, life-skills and professional. The partnership remains focussed on the key customer groups of educators, people in education and consumers.

Business review and future developments

During 2017 the markets for the partnership's products have continued to prove challenging, with decline across core publishing areas.

The partnership for 2017 had turnover of £2,160,000 (2016: £2,357,000), with an operating profit of £385,000 (operating loss in 2016: £404,000). A summary of the results for the year and the financial positions are set out in the financial statements on pages 6 to 25.

The net liabilities attributable to members as at 31 December 2017 are £3,389,000 (2016: £3,774,000).

Whilst the core Schools and Languages trading segments continue to see decline in turnover due to market challenges, licensing income of non-theatrical rights has seen further growth on last year from new distributor channels.

Looking forward to 2018, there are opportunities for growth in Schools market with the launch of new products in the revision space. The non-theatrical rights are being considered for disposal as they are not core to the strategy of educational publishing which is the principal activity of the partnership.

Designated members

The designated members of the partnership during the year and up to the date of signing the financial statements are shown below:

Pearson Education Limited (designated member from 25 August 2005)

BBC Worldwide Limited (designated member from 25 August 2005)

Qualifying third party indemnity provisions and liability insurance

The partnership members 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 partnership also purchased and maintained throughout the financial year liability insurance in respect of its members and its officers.

Going concern

The members believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of the ultimate parent company, Pearson plc. The members have received confirmation that Pearson plc intends to support the company for at least 12 months from the date of signing these financial statements.

Statement of members' responsibilities

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

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 'Regulations') requires the members to prepare financial statements for each financial year. Under that law, the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS101 "Reduced Disclosure Framework", and applicable law).

MEMBERS' REPORT (continued)

Statement of members' responsibilities (continued)

Under company law, the members 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing these financial statements, the members 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 101, 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 limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006. The members are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

In the case of each of the persons who are members at the time when the report is approved, the following applies:

- so far as the members are aware, there is no relevant audit information of which the partnership's auditors are unaware; and
- the member has taken all the steps that he/she ought to have taken as a member in order to make him/herself aware of any relevant audit information and to establish that the partnership's auditors are aware of that information.

Members' profit share and capital

Each member's capital subscription is linked to their share of profit and is repayable on the basis set out below.

If audited financial statements for the partnership are approved within less than six months from the end of the relevant financial year, the share of the profits, 85% Pearson Education Limited and 15% BBC Worldwide Limited, are paid out within ten business days after the date on which the financial statements were approved.

If the financial statements are not approved within six months the partnership is to:

- a) Make an initial distribution of 80% of the profits (shared according to the appropriate percentages) less than ten business days after the end of the six months subsequent to which the financial statements relate and
- b) Pay the rest within 10 business days after the end of the approval of the financial statements.

There have been no drawings during the year.

The joint venture agreement stipulates that profits are shared between the joint venture partners in accordance with their ownership interest, whereas losses are allocated 100% to Pearson Education Limited.

Signed on behalf of the members



S M Brennan
Director
On behalf of Pearson Education Limited
Designated member

25 September 2018

Registered number :
OC314882

Independent auditors' report to the members of Educational Publishers LLP

Report on the audit of the financial statements

Opinion

In our opinion, Educational Publishers LLP's financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the profit and loss account, the statement of comprehensive income, the statement of members' interests for the year ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members 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 any form of assurance thereon:

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

Independent auditors' report to the members of Educational Publishers LLP (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Statement of members' responsibilities set out on page 3, the members 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 members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

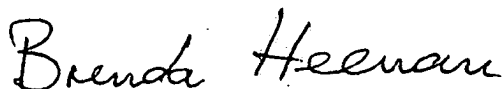
Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion, the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships regime. We have no exceptions to report arising from this responsibility.



Brenda Heenan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast

Date: 25 September 2018

Educational Publishers LLP

PROFIT AND LOSS ACCOUNT

For the year ended

31 December 2017

		2017	2016
	Note	£'000	£'000
Continuing operations			
Turnover	3	2,160	2,357
Cost of sales		(430)	(408)
Gross profit		1,730	1,949
Administrative expenses		(1,345)	(2,353)
Profit/ (loss) for the financial year before members' remuneration and profit shares	4	385	(404)

Educational Publishers LLP

STATEMENT OF COMPREHENSIVE INCOME

For the year ended

31 December 2017

	2017	2016
	£'000	£'000
Profit / (loss) for the financial year	385	(404)
Total comprehensive income/ (expense) for the year	385	(404)

Educational Publishers LLP

BALANCE SHEET

As at

31 December 2017

		2017	2016
	Note	£'000	£'000
Fixed assets			
Intangible assets	7	1,903	1,880
		1,903	1,880
Current assets			
Stocks	8	123	123
Debtors	9	151	155
Amounts due from members		2,574	2,157
		2,848	2,435
Creditors - amounts falling due within one year	10	(340)	(289)
Net current assets		2,508	2,146
Total assets less current liabilities		4,411	4,026
Creditors - amounts falling due after more than one year	11	(7,800)	(7,800)
Net liabilities		(3,389)	(3,774)
Represented by			
Members' other interests			
Other reserves		(3,389)	(3,774)
Total members' deficit		(3,389)	(3,774)



