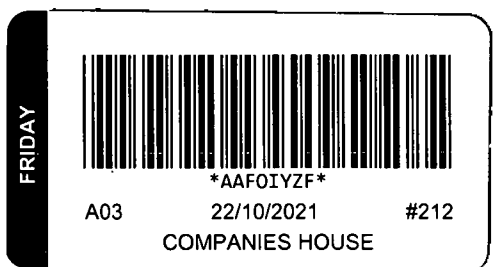


GL EDUCATION GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



GL EDUCATION GROUP LIMITED

COMPANY INFORMATION

DIRECTORS

Gregor Watson
Alastair Brooks (appointed 6 January 2020)

COMPANY SECRETARY

Roxburgh Milkins Limited

REGISTERED NUMBER

02603456

REGISTERED OFFICE

1st Floor Vantage London
Great West Road
Brentford
Middlesex
TW8 9AG

AUDITOR

KPMG LLP
Chartered Accountants & Statutory Auditor
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

GL EDUCATION GROUP LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

BUSINESS REVIEW

The results for the year are shown in the statement of comprehensive income on page 11.

The Company acts as the main holding company for its trading subsidiaries, GL Assessments Limited, W3 Insights Limited, Kirkland Rowell Limited, The Test Factory Limited, Lucid Innovations Limited, Lucid Research Limited, Boardworks Limited & Boardworks Interactive LLC, for which it acts as a cost centre and makes intragroup recharges accordingly.

During the year one of the indirect trading subsidiaries, Boardworks Limited, was sold.

PRINCIPAL RISKS AND UNCERTAINTIES

The most significant risk to the Company and its subsidiaries profitability has been the impact of Covid.

Operationally, while Covid-19 presented significant operational challenges to navigate, the business emerged in strong and robust shape with no major strategic disruption to the Company's operating environment. The impact of Covid-19 was very much a "V" shaped one, with declines in revenue vs PY and budget taking place between March and June 2020 as both schools and countries, in general, went into lockdown both in the UK and internationally. During this time sales were reduced as many schools deferred decisions to renew assessments until there was a clearer view of when they would return (retention sales for the Company) while at the same time it was difficult for schools to commit to new solutions purchases (new business for the Company).

When schools returned to a position somewhat more akin to normality from around June 2020 onwards, the Company experienced a surge in retention catch up and also a significant increase in new business as many schools realised the value of the Company's assessments (on the back of successful marketing and webinar campaigns) in transitioning children back to school and baselining them. The UK had a record year of new business sales in 2020 and while the international business was more temporarily affected, school numbers increased, demonstrating that the main impact was a reduction in spend temporarily rather than any absolute customer loss.

Since the end of the financial period, there has been another severe but shorter school closure in the UK (January and February 2021) with similar lockdowns internationally. The impact on the business and the strategies pursued by management have been similar to FY20 and financially the result has been very similar, with weaker January and February results vs FY20 than planned but with all of it being caught up by the end April 2021. Performance since then has been very strong with results significantly ahead of target in FY21 at the time of accounts signature.

The Company requires the ongoing support of other group members, and the wider group has indicated its intention that support will be provided for a period not less than one year from the date of approval of these financial statements.

FINANCIAL KEY PERFORMANCE INDICATORS

Management monitors the performance of the operations of the Company and its subsidiaries regularly and carefully, comparing to both budget and detailed re-forecasts (carried out three times per annum) to ensure correct business decisions can be taken, considering both short term performance needs and long term growth.

