

Longman Group (Overseas Holdings) Limited

Registered Number :

00690236

Annual Report and Financial Statements

For the Year Ended :

31 December 2020

Registered Address :

80 Strand, London WC2R 0RL



Longman Group (Overseas Holdings) Limited

DIRECTORS' REPORT

The directors present their report and the financial statements of Longman Group (Overseas Holdings) Limited (the 'company') for the year ended 31 December 2020.

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

Going concern

The directors have considered the impact of the COVID-19 pandemic on the business and on trading in future periods. The directors are of the opinion that through a combination of the mitigating actions that the company has put in place and the continued financial support provided by the ultimate parent company, Pearson plc, preparing the financial statements on the going concern basis is appropriate.

On the basis of the position of the overall Pearson plc group the company believes it will be able to continue for the foreseeable future. The Pearson plc group has also reassessed its funding requirements considering the impact of the COVID-19 pandemic on the business. The impact has been modelled under several scenarios to ensure that the likelihood of a prolonged period of disruption has been appropriately considered in assessing the availability of funding to the group and the ability of the group to comply with its banking covenants. Based on this modelling and a review of historical trends in working capital requirements and forecast balance sheets for the next 12 months, the group believes that it will comply with its banking covenants and has sufficient funds available for the group's present requirements.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below :

S M Brennan (resigned 24 April 2020)

G S Baldwin

P M Williams (appointed 24 April 2020)

R M W Kearlton

Qualifying third party indemnity provisions and liability insurance

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

Financial risk management

From the perspective of the company, financial risk management is integrated with the financial risk management of the consolidated financial statements of Pearson plc (the 'group') and is not managed separately. Accordingly, the financial risk management of Pearson plc, which includes that of the company, is discussed in the group's annual report which does not form part of this report.

Post balance sheet events

On 4 February 2021 the company made a capital injection of £20,003,000 into CTI Education Group (Pty) Limited. On 28 February 2021 the company disposed of its interest in CTI Education Group (Pty) Limited for ZAR 100 (£4.90) generating a loss on disposal of £20,003,000. As a result of this post balance sheet event the investment held as at 31 December 2020 has been fully impaired and taken to the profit and loss account (£22,782,000). The company incurred disposal costs in relation to the disposal of £700,000 in 2020.

On 31 March 2021 the company made a capital injection into Williams Education GmbH of €200,000.

On 30 July 2021 the company made a capital injection of £26,400,000 in its subsidiary, Pearson College Limited, in exchange for 5,819 ordinary shares of £1.00 each for the agreed price of £4,537 per share. Pearson College Limited repaid £20,000,000 of the loan due to Longman Group (Overseas Holdings) Limited, the remaining balance on the loan was forgiven and the loan was terminated. As a result of this post balance sheet event the amount receivable from Pearson College Limited as at 31 December 2020 has been fully impaired and taken to the profit and loss account (£47,120,000) in 2020.

Longman Group (Overseas Holdings) Limited

DIRECTORS' REPORT (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 'Reduced Disclosure Framework', and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including 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 company will continue in business.

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

Brexit

The UK exited the European Union (EU) on 31 January 2020. Given the prolonged negotiation process during the latter part of 2020, we continued our work to identify and mitigate any potential impact on our principal risks, including supply chain and operations, tax and data privacy, workforce mobility and more. By virtue of that analysis and mitigation planning, we have not seen any impact to the company operations or colleagues because of Brexit, with no material adverse impact on financial results.

On behalf of the board



R M W Kearton
Director
27 September 2021

Company registered number :
00690236

Longman Group (Overseas Holdings) Limited

PROFIT AND LOSS ACCOUNT

For the year ended :

31 December 2020

		2020	2019
	Note	£'000	£'000
Continuing operations			
Administrative expenses		-	17
Foreign exchange loss		(11,773)	(4,556)
Operating loss		(11,773)	(4,539)
Loss on disposal of investments		(710)	-
Loan write down		(47,120)	(5,981)
Impairment of investments		(22,782)	-
Income from shares in group undertakings		40,453	94,154
(Loss)/profit before interest and taxation	2	(41,932)	83,634
Interest receivable and similar income	4	5,283	10,455
Interest payable and similar expenses	4	(66)	(36)
(Loss)/profit before taxation		(36,715)	94,053
Tax on (loss)/profit	5	452	(1,366)
(Loss)/profit for the financial year		(36,263)	92,687