S M Brennan

Director

On behalf of Pearson Education Limited

Designated member

25 September 2018

Educational Publishers LLP

STATEMENT OF MEMBERS' INTERESTS

For the year ended

31 December 2017

	Members' capital	Other reserves	Amounts due to/ (from) members	Total members' interests
	£'000	£'000	£'000	£'000
At 1 January 2016	7,800	(3,370)	(1,905)	2,525
Total comprehensive expense for the financial year	-	(404)	-	(404)
Loans to members	-	-	(252)	(252)
At 31 December 2016	7,800	(3,774)	(2,157)	1,869
Total comprehensive income for the financial year	-	385	-	385
Loans to members	-	-	(417)	(417)
At 31 December 2017	7,800	(3,389)	(2,574)	1,837

NOTES TO THE FINANCIAL STATEMENTS

For the year ended

31 December 2017

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Accounting policies

The principal accounting policies are set out below. These policies have been consistently applied to all the years presented.

Basis of preparation

Educational Publishers LLP is a partnership incorporated in the United Kingdom under the Limited Liability Partnerships Act 2000. The address of its registered office is 80 Strand, London WC2R 0RL.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) as issued by the Financial Reporting Council. The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 as applied to Limited Liability Partnerships and in accordance with the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships'.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the partnership's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101. Where required, equivalent disclosures are given in the group financial statements of Pearson plc.:

- a) the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment
- b) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- c) the requirements of paragraphs 10(d), 16, 38(a), and 111 of IAS 1 Presentation of Financial Statements;
- d) the requirements of IAS 7 Statement of Cash Flows;
- e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- g) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets

These financial statements are separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended

31 December 2017

Accounting policies

Going concern

The members believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of the ultimate parent company, Pearson plc. The members have received confirmation that Pearson plc intends to support the company for at least 12 months from the date of signing these financial statements.

Foreign currency translation

The financial statements are presented in pounds sterling (£) which is also the company's functional currency.

Transactions in currencies other than the functional currency are recorded using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied and services rendered, stated net of discounts, returns and value added taxes. The partnership recognises turnover when the amount of turnover can be reliably measured and when it is probable that future economic benefits will flow to the entity. This is considered to be the delivery date.

Taxation

Under s118ZA Income and Corporation Taxes Act 1988, the partnership itself is tax transparent and is not subject to either income or corporation tax. The taxation that is payable on the profits of the partnership is the liability of its members.

Intangible assets

Goodwill is initially measured at cost, being the excess of the fair value of the consideration transferred over the net assets acquired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The Companies Act 2006 requires goodwill to be reduced by provisions for depreciation on a systematic basis. However under IFRS goodwill is not amortised. Consequently the partnership does not amortise goodwill but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The partnership has therefore invoked a 'true and fair' override in respect of goodwill.

Intangible assets arising on the acquisition of publishing rights and titles are capitalised and amortised over their estimated useful lives of up to 20 years. The estimated economic lives are determined by taking account of the nature of the transaction and the opinion of the members.

Product development costs are the direct costs incurred in the development of training materials prior to their use. Product development costs are regarded as an internally generated fixed intangible asset and as such are to be capitalised and recognised as an asset when it is probable that future economic benefits that are attributable to the asset will flow to the operating company and the cost of the asset can be measured reliably. Product development costs, once in use, are amortised on a straight line basis over their useful life of 4 years.

Impairment of non-financial assets

Goodwill is tested annually for impairment. An impairment loss is recognised to the extent that the carrying value of goodwill exceeds the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended

31 December 2017

Accounting policies

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined using the first in first out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Provisions are made for slow moving and obsolete stock.

Creditors

Creditors are recognised initially at fair value and subsequently measured at amortised cost.

Pensions

The company participates in The Pearson Pension Plan. This is a hybrid plan with both defined benefit and defined contribution sections but, predominantly, consisting of defined benefit liabilities.

The company is unable to identify its share of the underlying assets and liabilities of The Pearson Pension Plan owing to information regarding non-active members and changes to the group structure including acquisitions and disposals. There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19 Employee Benefits (2011), the company recognises a cost equal to its contribution payable for the period. The sponsoring entity to this scheme is Pearson Services Limited.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended

31 December 2017

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Critical accounting judgements and key sources of estimation uncertainty

In the application of the partnership's accounting policies, which are described in note 1 above, the members are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are :

i) Intangible assets' estimated useful economic lives (note 7)

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives based on the future economic benefit of the asset. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and other sales factors.

ii) Carrying value of intangible assets and goodwill (note 7)

Goodwill is tested annually for impairment, and other intangible assets where an indication of impairment is identified. This requires estimation of the future cash flows from the business, which is treated as one CGU, and selection of appropriate discount rates to calculate the net present value of those cash flows.

The carrying value of goodwill and other intangible assets at 31 December 2017 are £970,000 and £933,000 respectively. Future cash flows are subject to inherent uncertainty but the members believe their current approved forecasts are appropriate due to recent product refreshes and new distributor channels.