Over the course of 2020, the business has become significantly more KPI and metric performance focused with a series of KPI dashboards being developed to review the performance of key business areas monthly analysing trends, risks and opportunities

KPIs monitored on a daily and weekly basis are:

- Sales volume and value
- Sales order pipeline

KPIs monitored monthly are the above plus:

- Cash flow and collections KPI's
- Risk dashboard
- Product margins
- Operations metrics focusing on key interaction areas with customers such as sales order processing and customer service calls

Critical performance metrics that support the results presented in these accounts are:

- Delivery of flat year-on-year growth in main, UK, part of the business despite significant Covid-19 headwinds. This was achieved by analysing retention trends and good management of new business pipeline
- Continuation of high margin business with good cost control creating operating leverage improvement
- Increase in number of International school customers from 1,417 in 2019 to 1,629 in 2020

FUTURE PROSPECTS

The directors are confident about the long-term prospects for the Company and its subsidiaries, which is well established, has high levels of repeat revenue and is focused on the educational market where the quality of products and services has an intrinsic value and where governments in the markets the Company operates in are increasing focus and public sector spending levels around education and specifically assessment. Moreover, the company's reputation, together with the significant added value provided to customers, which has been invested in further through recent development projects, further underpins the strength of the business. This has all driven year on year growth in profitability levels for the past number of years as a result.

The careful investment in new products and technology, referenced above, continues to be made, where necessary, to support or improve the Company's operating performance and provide a more impactful solution to the customer base. These investments, such as in a new operating platform and analytics tools will ensure the business stays relevant to customers and be an attractive place to work for employees.

The overall qualities of the Company's products and the services, together with the strength of relationships with customers, are anticipated to produce a continued satisfactory performance in 2021 with continued year on year growth on track to be achieved.

As noted above, this level of confidence in the 2021 full year outturn continues to be the case despite the impact of a further, shorter lockdown in the UK in early 2021. As was seen in the financial results for FY20, this lockdown will not fundamentally change or alter the market the Company operates in nor the performance of the Company in the short, medium or long term. As of the end of September 2021, the financial results of the business are ahead of budgeted targets with good growth on the prior year.

In their assessment of the impact of Covid-19 in 2021 the directors have concluded that while there was some short-term impact on revenue it has not and will not be material to the prospects of the Company.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

SECTION 172 (1) STATEMENT

The Directors' can confirm that they have considered broader matters when performing their duties, specifically with regard to promoting the success of the company for shareholders as a whole.

In developing the Company's strategy, the Directors' and Senior Management Team consistently engage with employees, customers and suppliers as well as shareholders to develop the right outcomes. Specific examples include:

- Review of business unit long term projections and KPI's to ensure investment and focus continues to be paid to the right areas for the long term as well as short term prospects of the Group
- Bi-annual strategy and operating reviews with major suppliers to discuss relationship priorities going forward
- Regular engagement with employees through regular business town halls and detailed discussion sessions with a smaller "Management Forum" group
- Market research discussions with customers to ascertain their priority and focus areas as these evolve and develop
- Ensuring the highest standards of business conduct are upheld through maintenance of a risk register, clear and updated HR policies and well documented objective and performance review processes.

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



Alastair Brooks
Director

Date: 20 October 2021

GL EDUCATION GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The Company's principal activity is that of a holding company for its trading subsidiaries. The Sub-group's principal activity is the supply of all forms of educational media, together with training and consultancy in these areas.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £970,000 (2019: £630,000).

The Company has not declared any dividends during the current or prior year.

DIRECTORS

The directors who served during the year were:

Gregor Watson
Alastair Brooks (appointed 6 January 2020)

No director had any interest in any contract with the Company or its subsidiary undertakings except as disclosed in these financial statements.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

MATTERS COVERED IN THE STRATEGIC REPORT

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 requires a Strategic Report to be prepared. Where mandatory disclosures in the Directors' Report are considered by the directors to be of strategic importance these have been included within the Strategic Report rather than the Directors' Report. It has done so in respect of future prospects and financial risk management.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

GL EDUCATION GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

AUDITOR

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



Alastair Brooks
Director

Date: 20 October 2021

1st Floor Vantage London
Great West Road
Brentford
Middlesex
TW8 9AG

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors are responsible for preparing the Strategic report, 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 judgments 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GL EDUCATION GROUP LIMITED

Opinion

We have audited the financial statements of GL Education Group Limited ("the company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease their operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is not material to the financial statements.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to revenue and/or cash with a corresponding entry to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, employment law and certain aspects of company legislation recognising the nature of the company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, 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; 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

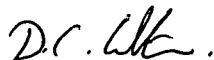
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