Longman Group (Overseas Holdings) Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended :

31 December 2020

	2020	2019
	£'000	£'000
(Loss)/profit for the financial year	(36,263)	92,687
Increase in fair value of investments	-	94
Impairment of investments	(870)	-
Other comprehensive (expenditure)/income for the year	(870)	94
Total comprehensive (expenditure)/income for the year	(37,133)	92,781

Longman Group (Overseas Holdings) Limited

BALANCE SHEET

As at :

31 December 2020

		2020	2019
	Note	£'000	£'000
Fixed assets			
Investments	6	280,984	292,409
		280,984	292,409
Current assets			
Debtors (including £537,310,000 (2019: £47,120,000) due after one year)	7	540,664	592,913
Cash at bank and in hand		231	436
		540,895	593,349
Creditors - amounts falling due within one year	8	(1,032)	(60,755)
Net current assets		539,863	532,594
Total assets less current liabilities		820,847	825,003
Creditors - amounts falling due after more than one year	8	(32,977)	-
Net assets		787,870	825,003
Capital and reserves			
Called up share capital	9	415,350	415,350
Profit and loss account		372,520	409,653
Total shareholders' funds		787,870	825,003

For the year ended 31 December 2020 :

- The directors confirm that the company is entitled to take exemption from the requirement to obtain an audit under section 479A of the Companies Act 2006;
- The members have not required the company to obtain an audit of its accounts in accordance with section 476 of the Companies Act 2006; and
- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the accounts.

The financial statements were approved by the board of directors and authorised for issue on 27 September 2021.
They were signed on its behalf by :

Michael Kearton

R M W Kearton
Director

Longman Group (Overseas Holdings) Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended :

31 December 2020

	Called up share capital	Profit and loss account	Total
	£'000	£'000	£'000
At 1 January 2019	415,350	316,872	732,222
Profit for the financial year	-	92,687	92,687
Other comprehensive income for the year	-	94	94
Total comprehensive income for the year	-	92,781	92,781
At 31 December 2019	415,350	409,653	825,003
Loss for the financial year	-	(36,263)	(36,263)
Other comprehensive expenditure	-	(870)	(870)
Total comprehensive expenditure for the year	-	(37,133)	(37,133)
At 31 December 2020	415,350	372,520	787,870

Share capital represents nominal value of shares allotted and called up.

Profit and loss account represents accumulated retained earnings less dividends paid.

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended :

31 December 2020

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Accounting policies

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

Basis of preparation

Longman Group (Overseas Holdings) Limited (the 'company') is a private limited company, limited by shares, incorporated in the United Kingdom under the Companies Act 1948. The address of its registered office is 80 Strand, London WC2R 0RL.

The financial statements of the company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

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 company's accounting policies. There were no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements requiring disclosure.

Prior year comparatives have been reclassified on a basis consistent with the current year.

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 accounts of Pearson plc:

- IFRS 7 'Financial Instruments: Disclosures'
- Paragraphs 91-99 of IFRS 13 'Fair Value Measurement'
- Paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1 'Presentation of Financial Statements':
 - (i) paragraph 10(d)
 - (ii) paragraph 16
 - (iii) paragraph 38A
 - (iv) paragraph 111
- IAS 7 'Statement of Cash Flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- Paragraph 17 of IAS 24 'Related Party Disclosures'
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Interpretations and amendments to published standards effective 2020

Change of accounting policy: Amendments to IFRS 9 and IFRS 7

In light of Interest Rate Benchmark Reform and amendments to IFRS 9 and IFRS 7, the Company has considered the impact of IBOR reform on its hedge accounting. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter. The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continue should be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present. The adoption of these amendments has not had a material impact on these financial statements.

A number of other new pronouncements are also effective from 1 January 2020 but they do not have a material impact on the financial statements. Additional disclosure has been given where relevant.

Standards, interpretations and amendments to published standards that are not yet effective

A number of other new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been applied in preparing these financial statements. None of these is expected to have a material impact on the financial statements.

