

Pearson College Ltd

Registered Company Number

07967446

Annual Report and Financial Statements
For the Year Ended

31 December 2013

WEDNESDAY



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DIRECTORS' REPORT

The directors present their report and the financial statements of the Company for the year ended 31 December 2013

The Company's objectives are the advancement of education and training for the benefit of the public in the United Kingdom and/or Europe and/or worldwide and in particular

- a) to provide professional or other education and training, and
- b) to establish and run any institution within the higher or further education sector or schools sector

In accordance with the Company's Memorandum and Articles, any retained profits wheresoever derived should be applied solely towards the promotion of the objects of the Company and no portion paid, transferred or distributed directly or indirectly as a dividend, bonus or otherwise to the Company's shareholders

As all profits are reinvested by the Company, an Income and Expenditure Account has been prepared, showing the surplus or deficit, in compliance with Paragraph 4 of Schedule 1 of the Statutory Instrument 2008/409. The balance at the end of each year is added to the Company's general reserve

The Company has taken exemption from preparing a strategic report in accordance with section 414B of the Companies Act 2006 relating to small companies

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 detail in the group's annual report which does not form part of this report

The Company's deficit for the financial year was £3,076,000 (2012 deficit £2,162,000)

Directors

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

John Knight (Resigned 1 December 2013)

Kenneth Roderick Bristow

Victoria Lockie

Sally Johnson (Appointed 1 December 2013)

Qualifying third party and pension scheme indemnity provisions

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. The Company also purchased and maintained, throughout the financial year, Directors' and Officers' liability insurance in respect of itself, its directors and its officers

DIRECTORS' REPORT

Statement of directors' responsibilities

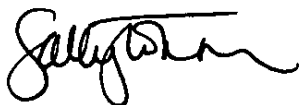
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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



Sally Johnson
Director

Date 23/9/14

Registered Company Number
07967446

Pearson College Ltd

INCOME AND EXPENDITURE ACCOUNT

For the Year Ended :

31 December 2013

		2013	2012
	Note	£'000	£'000
Continuing operations			
Income	3	228	22
Expenditure			
Cost of sales		(744)	(27)
Distribution costs		0	(952)
Administrative expenses		(3,422)	(1,903)
Total Expenditure		(4,166)	(2,882)
Operating deficit	4	(3,938)	(2,860)
Deficit on ordinary activities before interest and taxation		(3,938)	(2,860)
Deficit on ordinary activities before taxation		(3,938)	(2,860)
Tax on deficit on ordinary activities	7	862	698
Deficit for the financial year		(3,076)	(2,162)

There are no material differences between the deficit on ordinary activities before taxation and the deficit 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 2013

		2013	2012
	Note	£'000	£'000
Loss for the financial year		(3,076)	(2,162)
Total recognised gains and losses relating to the year		(3,076)	(2,162)

Pearson College Ltd

BALANCE SHEET

As at :

31 December 2013

		2013	2012
	Note	£'000	£'000
Fixed assets			
Investments	8	4,286	0
		4,286	0
Current assets			
Stocks	9	769	231
Debtors	10	1,795	722
		2,564	953
Creditors - amounts falling due within one year	11	(12,087)	(3,114)
Net current assets		(9,523)	(2,161)
Total assets less current liabilities		(5,237)	(2,161)
Net liabilities		(5,237)	(2,161)
Capital and reserves			
Called up share capital	13	1	1
General reserve	14	(5,238)	(2,162)
Total funds		(5,237)	(2,161)

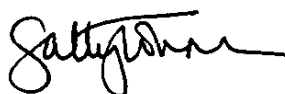
For the year ended 31 December 2013

- 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 25 were approved by the board of directors on

23/9/14

and were signed on its behalf by



Sally Johnson
Director

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended :

31 December 2013

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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.

Presentation of the financial statements

An Income and Expenditure Account has been prepared by the Company. The directors consider the nature of the Company to be non-profit making and have therefore, in accordance with Paragraph 4 of Schedule 1 of Statutory Instrument 2008/409, presented a surplus or deficit at the end of the year.

Any surplus or deficit is added to the Company's general reserve and reinvested solely in its objectives and activities.

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.

Income

Income represents the amount receivable for goods and services net of returns, discounts and Value Added Tax. Income 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended :

31 December 2013

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Accounting policies - continued

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 Year Ended :

31 December 2013

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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 Disclosures" from disclosing related party transactions with Pearson plc and its wholly owned subsidiaries

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended :

31 December 2013

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Segment reporting

	2013	2012
	£'000	£'000
Income - geographical markets supplied by destination		
United Kingdom	228	22
	228	22

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended :

31 December 2013

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Operating deficit

	2013	2012
	£'000	£'000
Operating deficit is stated after charging		
Staff costs	1,600	793
	1,600	793

Fees paid to the Company's auditor, PricewaterhouseCoopers LLP, and its associates for services other than the statutory audit of the Company 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

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended :

31 December 2013

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Directors' emoluments

The emoluments of the directors are paid by their employing company, another group undertaking. The directors' services to this company are directly 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.