David Caseldine (Senior Statutory Auditor)

for and on behalf of

KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square

Leeds

LS1 4DA

20 October 2021

GL EDUCATION GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	4	65	20
Cost of sales - credit		51	96
GROSS PROFIT		116	116
Administrative expenses		(5,830)	(5,571)
Exceptional administrative expenses	6	(275)	(255)
Other operating income	5	5,582	5,727
OPERATING (LOSS)/PROFIT	7	(407)	17
Interest receivable and similar income	10	1,557	1,074
Interest payable and similar expenses	11	(2,508)	(1,865)
LOSS BEFORE TAX		(1,358)	(774)
Tax on loss	12	388	144
LOSS FOR THE FINANCIAL YEAR		(970)	(630)

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 15 to 34 form part of these financial statements.

All amounts relate to continuing operations.

GL EDUCATION GROUP LIMITED
REGISTERED NUMBER:02603456

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
FIXED ASSETS			
Intangible assets	13	1,878	1,245
Tangible assets	14	1,475	1,894
Investments	15	42,634	42,634
		<u>45,987</u>	<u>45,773</u>
CURRENT ASSETS			
Stocks	16	4	4
Debtors: amounts falling due after more than one year	17	127,815	110,028
Debtors: amounts falling due within one year	17	12,576	6,011
Cash at bank and in hand		10,715	6,969
		<u>151,110</u>	<u>123,012</u>
Creditors: amounts falling due within one year	18	(178,351)	(148,793)
NET CURRENT LIABILITIES		(27,241)	(25,781)
TOTAL ASSETS LESS CURRENT LIABILITIES		18,746	19,992
Creditors: amounts falling due after more than one year	19	(9,416)	(9,693)
		<u>9,330</u>	<u>10,299</u>
PROVISIONS FOR LIABILITIES			
Other provisions	21	(87)	(86)
NET ASSETS		9,243	10,213
CAPITAL AND RESERVES			
Called up share capital	22	-	-
Share premium account	23	7,320	7,320
Profit and loss account	23	1,923	2,893
		<u>9,243</u>	<u>10,213</u>

GL EDUCATION GROUP LIMITED
REGISTERED NUMBER:02603456

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

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



Alastair Brooks
Director

Date: 20 October 2021

The notes on pages 15 to 34 form part of these financial statements.

GL EDUCATION GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2019	7,320	3,523	10,843
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(630)	(630)
At 1 January 2020	7,320	2,893	10,213
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(970)	(970)
AT 31 DECEMBER 2020	7,320	1,923	9,243

The notes on pages 15 to 34 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. GENERAL INFORMATION

GL Education Group Limited (Company registration number 02603456) is a limited liability company registered in England and Wales. The registered office is 1st Floor Vantage London, Great West Road, Brentford, Middlesex, TW8 9AG.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts as a wholly owned subsidiary of GLE UK TopCo Limited. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate UK parent undertaking, GLE UK Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of GLE UK Topco Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from C/O Roxburgh Milkins LLP, Merchants House North, Wapping Road, Bristol, BS1 4RW. Further details of the wider group structure can be found in note 26.

The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £000.

The following principal accounting policies have been applied:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (continued)

2.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A 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

In accordance with FRS 101 the Company has not made the disclosures mentioned above as it was a wholly owned subsidiary undertaking of GLE UK TopCo Limited which produces fully consolidated accounts which are publicly available.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The following standards, amendments and interpretations have been issued by the International Accounting Standards Board (IASB) or by the International Financial Reporting Council Interpretations Committee (IFRIC) and have been adopted for the period ended 31 December 2020:

IFRS 16	'Covid-19 Related Rent Concessions'
IFRS 3	'Definition of a Business'
IAS 1 and IAS 8	'Definition of a Material'
IFRS 17	'Insurance contracts'

The adoption of these new IFRS' have not had a material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN ASSESSMENT BY THE DIRECTORS OF THE COMPANY

Notwithstanding net current liabilities of £27.2m at 31 December 2020, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is part of the GLE UK Topco Limited Group (the "Group") and the company's ability to operate as a going concern is directly linked to the Group's position. The Directors of GLE UK Topco Limited have performed an assessment of the ability of the Group to continue in operation and meet its liabilities as they fall due for the period of 14 months from the date of approval of the financial statements. The Directors did not consider that this assessment indicated the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

GLE UK Topco Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and will not seek repayment of the amounts currently made available, which at 31 December 2020 amounted to £174.6m.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.4 TURNOVER

Revenue is attributable to the sales of digital licenses and physical products

Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer.

