Registered number: 01741045

EDUCARE LEARNING LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2019

EDUCARE LEARNING LIMITED

COMPANY INFORMATION

Directors	R Williams (appointed 7 July 2020) P Simpson
Registered number	01741045
Registered office	3rd Floor, Building 3 St Paul's Place 129 Norfolk Street Sheffield S1 2JE

EDUCARE LEARNING LIMITED

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STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2019

	Note	31 August 2019 £000	*30 September 2018 £000*
Fixed assets			
Tangible assets	5	**41**	*189*
Investments	6	**593**	*238*
		634	*427*
Current assets			
Trade and other receivables	7	**770**	*710*
Cash at bank and in hand		**2,644**	*1,977*
		3,414	*2,687*
Trade and other payables	8	**(3,062)**	*(2,239)*
Net current assets		**352**	*448*
Provisions for liabilities			
Deferred tax	4	**(6)**	*(6)*
		(6)	*(6)*
Net assets		**980**	*869*
Capital and reserves			
Called up share capital	9	**1**	*1*
Retained earnings		**979**	*868*
		980	*869*

The Directors of the Company have elected not to include a copy of the profit and loss account within the financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2019

For the period ended 31 August 2019, the Company was entitled to an exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The shareholders have not required the Company to obtain and audit of its accounts for the period in question in accordance with section 476. The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 1 to 14 were approved by the Board of Directors on 19 August 2020 and signed on its behalf by

P Simpson
Director

The notes on pages 5 to 14 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 AUGUST 2019

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 Oct 2018	1	868	869
Comprehensive income for the period			
Profit for the period	-	111	111
Dividends	-	-	-
At 31 Aug 2019	1	979	980

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 Oct 2017	1	591	592
Comprehensive income for the year			
Profit for the year	-	437	437
Dividends	-	(160)	(160)
At 30 Sep 2018	1	868	869

The notes on pages 5 to 14 form part of these financial statements.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

1. **Accounting policies**

1.1 Reporting entity

Educare Education Limited (the 'Company') is a limited company incorporated in the United Kingdom and domiciled in England. The Company's registered office is at 3rd Floor, Building 3 St Paul's Place, 129 Norfolk Street, Sheffield, England, S1 2JE. The Company's principal activity is the provision of safeguarding and duty of care e-learning services.

1.2 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 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company was acquired as a wholly owned subsidiary of Tes Global Limited on 23 August 2019. Therefore the period from 23 August 2019 to 31 August 2019 is included in the consolidated financial statements of Tes Topco Limited, which are publicly available.

The financial statements are prepared in Sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest thousand.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

1.3 New standards in the year

Certain new accounting standards and interpretations have been published that are not mandatory for 31 August 2019 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.4 Impact of new international reporting standards, amendments and interpretations

IFRS 9 "Financial instruments"

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 9 from 1 October 2018.

IFRS 15 "Revenue from contracts with customers"

From 1 October 2018, the Company has applied IFRS 15 using the cumulative effect method and therefore the comparative information is not restated. There have been no material impacts on the Company's financial statements as a result of adopting IFRS 15 from 1 October 2018. In recognising revenue under IFRS 15, the Company have followed the five step model and considered identification of the contract with a customer, identification of performance obligation of each contract, transaction price, allocation of transaction price to performance obligation and recognition of revenue at the point the performance obligation has been satisfied.

1. Accounting policies (continued)

1.5 Going concern

The company is reliant on support from the ultimate parent company, Tes Topco Limited, for it to continue to trade and a group letter of support is in place to support the Company if required, as a result of COVID-19.

Below is a summary of the directors’ assessment of the group going concern position:

The directors confirm that having reviewed the Group’s cash requirements for the next 12 months from the date of signing the financial statements, they have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as and when they fall due for the foreseeable future. In assessing this they have considered the purchase of the group by Providence Equity Partners L.L.C. ("Providence"). The directors have considered their current cash flow projections, financing costs of the term loan and other use of proceeds, overlaid with the directors' expectations of the new capital structure and Providence's intentions to refinance the debt. Having due regard to these factors the directors have adopted the going concern basis in preparing these financial statements.