NOTES TO THE FINANCIAL STATEMENTS continued
For the Year Ended :
31 December 2013

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Employee information

	2013	2012
	£'000	£'000
Staff costs		
Wages and salaries	1,317	701
Social security costs	115	36
Other pension costs	168	56
	1,600	793

	2013	2012
	Number	Number
Average monthly number of persons (including directors) employed by the company during the year		
Production	5	2
Selling and distribution	9	2
Administration	10	5
	24	9

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended :

31 December 2013

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Tax on deficit on ordinary activities

	2013	2012
	£'000	£'000
Current tax		
UK corporation tax on deficit for the year	897	651
Adjustments in respect of prior years	(4)	0
Total current tax	893	651
Deferred tax		
Origination and reversal of timing differences	(35)	47
Adjustments in respect of prior years	4	0
Total deferred tax	(31)	47
Tax credit on deficit on ordinary activities	862	698
UK standard effective rate of corporation tax (%)	23.25	24.50

The tax assessed for the period differs from the standard effective rate of corporation tax in the UK as explained below

	2013	2012
	£'000	£'000
Deficit on ordinary activities before taxation	3,938	2,860
Deficit on ordinary activities before taxation multiplied by UK standard effective rate	916	700
Effects of		
Accelerated capital allowances	(14)	(3)
Other expenses not deductible for tax purposes	(52)	0
Other timing differences	47	(46)
Adjustments in respect of prior years	(4)	0
Current tax credit for the year	893	651

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended :

31 December 2013

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Investments

	2013	2012
	£'000	£'000
Subsidiary undertakings	4,286	0
	4,286	0

On 2nd October 2013 the Company purchased 100% of the share capital of Escape Studios Limited (Company No 04399042, registered in England)

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended :

31 December 2013

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Stocks

	2013	2012
	£'000	£'000
Work in progress	769	231
	769	231

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended :

31 December 2013

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Debtors

	2013	2012
	£'000	£'000
Amounts falling due within one year .		
Trade debtors	235	0
Deferred taxation	15	47
Corporation tax	1,544	651
Other debtors	1	1
Prepayments and accrued income	0	23
	1,795	722
Total debtors	1,795	722

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended :

31 December 2013

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Creditors

	2013	2012
	£'000	£'000
Amounts falling due within one year :		
Trade creditors	133	38
Amounts owed to group undertakings	5,146	1,548
Other creditors	0	112
Accruals and deferred income	1,639	737
Overdrafts	5,169	679
	12,087	3,114

Balances owed by group undertakings are unsecured, interest free and payable on demand

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended :

31 December 2013

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Deferred taxation

	Other Timing Differences	Other Timing Differences	Total
Asset	£'000	£'000	£'000
At 31 December 2012	44	3	47
Amounts released to the profit and loss	3	(35)	(32)
At 31 December 2013	47	(32)	15
		2013	2012
		£'000	£'000
Total deferred taxation		15	47

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended :

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Called up share capital

	2013	2012
	£'000	£'000
Total share capital	1	1

	2013	2012
Ordinary share £1 each	No '000s	No '000s
Allotted and fully paid	1	1

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended :

31 December 2013

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Reserves

	General reserve	Total
	£'000	£'000
At 31 December 2012	(2,162)	(2,162)
Surplus/(deficit) for the financial year	(3,076)	(3,076)
At 31 December 2013	(5,238)	(5,238)

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended :

31 December 2013

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Reconciliation of movements in funds

	2013	2012
	£'000	£'000
Deficit for the financial year	(3,076)	(2,162)
Net proceeds of issue of ordinary share capital	0	1
	(3,076)	(2,161)
Opening funds	(2,161)	0
Closing funds	(5,237)	(2,161)

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended :

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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 33 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 balance as at 31 December 2013 was £7,538,075 (2012 net cash balance £155,614). The maximum amount of this guarantee is limited to a net overdraft of £50,000,000.

	2013	2012
	£'000	£'000
Potential liability arising from these guarantee arrangements :		
Parent undertaking and fellow subsidiary undertakings	44,915	49,322
Subsidiary undertakings of the Company	0	0

At 31 December 2013 the Company had an overdraft of £5,084,763

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended :

31 December 2013

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Pension commitments

	2013	2012
	£'000	£'000
Profit and loss charge for the company in respect of its participation in the scheme representing regular contributions paid	168	56

Pearson Group Pension Scheme :

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

Total market value of assets	2,353,000	2,162,200
Value of liabilities (calculated in accordance with FRS 17)	(2,254,200)	(2,168,200)
Total FRS 17 surplus/(deficit)	98,800	(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 2014.

Pearson College Ltd

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended :

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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.