For each contract with a customer, the Company:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which, where relevant, takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Revenue from the sale of physical products is subject to a single performance obligation and is recognised at a point in time when the customer has accepted delivery of the goods. Amounts disclosed as revenue are net of sales returns and discounts. Consideration is payable by the customer once the goods have been accepted.

Revenue from the sale of annual licences for hosted products is subject to a single performance obligation where the revenue is recognised over time based on an output method of revenue recognition in line with historical usage trends for the licences. Where online credits are issued to use the platform, revenue is recognised as credits are redeemed. This policy reflects the continuous transfer of the service to the customer throughout the licence period. Where usage data is not maintained, revenue is recognised on a straight line basis over the period of the licence. Consideration is payable by the customer at the start of the licence period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (continued)

2.5 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

2.6 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range is as follows:

Computer equipment	- 4 years
Leasehold Property	- Over the term of the lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 IMPAIRMENT

Management carries out a regular review of the status of the assets of the company to determine whether there is any indication that these assets have suffered any impairment.

If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment, which is then recognised in profit or loss. Management checks whether there is objective evidence that the assets are impaired and that the fair values have declined. Management estimates of the impairment are based on critical evaluation of the economic circumstances involved, historical experience and other factors considered to be relevant.

2.8 INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (continued)

2.10 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 GOVERNMENT GRANTS

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised.

2.13 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2. ACCOUNTING POLICIES (continued)

2.14 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.15 RESEARCH AND DEVELOPMENT

The costs of design and development ("plate costs") are capitalised on individual projects where they meet the requirements of IAS 38, that include technical feasibility and likely economic benefits.

Plate costs are stated at their direct cost less accumulated amortisation. Amortisation is provided to write off the plate costs over three years which is considered to be their useful economic life.

2.16 PENSIONS

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in other creditors as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 PREFERENCE SHARE CAPITAL

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the Company's option. Dividends on preference share capital classed as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if dividend payments are non-discretionary. Dividends thereon are recognised in the profit and loss account as interest expense.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (continued)

2.18 FINANCIAL INSTRUMENTS

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below.

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Company uses an allowance matrix to measure the expected credit losses and impairments of trade and other receivables from individual customers, which comprise a very large number of small balances. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a known loss component based on historical data for similar financial assets. Loss rates are based on actual credit loss experience over the past seven years and are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

Loans and payables

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (continued)

2.19 LEASES

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate of 4% for all leases.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Tangible Fixed Assets' line in the Statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.8.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Deferred tax

The company has recognised deferred tax assets and liabilities in respect of unutilised losses and other timing differences arising in a number of the company's businesses, further details of which are given in note 20. Account has been taken of future forecasts of taxable profit in arriving at the values at which these assets are recognised. If these forecast profits do not materialise or change, or there are changes in tax rates or to the period over which the losses or timing differences might be recognised, then the value of deferred tax assets will need to be revised in a future period.

Recoverability of investment in subsidiaries

The directors consider that the carrying value of the investment is supported by the expectations of future profitable trading of the subsidiaries. These future expectations have been based on an average EBITDA growth rate of 13.5% over the 4 year period and then 2% growth into perpetuity and a WACC of 12%. The carrying amount of investments at the year end was £42,634,000 (2019: £42,634,000) as disclosed in note 15.

Amounts owed by group undertakings

The directors consider all amounts due from group undertakings to be recoverable. This is on the basis that, despite the GLE UK Topco Limited group being loss making, it is considered a going concern and upon review of future forecasts for the Group undertakings.