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended :

31 December 2020

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Accounting policies (continued)

Consolidation

The company is a wholly owned subsidiary of Pearson plc and is included in the consolidated financial statements of Pearson plc which are publicly available. Consequently the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

Going concern

The directors have considered the impact of the COVID-19 pandemic on the business and on trading in future periods. The directors are of the opinion that through a combination of the mitigating actions that the company has put in place and the continued financial support provided by the ultimate parent company, Pearson plc, preparing the financial statements on the going concern basis is appropriate.

On the basis of the position of the overall Pearson plc group the company believes it will be able to continue for the foreseeable future. The Pearson plc group has also reassessed its funding requirements considering the impact of the COVID-19 pandemic on the business. The impact has been modelled under several scenarios to ensure that the likelihood of a prolonged period of disruption has been appropriately considered in assessing the availability of funding to the group and the ability of the group to comply with its banking covenants. Based on this modelling and a review of historical trends in working capital requirements and forecast balance sheets for the next 12 months, the group believes that it will comply with its banking covenants and has sufficient funds available for the group's present requirements.

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 and certain non-monetary investments that are hedged and are 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.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Current income tax

Current tax is recognised on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Investment in subsidiaries and associated undertakings

A number of investments in subsidiaries and associated undertakings are held at cost less accumulated impairment losses.

A number of investments in subsidiaries and associated undertakings are classified and subsequently measured at fair value through other comprehensive income. Changes in fair value are recorded in equity in the fair value reserve via other comprehensive income. On subsequent disposal of the asset, the net fair value gains or losses are reclassified from the fair value reserve to retained earnings. Any dividends received from equity investments classified as fair value through other comprehensive income are recognised in the profit and loss account unless they represent a return of capital.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short-term investments with maturities of three months or less. Overdrafts are included in borrowings in current liabilities in the balance sheet.

Share capital

Ordinary shares are classified as equity.

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2020

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(Loss)/profit before interest and tax

(Loss)/profit before interest and tax is stated after charging/(crediting):

	2020	2019
	£'000	£'000
Net foreign exchange losses	11,773	4,556
Impairment of investments	22,782	-
Loan write down	47,120	5,981

Fees paid to the group's auditor, PricewaterhouseCoopers LLP, and its associates for non-audit services are not disclosed in the company's accounts since the consolidated accounts of the company's ultimate parent company, Pearson plc, are required to disclose non-audit fees on a consolidated basis.

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2020

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Directors' emoluments and employee information

The emoluments of the directors are paid by their employing company, another group undertaking. The directors' services to this company and to a number of fellow subsidiaries are chiefly of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to their employing company. Accordingly, the financial statements include no emoluments in respect of the directors. No one was employed by the company at any time during the year (2019: no one).

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2020

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Interest

	2020	2019
	£'000	£'000
Interest receivable and similar income		
Interest receivable from group companies	5,283	10,455
Interest receivable and similar income	5,283	10,455
	2020	2019
	£'000	£'000
Interest payable and similar expenses		
Interest payable to parent company	(66)	(36)
Interest payable and similar expenses	(66)	(36)

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2020

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Taxation

	2020	2019
	£'000	£'000
Current tax		
UK corporation tax on (losses)/profits for the year	(1,139)	1,341
Adjustments in respect of prior years	43	25
	(1,096)	1,366
Foreign tax	644	-
Total current tax	(452)	1,366
Total tax on (loss)/profit	(452)	1,366
UK standard effective rate of corporation tax (%)	19	19

The (credit)/charge for the year can be reconciled to the (loss)/profit in the profit and loss account as follows:

	2020	2019
	£'000	£'000
(Loss)/profit before tax	(36,715)	94,053
Tax on (loss)/profit at standard UK corporation tax rate of 19% (2019: 19%)	(6,976)	17,870
Effects of:		
Expenses not deductible for tax purposes	13,417	1,152
Adjustments in respect of prior years	43	25
Tax free income	(7,686)	(17,889)
Foreign tax	521	-
UK tax on foreign profits of controlled foreign companies	48	209
Transfer pricing adjustment	181	-
Total tax (credit)/charge for the year	(452)	1,366

The current rate of corporation tax is 19%. It had been expected to reduce to 17% effective 1 April 2020. However, this was changed to 19% in the 2020 Budget and substantively enacted on 17 March 2020 and has therefore been reflected in these financial statements.