Educational Publishers LLP**NOTES TO THE FINANCIAL STATEMENTS continued****For the year ended****31 December 2017****3****Turnover**

	2017	2016
	£'000	£'000
Continuing operations		
Provision of services	2,160	2,357
Turnover	2,160	2,357

Turnover by class of business is as follows:

	2017	2016
	£'000	£'000
Educational publishing	2,160	2,357
	2,160	2,357

Turnover by geographical market is as follows:

	2017	2016
	£'000	£'000
United Kingdom	2,054	2,250
Europe, Australia and North America	82	79
Africa, Asia and Rest of America	24	28
	2,160	2,357

Educational Publishers LLP**NOTES TO THE FINANCIAL STATEMENTS continued****For the year ended****31 December 2017****4****Profit / (loss) for the financial year before members' remuneration and profit shares**

This is stated after charging	2017	2016
	£'000	£'000
Staff costs	168	425
Amortisation of intangible assets :		
- publishing rights	222	165
- product development	38	0

Fees paid to the partnership's auditors, PricewaterhouseCoopers LLP, and its associates for services other than the statutory audit of the partnership are not disclosed in the partnership's financial statements since the consolidated financial statements of the partnership's ultimate parent company, Pearson plc, are required to disclose non-audit fees on a consolidated basis.

Audit fees in relation to the partnership are borne by Pearson Education Limited. For the year ended 31 December 2017 these amounted to £25,000 (2016: £25,000).

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended

31 December 2017

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Staff costs

	2017	2016
Staff costs	£'000	£'000
Wages and salaries	135	386
Social security costs	21	18
Other pension costs	12	21
	168	425

	2017	2016
Average monthly number of persons employed by the company during the year	Number	Number
Selling and administration	3	4
	3	4

Educational Publishers LLP

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended

31 December 2017

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Members' remuneration

Profits/ (losses) are shared among members in accordance with the agreed profit-sharing arrangements.

	2017	2016
	£'000	£'000
Profit/ (loss) attributable to highest paid member	327	(404)
Average members' remuneration	192	(404)
Average number of members during the financial year	2	2

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended

31 December 2017

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Intangible assets

	Product development	Publishing rights	Goodwill	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2017	14	4,438	970	5,422
Additions	283	-	-	283
At 31 December 2017	297	4,438	970	5,705
Accumulated amortisation				
At 1 January 2017	-	3,542	-	3,542
Charge for the year	38	222	-	260
At 31 December 2017	38	3,764	-	3,802
Net book value				
At 31 December 2017	259	674	970	1,903
At 31 December 2016	14	896	970	1,880

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended

31 December 2017

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Stocks

	2017	2016
	£'000	£'000
Finished goods and goods for resale	123	123
	123	123

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended

31 December 2017

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Debtors

	2017	2016
	£'000	£'000
Amounts falling due within one year		
Trade debtors	33	117
Other debtors	92	12
Prepayments and accrued income	9	9
	134	138
Amounts falling due in more than one year		
Prepayments and accrued income	17	17
	17	17
Total debtors	151	155

Included within other debtors is an amount of £92,000 (2016: £9,000) which is due from fellow subsidiary undertakings. These amounts are unsecured, interest free and repayable on demand. During the year sales of £112,000 (2016: £11,000) were made to fellow subsidiary undertakings.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended
31 December 2017

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Creditors - Amounts falling due within one year

	2017	2016
	£'000	£'000
Amounts falling due within one year		
Trade creditors	5	45
Other creditors	242	168
Accruals and deferred income	93	76
	340	289

Included within other creditors is an amount of £217,000 (2016: £149,000) which is due to fellow subsidiary undertakings. These amounts are unsecured, interest free and repayable on demand. During the year purchases of £78,000 (2016: £147,000) were made from fellow subsidiary undertakings.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended

31 December 2017

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Members' capital

	2017	2016
	£'000	£'000
Total members' capital	7,800	7,800

Members' capital was introduced on 25 August 2005. Members' capital contributions are set by reference to equity unit profit share proportions and are not repayable until the member retires.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended

31 December 2017

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Retirement benefit schemes

The partnership participates in The Pearson Pension Plan. This is a hybrid plan with both defined benefit and defined contribution sections but, predominantly, consisting of defined benefit liabilities.

The partnership is unable to identify its share of the underlying assets and liabilities of The Pearson Pension Plan owing to information regarding non-active members and changes to the group structure including acquisitions and disposals. There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19 (Revised 2011), the partnership recognises a cost equal to its contribution payable for the period, which in the year ended 31 December 2017 was £12,380 (2016: £21,000). The sponsoring entity to this scheme is Pearson Services Limited and further details are disclosed in the financial statements of that company which are available from the Company Secretary, 80 Strand, London WC2R 0RL.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended

31 December 2017

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Ultimate parent undertaking

The immediate parent undertaking of Pearson Education Limited, the partnership's majority partner, is Pearson Education Holdings Limited.

The ultimate parent undertaking and controlling party is Pearson plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Pearson plc's consolidated financial statements can be obtained from the Company Secretary at Pearson plc, 80 Strand, London WC2R 0RL.