4. TURNOVER

	2020 £000	2019 £000
Professional development services	65	20

All turnover arose within the United Kingdom.

Services are recognised over time in line with the revenue policy outlined in note 2.

5. OTHER OPERATING INCOME

	2020 £000	2019 £000
Intercompany recharges	5,439	5,727
Government Grants	143	-

The company collects costs on behalf of the group and recharges these at cost, plus a mark-up of 7.5% based on relevant cost drivers.

GL EDUCATION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. EXCEPTIONAL ITEMS

	2020 £000	2019 £000
Redundancy costs	48	107
Transaction costs in acquiring subsidiaries	18	-
Group restructuring costs	198	107
Legal fees	11	41
	275	255

The legal fees relate to costs incurred as part of a review of a transfer pricing arrangements and lease obligations.

The redundancy costs relate to costs incurred whilst re-aligning the workforce of the Group.

The Group restructuring costs are in relation to investment in product and development platforms by restructuring the team including recruitment and training costs.

7. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting):

	2020 £000	2019 £000
Depreciation of tangible fixed assets	482	519
Defined contribution pension cost	162	141
Auditors' remuneration	2	10
Government grants	(143)	-

Costs suffered on behalf of other group companies are recharged to the relevant company in line with the level of costs incurred.

GL EDUCATION GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****8. EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	2020 £000	2019 £000
Wages and salaries	2,648	2,133
Social security costs	399	326
Cost of defined contribution scheme	162	141
	<u>3,209</u>	<u>2,600</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Production and distribution	45	22
Selling and marketing	12	10
Administration	40	33
	<u>97</u>	<u>65</u>

9. DIRECTORS' REMUNERATION

	2020 £000	2019 £000
Directors' emoluments	625	553
Directors pension costs	9	7
	<u>634</u>	<u>560</u>

Directors remuneration of the GLE UK Topco Limited group, totalling £634,000 (2019: £560,000) was borne by GL Education Group Limited in both the current and prior period. These costs are not allocated or recharged between group companies.

During the period the highest paid director received remuneration and other emoluments of £419,000 (2019: £360,000) and pension contributions of £Nil (2019: £Nil).

1 (2019: 1) director is making contributions to a defined contribution pension scheme. Other than the directors, no key management have been identified.

10. INTEREST RECEIVABLE

	2020 £000	2019 £000
Interest receivable from group companies	<u>1,557</u>	<u>1,074</u>

GL EDUCATION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£000	£000
Bank interest payable	41	-
Interest payable to group undertakings	2,392	1,780
Interest on lease liabilities	75	85
	<u>2,508</u>	<u>1,865</u>

12. TAXATION

	2020	2019
	£000	£000
CORPORATION TAX		
Current tax on (loss)/profit for the year	-	(144)
TOTAL CURRENT TAX	<u>-</u>	<u>(144)</u>
DEFERRED TAX		
Origination and reversal of timing differences	(11)	-
Changes to tax rates	(46)	-
Adjustments in respect of prior periods	(331)	-
TOTAL DEFERRED TAX	<u>(388)</u>	<u>-</u>
TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	<u>(388)</u>	<u>(144)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
12. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	(1,358)	(774)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(258)	(141)
EFFECTS OF:		
Deferred tax not recognised	-	(11)
Expenses not deductible for tax purposes	7	3
Capital allowances for year in excess of depreciation	5	-
Adjustments to tax charge in respect of prior periods	(331)	-
Other timing differences leading to an increase (decrease) in taxation	30	-
Tax rate changes	(46)	(1)
Fixed asset timing differences	-	6
Group relief surrendered	205	144
Payment received for group relief	-	(144)
TOTAL TAX CREDIT FOR THE YEAR	(388)	(144)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Finance Act 2016 included a reduction in the rate of corporation tax from 19% to 17% with effect from 1 April 2020. Deferred tax arising on temporary differences was measured in 2019 at this lower rate, being the substantively enacted rate at the reporting date for the periods in which these differences were expected to reverse.