The 2021 Budget in March this year announced an increase in the corporation tax rate to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021. As the change to 25% had not been substantively enacted at the reporting date, its effects are not included in these financial statements.

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2020

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Investments

	Note	2020	2019
		£'000	£'000
Subsidiary undertakings	6a	280,978	291,533
Other	6b	6	876
		280,984	292,409

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2020

6a

Investments - subsidiary undertakings

	Total
	£'000
Cost	
At 1 January 2020	1,025,642
Additions	12,227
At 31 December 2020	1,037,869
Provision	
At 1 January 2020	734,109
Impairment	22,782
At 31 December 2020	756,891
Net book value	
At 31 December 2019	291,533
At 31 December 2020	280,978

On 2 July 2020 the company made a capital injection into CTI Education Group (Pty) Limited of ZAR 261,250,000 (£12,227,000).

On 4 February 2021 the company made a capital injection of £20,003,000 into CTI Education Group (Pty) Limited. On 28 February 2021 the company disposed of its interest in CTI Education Group (Pty) Limited for ZAR 100 (£4.90) generating a loss on disposal of £20,003,000. As a result of this post balance sheet event the investment held as at 31 December 2020 has been fully impaired and taken to the profit and loss account (£22,782,000). In addition the company incurred disposal costs in relation to the disposal of £700,000 in 2020.

On 31 March 2021 the company made a capital injection into Williams Education GmbH of €200,000.

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2020

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Investments - subsidiary undertakings continued

Details of subsidiary undertakings:

Subsidiary	Class of shares held	Registered address	2020	2019
			% held	% held
CTI Education Group (Pty) Limited ****	Ordinary	1	100.00%	100.00%
George (Shanghai) Commercial Information Consulting Co.,	Ordinary	2	100.00%	100.00%
Global George II Limited *	Ordinary	3	100.00%	100.00%
Longman Indochina Acquisition, L.L.C.	Ordinary	4	100.00%	100.00%
Longman Tanzania Limited *	Ordinary	5	99.90%	99.90%
LRTE Voxy, L.P.	Ordinary	4	83.33%	83.33%
Pearson Central Europe Spółka z ograniczoną odpowiedzialnością	Ordinary	6	100.00%	100.00%
Pearson College Limited	Ordinary	7	100.00%	100.00%
Pearson Educacion de Colombia S.A.S	Ordinary	8	99.90%	99.90%
Pearson Educacion de Panama S.A.	Ordinary	9	100.00%	100.00%
Pearson Educacion de Peru S.A.	Ordinary	10	99.80%	99.80%
Pearson Educacion do Brasil Ltda	Ordinary	11	99.99%	99.99%
Pearson Education Hellas S.A.	Ordinary	12	99.99%	99.99%
Pearson Education Publishing Limited	Ordinary	13	99.99%	99.99%
Pearson Education SA	Ordinary	14	70.00%	70.00%
Pearson Education Taiwan Ltd	Ordinary	15	99.94%	99.94%
Pearson Eğitim Cozumleri Tikaret Limited Sirketi	Ordinary	16	99.90%	99.90%
Pearson France	Ordinary	17	100.00%	100.00%
Pearson Holdings Southern Africa (Pty) Limited	Ordinary	1	100.00%	100.00%
Pearson Hungary LLC (formerly Wall Street Institute, Kft)	Ordinary	23	100.00%	100.00%
Pearson Italia S.p.A.	Ordinary	18	100.00%	100.00%
Pearson Japan K.K.	Ordinary	19	100.00%	100.00%
Pearson Lanka (Private) Limited	Ordinary	20	100.00%	100.00%
Pearson Lanka Support Services (Private) Limited	Ordinary	43	100.00%	100.00%
Pearson Learning China (HK) Limited ***	Ordinary		0.00%	100.00%
Pearson Longman Uganda Limited**	Ordinary	21	100.00%	100.00%
Pearson Sweden AB	Ordinary	22	100.00%	100.00%
Sunnykey International Holdings Limited (BVI) ***	Ordinary	24	100.00%	100.00%
Williams Education GmbH	Ordinary	24	100.00%	100.00%

* In liquidation

** Dormant

*** Dissolved in 2020

**** Sold in 2021

A list of indirect subsidiaries can be found in Appendix 1.

