

Pearson College Ltd
Registered Number

07967446

Annual Report and Financial Statements
For the Period Ended

31 December 2012



Pearson College Ltd

DIRECTORS' REPORT

The directors present their report and the financial statements of the company for the period ended 31 December 2012

Principal activities

The company's principal activity is to offer higher education awards and degrees validated by leading universities. The directors believe that the company will continue in these activities for the foreseeable future.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Pearson plc. The directors have received confirmation that Pearson plc intends to support the company for at least one year after these financial statements are signed.

Business review

The company entered into and signed a validation agreement with Royal Holloway, through which Pearson College's first degree offering of a BSc in Business and Enterprise was launched as a pilot in September 2012. Pearson College's strategy for its courses are very much based on efficacy measured by employability. With this in mind the curriculum for all Pearson College degrees will be formulated not only by respected academics such as Nigel Slack, but also with selected industry partners such as BT, Sony and CISCO. Pearson College 2012 closed with 18 full time staff and a core management team in place to expand and deliver the Pearson College strategy, full time employees have been complimented with freelance staff where possible to maintain control of overhead. The September pilot enrolled 37 students to a cohort based in London.

Key performance indicators

The main Key Performance Indicator for the company are number of students, currently at 37.

Future developments

The company is actively employing new heads to expand into multiple subject areas as set out above. Validation agreements are being sought with other institutions to allow the company to deliver degrees internationally as well as the UK. The company's strategic aim is to achieve degree awarding powers and University title, targeting high demand subjects such as Business and subjects where there are significant skills shortages such as Engineering.

Principal risks and uncertainties and financial risk management

From the perspective of the company, the principal risks and uncertainties and financial risk management are integrated with the principal risks of the consolidated financial statements of Pearson plc (the "group") and are not managed separately. Accordingly, the principal risks and uncertainties and financial risk management of Pearson plc, which include those of the company, are discussed in the group's annual report on Page 31 and within Note 19, which does not form part of this report.

Results and dividends

The company's loss for the financial year is (£2,162,000).

Directors

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

John Knight appointed 28 February 2012

Kenneth Roderick Bristow appointed 28 February 2012

Victoria Lockie appointed 28 February 2012

Qualifying third party and pension scheme indemnity provisions

The company has not provided an indemnity for its directors and the secretary for the period ended 31 December 2012

Policy and practice on payment of creditors

The company's policy on the payment of creditors is, whenever possible, to ensure that suppliers are paid on the due date. Payments to suppliers of products and services are paid on their normal trading terms, unless special terms have been agreed.

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

On behalf of the board

John Knight
Director



24 September 2013

Company registered number
07967446

Pearson College Ltd

PROFIT AND LOSS ACCOUNT

For the period ended .

31 December 2012

		2012
Continuing operations	Note	£'000
Turnover	3	22
Cost of sales		(27)
Gross loss		(5)
Distribution costs		(952)
Administrative expenses		(1,903)
Operating loss	4	(2,860)
Loss on ordinary activities before interest and taxation		(2,860)
Loss on ordinary activities before taxation		(2,860)
Tax on loss on ordinary activities	7	698
Loss for the financial year		(2,162)

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial period stated above and their historical cost equivalents

Pearson College Ltd

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended :

31 December 2012

	2012
	£'000
Note	
Loss for the financial year	(2,162)
Total recognised gains and losses relating to the year	(2,162)

Pearson College Ltd

BALANCE SHEET

As at

31 December 2012

		2012
	Note	£'000
Fixed assets		
Intangible assets		0
Tangible assets		0
Investments		0
		0
Current assets		
Stocks	8	231
Debtors	9	721
Investments		0
Cash at bank and in hand		(679)
		274
Creditors - amounts falling due within one year	10	(2,435)
Net current assets		(2,161)
Total assets less current liabilities		(2,161)
Creditors - amounts falling due after more than one year	10	0
Provisions for liabilities		0
Net liabilities		(2,161)
Capital and reserves		
Called up share capital	12	1
Share premium account	13	0
Other reserves	13	0
Profit and loss account	13	(2,162)
Total shareholders' funds		(2,161)

For the period ended 31 December 2012

- 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 accounts

The financial statements on pages 4 to 22 were approved by the board of directors on 24 September 2013 and were signed on its behalf by

John Knight
Director



Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS

**For the period ended
31 December 2012**

1

Accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies, which have been applied consistently, are set out below.

Basis of 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 has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Pearson plc. The directors have received confirmation that Pearson plc intends to support the company for at least one year after these financial statements are signed.

Turnover

Turnover represents the amount receivable for goods and services net of returns, discounts and Value Added Tax. Turnover is recognised on delivery date.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Provision is made for slow-moving, obsolete and defective stock.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Pensions

The company participates in the Pearson Group Pension Scheme, which is a hybrid with both defined benefit and defined contribution sections but, predominantly, consisting of defined benefit liabilities. The company is unable to identify its share of the underlying assets and liabilities of the Pearson Group Pension Scheme owing to information regarding non-active members and changes to the group structure including acquisitions and disposals. Accordingly, the company accounts for its participation in the scheme as defined contribution under the multi-employer rules of FRS 17. The sponsoring entity to this scheme is Pearson Services Limited, a fellow subsidiary entity.

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the period ended .

31 December 2012

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Cash flow statement and related party disclosure

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 has taken exemption from preparing a cash flow statement under the terms of FRS 1 "Cash flow statements (Revised 1996)". The company is also exempt under the terms of FRS 8 "Related Party Transactions" from disclosing related party transactions with entities that are part of the Pearson plc group or investees of the Pearson plc group.