At the March 2020 budget, which was substantively enacted on 17 March 2020, the government announced that the corporation tax rate would be maintained at 19% for 2020 and 2021. Therefore all opening deferred tax balances have been remeasured to 19% with an adjustment recognised in the 2020 tax charge.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. INTANGIBLE ASSETS

	Development expenditure £000	Trademarks £000	Total £000
COST			
At 1 January 2020	1,192	53	1,245
Additions	633	-	633
At 31 December 2020	1,825	53	1,878
NET BOOK VALUE			
At 31 December 2020	1,825	53	1,878
At 31 December 2019	1,192	53	1,245

14. TANGIBLE FIXED ASSETS

	Computer equipment £000	Leasehold property £000	Total £000
COST OR VALUATION			
At 1 January 2020	4,153	2,171	6,324
Additions	63	-	63
At 31 December 2020	4,216	2,171	6,387
DEPRECIATION			
At 1 January 2020	3,779	651	4,430
Charge for the year	265	217	482
At 31 December 2020	4,044	868	4,912
NET BOOK VALUE			
At 31 December 2020	172	1,303	1,475
At 31 December 2019	374	1,520	1,894

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
15. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
COST OR VALUATION	
At 1 January 2020	42,634
At 31 December 2020	<u>42,634</u>

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
GL Assessment Limited (1)	Publishing	Ordinary	100%
Kirkland Rowell Limited (1)	Publishing	Ordinary	100%
W3 Insights Limited (1)	Educational materials	Ordinary	100%
The Test Factory Limited (1)	Online testing software	Ordinary	100%
Lucid Research Limited* (1)	Software development	Ordinary	100%
Lucid Innovations Limited (1)	Intermediate holding company	Ordinary	100%
GL Education (No.3) Limited (1)	Intermediate holding company	Ordinary	100%
BK Holdings Limited* (1)	Intermediate holding company	Ordinary	100%
Boardworks Interactive LLC* (2)	Educational materials	Ordinary	100%

1 - Registered office is 1st Floor Vantage London, Great West Road, Brentford, United Kingdom, TW8 9AG

2 - Registered office is Suite B12, 2nd Floor, 240 Kent Avenue, Brooklyn, United States, NY 11249

* - held indirectly

16. STOCKS

	2020 £000	2019 £000
Finished goods	<u>4</u>	<u>4</u>

GL EDUCATION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. DEBTORS

	2020 £000	2019 £000
DUE AFTER MORE THAN ONE YEAR		
Amounts owed by group undertakings	127,446	110,028
Deferred tax asset	369	-
	<u>127,815</u>	<u>110,028</u>
	2020 £000	2019 £000
DUE WITHIN ONE YEAR		
Trade debtors	3,962	3,926
Other debtors	2,939	1,966
Prepayments and accrued income	726	57
Tax recoverable	4,868	-
Deferred taxation	81	62
	<u>12,576</u>	<u>6,011</u>

The amounts owed by group undertakings are unsecured, repayable on demand and are charged interest at 1.5%.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £000	2019 £000
Bank overdrafts	3	-
Trade creditors	1,188	1,800
Amounts owed to group undertakings	174,593	144,047
Other taxation and social security	-	569
Lease liabilities	278	268
Other creditors	71	63
Accruals and deferred income	2,218	2,046
	<u>178,351</u>	<u>148,793</u>

The amounts owed to group undertakings are unsecured, repayable on demand and are charged interest at 1.5%

GL EDUCATION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£000	£000
Lease liabilities	1,416	1,693
Share capital treated as debt	8,000	8,000
	9,416	9,693

Disclosure of the terms and conditions attached to the preference shares is made in note 22.