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2020

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Other investments

	Total
	£'000
Cost	
At 1 January 2020	876
At 31 December 2020	876
Provision	
At 1 January 2020	-
Impairment	870
At 31 December 2020	870
Net book value	
At 31 December 2019	876
At 31 December 2020	6

In November 2020, the company's investment in Voxy Inc was impaired by £870,000.

			2020	2019
Other Investments	Class of shares held	Registered address	% held	% held
Pearson Educacion de Chile Limitada	Ordinary	Oficina N°117, edificio Casa Colorada, calle Merced N°838-A Santiago Centro, Santiago, Chile	1.0%	1.0%
Pearson Educacion SA	Ordinary	16, Ribera del Loira, Madrid, 28042, Spain	15.5%	15.5%
Voxy Inc.	Ordinary	C/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808, United States	0.62%	2.44%
Peking University Pearson (Beijing) Cultural Development Co., Ltd	Ordinary	Suite 216, No. 127-1 Zhongguancun North Street, Haidian District, Beijing, China	45.0%	45.0%
LRTE Voxy, LLC	Ordinary	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, DE, 19801, United States	50.0%	50.0%

None of the investments are listed. The above available for sale investments are measured at estimated fair value.

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2020

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Debtors

	2020	2019
	£'000	£'000
Amounts falling due within one year		
Amounts owed by group undertakings	2,694	545,793
Corporation tax	660	-
	3,354	545,793
Amounts falling due in more than one year		
Amounts owed by group undertakings	537,310	47,120
	537,310	47,120
Total debtors	540,664	592,913

On 1 April 2020 the loan to Pearson plc was converted into a long term loan maturing on 1 April 2025. Interest is charged at LIBOR plus margin.

On 30 July 2021 the company made a capital injection of £26,400,000 in its subsidiary, Pearson College Limited, in exchange for 5,819 ordinary shares of £1.00 each for the agreed price of £4,537 per share. Pearson College Limited repaid £20,000,000 of the loan due to Longman Group (Overseas Holdings) Limited, the remaining balance on the loan forgiven and the loan was terminated. As a result of this post balance sheet event the amount receivable from Pearson College Limited as at 31 December 2020 has been fully impaired and taken to the profit and loss account (£47,120,000) in 2020.

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2020

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Creditors

	2020	2019
	£'000	£'000
Amounts falling due within one year		
Corporation tax	-	(1,552)
Other creditors	(1,032)	(681)
Amounts owed to ultimate parent undertaking	-	(58,522)
	(1,032)	(60,755)
Amounts falling due after more than one year		
Amounts owed to ultimate parent undertaking	(32,977)	-
	(32,977)	-
Total creditors	(34,009)	(60,755)

On 1 April 2020 the loan from Pearson plc was converted into a long term loan maturing on 1 April 2025. Interest is charged at LIBOR plus margin.

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2020

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Called up share capital

	2020		2019	
	£'000		£'000	
Total share capital	415,350		415,350	
	2020	2019	2020	2019
Ordinary A shares £0.50 each	No '000s	No '000s	£'000	£'000
Allotted, called up and fully paid	830,701	830,701	415,350	415,350

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2020

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Contingent liabilities

Bank guarantees

The company participates in an arrangement with HSBC Bank plc whereby the accounts of Pearson plc and 17 of its subsidiaries, 'the guarantors', are combined, with cleared debit and credit balances being offset for interest calculation purposes. In order to comply with banking regulations, each guarantor to this arrangement has provided a multilateral guarantee in respect of the overdraft obligations (but no other debts due to the bank) of each of the other participants. Under this arrangement, the net cash position at 31 December 2020 was £85,199,369 (2019: net cash position £47,364,372). The maximum amount of this guarantee is limited to a net overdraft of £50,000,000.

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2020

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Post balance sheet events

On 4 February 2021 the company made a capital injection of ZAR 409,908,613 (£20,003,000) into CTI Education Group (Pty) Limited. On 28 February 2021 the company disposed of its interest in CTI Education Group (Pty) Limited for ZAR 100 (£4.90) generating a loss on disposal of £20,003,000. As a result of this post balance sheet event the investment held as at 31 December 2020 has been fully impaired and taken to the profit and loss account (£22,782,000). The company incurred disposal costs in relation to the disposal of £700,000 in 2020.