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the period ended ·

31 December 2012

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Segment reporting

2012

Turnover - geographical markets supplied by destination

£'000

United Kingdom

22

22

The company's activities consist of one class of business

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued
For the period ended :
31 December 2012

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Operating loss

2012

£'000

Operating loss is stated after charging
Staff costs

793

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued
For the period ended
31 December 2012

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Directors' emoluments

2012

£'000

Aggregate emoluments	0
Aggregate emoluments (excluding shares) receivable under long-term incentive schemes	0
Company contributions to defined contribution pension schemes	0
	0

2012

**Number
directors**

Directors accruing benefits under defined benefit scheme	0
Directors accruing benefits under money purchase scheme	0
Directors who exercised share options	0
Directors entitled to shares under long-term incentive schemes	0

2012

£'000

Highest paid director	
Aggregate emoluments	0
Share options exercised under long-term incentive scheme (number)	0
Shares received under long-term incentive scheme (number)	0

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued
For the period ended .
31 December 2012

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Employee information

	2012
Staff costs	£'000
Wages and salaries	701
Social security costs	37
Other pension costs	56
	793

	2012
Average monthly number of persons (including directors) employed by the company during the year	Number
Production	2
Selling and distribution	2
Administration	5
	9

NOTES TO THE FINANCIAL STATEMENTS continued
For the period ended ·
31 December 2012

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Tax on loss on ordinary activities

2012

£'000

Current tax	
UK corporation tax on losses for the year	651
Double tax relief	0
	651
Overseas taxation	0
Total current tax	651
Deferred tax	
Origination and reversal of timing differences	47
Deferred tax on share-based payments	0
Adjustments in respect of prior years	0
Total deferred tax	47

Tax charge / (credit) on loss on ordinary activities	698
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UK standard effective rate of corporation tax (%)	24.5
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The tax assessed for the period differs from the standard effective rate of corporation tax in the UK as explained below

2012

£'000

Loss on ordinary activities before taxation	2,860
Loss on ordinary activities before taxation multiplied by UK standard effective rate	701
Accelerated capital allowances	(3)
Other expenses not deductible for tax purposes	(0)
Other timing differences	(46)
Current tax charge / (credit) for the year	651

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued
For the period ended
31 December 2012

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Stocks

2012

£'000

Work in progress	231
	231

Inventories are valued on an actual cost basis making provisions for obsolete and slow moving items as necessary

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued
For the period ended .
31 December 2012

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Debtors

2012

Amounts falling due within one year	£'000
Deferred taxation	47
Corporation tax	651
Other debtors	1
Prepayments and accrued income	22
	721
Total debtors	721

Balances owed by trade debtors, parent and fellow subsidiary / associate undertakings are unsecured, interest free and payable on demand

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued
For the period ended .
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Creditors

	2012
Amounts falling due within one year	£'000
Trade creditors	(38)
Amounts owed to group undertakings	(1,548)
Other creditors	(112)
Accruals and deferred income	(737)
	(2,435)

Balances owed by trade creditors are unsecured, interest free and payable on demand

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the period ended

31 December 2012

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Deferred taxation

	Other Timing Differences	Accelerated Capital Allowances	Total
Asset	£'000	£'000	£'000
At 28 February 2012	0	0	0
Amounts released to the profit and loss	44	3	47
Amounts charged to the profit and loss	0	0	0
Other 1			0
Other 2			0
Other 3			0
At 31 December 2012	44	3	47
			2012
			£'000
Total deferred taxation			47

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued
For the period ended .
31 December 2012

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Called up share capital

2012

£'000

Total share capital	1
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2012

2012

Ordinary share £1 each

No '000s

£'000

Allotted and fully paid	1	1
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Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the period ended .

31 December 2012

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Reserves

	Profit and loss	Other reserves	Total
	£'000	£'000	£'000
At 28 February 2012	0	0	0
Profit / (loss) for the financial period	(2,162)		(2,162)
At 31 December 2012	(2,162)	0	(2,162)

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the period ended :

31 December 2012

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Reconciliation of movements in shareholders' funds

	2012
	£'000
Loss for the financial year	(2,162)
Dividends paid	0
Share-based payments charge	0
Net proceeds of issue of ordinary share capital	0
Other recognised gains and losses	0
	(2,162)
Opening shareholders' funds	0
Closing shareholders' funds	(2,162)

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the period ended

31 December 2012

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Pension commitments

2012

£'000

Profit and loss charge for the company in respect of its participation in the scheme
representing regular contributions paid

56

Pearson Group Pension Scheme .

(determined by an actuarial valuation using the projected unit method)

Total market value of assets

2,162,200

Value of liabilities (calculated in accordance with FRS 17)

(2,168,200)

Total FRS 17 surplus / (deficit)

(6,000)

The company participates in the Pearson Group Pension Scheme

This is a hybrid with both defined benefit contribution sections but, predominantly, consisting of defined benefit liabilities

The company is unable to identify its share of the underlying assets and liabilities of the Pearson Group Pension Scheme owing to information regarding non-active members and changes to the group structure including acquisitions and disposals. Accordingly, the company accounts for its participation in the scheme as defined contribution under the multi-employer rules of FRS 17. The sponsoring entity to this scheme is Pearson Services Limited

The company will be required to make incremental contributions as part of the group's obligations to fund the scheme and any deficit arising and contributions are expected to remain at similar levels to the current year in 2013

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the period ended :

31 December 2012

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Ultimate parent undertaking

The immediate parent undertaking is Pearson plc

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.