20. DEFERRED TAXATION

	2020
	£000
At beginning of year	62
Charged to the profit or loss	388
AT END OF YEAR	450

The deferred tax asset is made up as follows:

	2020	2019
	£000	£000
Accelerated capital allowances	74	56
Tax losses carried forward	369	-
Other timing differences	7	6
	450	62

21. PROVISIONS

	Onerous lease provision £000
At 1 January 2020	86
Charged to profit or loss	1
AT 31 DECEMBER 2020	87

The onerous lease provisions relate to an onerous lease for an old building vacated in December 2016, that remained under lease until October 2017, of which a settlement agreement for the above amount was made at this date but yet to be paid.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
22. SHARE CAPITAL

	2020 £	2019 £
SHARES CLASSIFIED AS EQUITY		
ALLOTTED, CALLED UP AND FULLY PAID		
76 (2019: 76) "A" ordinary shares of £1.00 each	76	76
25 (2019: 25) "B" ordinary shares of £1.00 each	25	25
	<u>101</u>	<u>101</u>

A and B ordinary shares have the right to one vote per share and there are no restrictions over dividends.

	2020 £	2019 £
SHARES CLASSIFIED AS DEBT		
ALLOTTED, CALLED UP AND FULLY PAID		
200 (2019: 200) "C" 7% preference shares of £1.00 each	200	200
8,000,000 (2019: 8,000,000) "D" 6.5% redeemable preference shares of £1.00 each	8,000,000	8,000,000
	<u>8,000,200</u>	<u>8,000,200</u>

The preference shares comprise 200 "C" 7% preference shares of £1 each, and 8,000,000 "D" 6.5% redeemable preference shares of £1 each.

The "C" preference shares were issued at par on 20 December 1994. The "C" preference shares carry a dividend of 7% per annum, payable half-yearly in arrears on 30 June and 31 December. The dividend rights are non-cumulative and the shares carry no voting rights. On a winding up of the Company the "C" preference shareholders have a right to receive £1 per share plus any accrued dividend.

The "D" preference shares were issued at par on 27 November 1996. The "D" preference shares carry a dividend of 6.5% per annum, payable annually in arrears on 31 December. The dividend rights are noncumulative. The "D" preference shares carry no votes at meetings unless the Company fails to redeem the shares on the redemption date or business of the meeting includes a resolution for the winding up of the Company or altering the rights attaching to the "D" preference shares, in which event each holder will be entitled to one vote on a show of hands or one vote per share on a poll.

On winding up of the Company the "D" preference shareholders have a right to receive £1 per share plus any accrued dividend. The "D" shares were due to be redeemed on 27 November 2001. However, the holders of the "D" preference shares have undertaken not to redeem the shares in the foreseeable future and waived rights to dividends. The holders of the "D" preference shares have committed to giving 30 days notice before any future redemption is to take place.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

23. RESERVES

Share premium account

The share premium account records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

24. CONTINGENT LIABILITIES

Under a group registration, the Company is jointly and severally liable for VAT at 31 December 2020 with other companies in the group headed by GLE UK TopCo Limited. The total group VAT liability at the year end was £716,000 (2019: £242,000).

25. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £162,000 (2019: £141,000). Contributions totaling £Nil (2019: £Nil) were payable to the fund at the reporting date and are included in creditors

26. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At 31 December 2020, the immediate parent company was Assessments BidCo Limited, a company incorporated and registered in England and Wales. The results of the company are included within the consolidated accounts of GLE UK TopCo Limited. The directors consider that Levine Leichtman Capital Partners Fund V, L.P. and LLCP Co-Investment Fund, L.P. (collectively "LLCP"), Delaware, USA, registered entities (registered numbers; 5199388 and 5604129), were the ultimate parent undertakings of the company at 31 December 2020.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
27. LEASES**Company as a lessee**

The group has recognised lease liabilities and right-of-use assets for the properties that the Group leases for the purposes of carrying on their trade. All of their right-of-use assets are under the category of Leasehold property.

Lease liabilities are due as follows:

	2020	2019
	£000	£000
Not later than one year	278	268
Between one and five years	1,232	1,184
Later than five years	184	509
	1,694	1,961

Contractual undiscounted cash flows are due as follows:

	2020	2019
	£000	£000
Not later than one year	342	342
Between one year and five years	1,369	1,369
Later than five years	357	528
	2,068	2,239

There is no significant liquidity risk in relation to lease liabilities.

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2020	2019
	£000	£000
Interest expense on lease liabilities	75	85
Depreciation charged on right-of-use assets	217	217