On 31 March 2021 the company made a capital injection into Williams Education GmbH of €200,000.

On 30 July 2021 the company made a capital injection of £26,400,000 in its subsidiary, Pearson College Limited, in exchange for 5,819 ordinary shares of £1.00 each for the agreed price of £4,537 per share. Pearson College Limited repaid £20,000,000 of the loan due to Longman Group (Overseas Holdings) Limited, the remaining balance on the loan was forgiven and the loan was terminated. As a result of this post balance sheet event the amount receivable from Pearson College Limited as at 31 December 2020 has been fully impaired and taken to the profit and loss account (£47,120,000) in 2020.

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2020

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Related party transactions

The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2020

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Ultimate parent undertaking

The immediate parent undertaking 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.

Longman Group (Overseas Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2020

Appendix 1

Investments - Indirect Subsidiaries

Subsidiary	Registered address	2020 % owned indirectly	2019 % owned indirectly
Casapsi Livraria e Editora Ltda *		100.00%	100.00%
Centro Cultural Amencano Franquias e Comércio Ltda.	25	100.00%	100.00%
Escape Studios Limited **	26	100.00%	100.00%
Heinemann Education Botswana (Publishers) (Proprietary) Limited	27	100.00%	100.00%
Heinemann Publishers (Pty) Ltd	1	75.00%	75.00%
Kagiso Education Pty Ltd **	1	100.00%	100.00%
Longman (Malawi) Limited	28	100.00%	100.00%
Longman Kenya Limited	29	100.00%	100.00%
Longman Mocambique Ltda	30	100.00%	100.00%
Longman Swaziland (Pty) Limited	31	100.00%	100.00%
Longman Zambia Educational Publishers Pty Ltd	32	100.00%	100.00%
Longman Zambia Limited	32	100.00%	100.00%
Longman Zimbabwe (Private) Ltd	33	100.00%	100.00%
Longmaned Ecuador S.A.	34	99.88%	99.88%
Maskew Miller Longman (Pty) Limited	1	100.00%	100.00%
Multi Treinamento e Editora Ltda	35	99.99%	99.99%
Pearson Desarrollo y Capacitación Profesional Chile Limitada	36	100.00%	100.00%
Pearson Educacion de Chile Limitada	36	99.00%	99.00%
Pearson Education Achievement Solutions (RF) (Pty) Limited	1	97.30%	97.30%
Pearson Education Africa (Pty) Ltd	1	100.00%	100.00%
Pearson Education Botswana (Proprietary) Limited	27	100.00%	100.00%
Pearson Education Indochina Limited	37	100.00%	100.00%
Pearson Education Namibia (Pty) Limited	38	100.00%	100.00%
Pearson Education S.A.	39	100.00%	100.00%
Pearson Education South Africa (Pty) Ltd	1	100.00%	100.00%
Pearson Institute of Higher Education ***	1	100.00%	100.00%
Pearson IOKI Spółka z ograniczoną odpowiedzialnością	40	100.00%	100.00%
Pearson Lesotho (Pty) Ltd	41	100.00%	100.00%
Pearson South Africa (Pty) Ltd	1	75.00%	75.00%
Peking University Pearson (Beijing) Cultural Development Co., Ltd	42	45.00%	45.00%
Phumelela Publishers (Pty) Ltd **	1	100.00%	100.00%

* Merged into Pearson Education do Brasil S.A. in 2020

** In liquidation

*** Dissolved February 2021

Longman Group (Overseas Holdings) Limited

Appendix 1 continued

No. Registered address

- 1 Auto Atlantic, 4th Floor, Corner Hertzog Boulevard and Heerengracht, Cape Town, 8001, South Africa
- 2 Suite A7b, 3/F, No. 586 Longchang Road, Yangpu District, Shanghai, China
- 3 28/F, 1063 King's Road, Quarry Bay, Hong Kong
- 4 The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, DE, 19801, United States
- 5 P O Box 45, IPS Building, Maktaba Street, Dar es Salaam, Tanzania
- 6 Ulica Szamocka 8 01-748, Warszawa, Poland
- 7 80 Strand, London, WC2R 0RL, England
- 8 Carrera 7 Nro 156 - 68, Piso 26, Bogota, Colombia
- 9 Punta Pacifica, Torres de las Americas, Torre A Piso 15 Ofic. 1517, Panama, 0832-0588, Panama
- 10 Cal. Los Halcones, no.275,Urb. Limatambo, Lima.
- 11 Comendador Aladino Selmi Avenue, 4630, Galpão 1, Mezanino, Sala 5, Parque Cidade Campinas, City if Campinas, São Paulo, 13069-036, Brazil
- 12 4 Zalogou Str., Agia Paraskevi, Athens, 15343, Greece
- 13 8, Secretariat Road, Obafemi Awolowo Way, Alausa, Ikeja, Lagos State, Nigeria
- 14 498, Libertador Ave, City of Buenos Aires. 3rd floor, Buenos Aires, Argentina
- 15 11F, No 209, Sec. 1, Civic Blvd., Datong District, Taipei City, 10351, Taiwan (Province of China)
- 16 Nida Kule Kozyatagi, Kozyatagi Mahallesi, Degirmen Sokak No:18 Kat:6 D:15, Kadikoy, Istanbul, 34742, Turkey
- 17 3-15, Immeuble Terra Nova II, Rue Henri Rol Tanguy, Montreuil, 93100, France
- 18 16, Corso Trapani, Turin, 10100, Italy
- 19 1-5-15 Kanda-Sarugakucho, Chiyoda-ku, Tokyo, Japan
- 20 MAGA ONE - Level 22, No. 200, Nawala Road, Narahenpita, Colombo 05, 11222, Sri Lanka
- 21 Plot 8, Berkley Road, Old Kampala, Uganda
- 22 Gustavslundsvägen 137, 167 51 Bromma, Stockholm, Sweden
- 23 22 B, 13 em, Népfürdő utca, Budapest, Budapest, 1138
- 24 c/o Pearson Deutschland GmbH, St.-Martin-Str. 82, Munich, 81541, Germany
- 25 Comendador Aladino Selmi Avenue, 4630, Galpão 1, Sala 3, Parque Cidade Campinas, City if Campinas, SP, 13069-036, Brazil
- 26 Evergreen House North Grafton Place, London, NW1 2DX, England
- 27 Plot 50371, Fairground Office Park, Gaborone, Botswana
- 28 Parkway House, Hannover Avenue, Blantyre, Malawi
- 29 Queensway House, Kaunda Street, Nairobi, Kenya
- 30 Numero 776, Avenida 24 de Julho, Maputo, Mozambique
- 31 Robinson Bertram, 3rd Floor, Sokhzmililo Bldg, Mbabane, Swaziland
- 32 Mlungushi Conference Centre, Centre Annex, Great East Road, Lusaka, Zambia
- 33 Stand 1515, Cnr Tourle Road/Harare Drive, Ardennie, Harare, Zimbabwe
- 34 Andalucia y cordero E12-35, Edificio CYEDE piso 1, Oficina 11, Sector "La Floresta", Quito, Pichincha, Ecuador
- 35 Comendador Aladino Selmi Avenue, Galpão 1 e 2, Sala 10, Parque Cidade, Campinas, City if Campinas, São Paulo, SP, 13069-036, Brazil
- 36 Oficina N°117, edificio Casa Colorada, calle Merced N°838-A Santiago Centro, Santiago, Chile
- 37 87/1 Capital Tower Building, All Seasons Place unit 1604 - 6 16th floor, Wireless Road, Lumpini, Pathumwan, Bangkok, Thailand
- 38 Unit 7 Kingland Park, 98 Nickel Street, Prosperita, Windhoek, Namibia
- 39 Juan Benito Blanco 780 - Plaza Business Center, Montevideo, Uruguay
- 40 Ulica Jana Henryka Dąbrowskiego 77A 60-529, Poznań, Poland
- 41 C/o Du Preez, Liebetrau & Co, 252 Kingsway, Next to USA Embassy, Maseru, Lesotho
- 42 Suite 216, No. 127-1 Zhongguancun North Street, Haidian District, Beijing, China
- 43 #1, 3, 5th Floor, East Tower, World Trade Centre, Echelon Square, Colombo, 01, Sri Lanka