The uncertainty as to the future impact on the Group of COVID-19 has been considered as part of the Group’s adoption of the going concern basis. To date, we have not seen a material impact on the Group’s activities but with ongoing school closures, we anticipate that there is likely to be a significant reduction in the Group’s revenue, particularly in transactional advertising and the provision of Supply teachers.

In the downside scenario that the Board has considered, we have assumed that UK schools remain closed until the start of the 2021 academic year (September 2020). The impact that this would have on our revenue remains unclear at this stage although our initial experience is that our transactional advertising and Supply net revenue has reduced by 60-80%. This would likely reduce our net revenue for the full year by up to £8m. Our mitigation strategies including the furloughing of employees, salary reduction and discretionary expenditure avoidance will materially offset such a decline in that period. The contracted nature of our subscription services means that we have a strong underpin for our financial performance. Encouragingly, our current experience is that we continue to see renewal volumes in line with our expectations across the Attract and Empower areas.

In our downside modelling, we would need to see a further decline in the level of transactional advertising and Supply revenue and a material reduction in our current subscription renewal before the Group reaching a point where it may breach its existing financial covenants. Given potential mitigations that would be available to the Group, we do not believe at this stage that this is a scenario that will materialise. Only this unlikely scenario would indicate the existence of a material uncertainty which may cast doubt about the Group’s ability to continue as a going concern.

On the basis that this Company is reliant on the letter of support from the Group, this also calls into question the material uncertainty over the ability of the Group to provide the letter of support, and hence the Company’s going concern. In this scenario, this would indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

1. Accounting policies (continued)

1.6 Functional currency

The Company's functional and presentational currency is the pound sterling and the financial statements are presented as such.

Transactions in currencies other than the functional currency of the Company, are recorded at the rates of exchange prevailing on the date of the transaction.

At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies, are retranslated at the rate prevailing at the statement of financial position date.

Gains and losses arising on retranslation of monetary items are included in net profit or loss for the year.

Non-monetary assets and liabilities carried at fair value and denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

1.7 Revenue

Revenue comprises the fair value of the consideration receivable by the Company for the sale of goods and services in the ordinary course of its business. Revenue is shown net of value added tax, returns and trade discounts. Revenue is raised under a subscription contract is recognised on a straight line basis over the period that the subscription runs.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company’s activities. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

1.8 Interest receivable, payable and similar income and expenses

Finance income is recognised using the effective interest method. When a loan or receivable is impair, the Company reduces the carrying value to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues to unwind the discount as interest income.

Finance costs are accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

1. Accounting policies (continued)

1.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

1.10 Property plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal is recognised in profit and loss. Subsequent expenditure is capitalised if it is probably that future economic benefits associated with the expenditure, will flow to the Company.

Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

The estimated useful lives range as follows:

Freehold property	2% on cost
Computer equipment	33% on cost
Fixtures and fittings	15% on reducing balance

The gain or loss on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1. Accounting policies (continued)

1.11 Trade and other receivables

Trade and other receivables includes amounts due from group companies and customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. Balances due after one year are presented as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Appropriate provisions for impairment are recognised as per note 1.12. Subsequent recoveries of amounts previously written off, are credited to profit and loss.

1.12 IFRS 9 Expected credit loss

The Company has applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The current and forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables are also considered. The Company have assessed that no material adjustment to provisions is required to reflect the lifetime expected loss.

1.13 Trade and other payables

Trade payables includes amounts owed to group companies and obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due in one year or less. For payments due over one year, balances are classified as non-current liabilities.

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

1.14 Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.15 Critical accounting estimates and judgements

The preparation of the Company's financial statements in accordance with FRS 102 requires decisions and estimates for some items, which might have an effect on their recognition and measurement in the statement of financial position and profit and loss. The actual amounts realised may differ from these estimates.

There were no other critical accounting estimates or judgements required in the preparation of these financial statements.

1.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

2. Employees

The average monthly number of employees, including the Directors, during the period was as follows:

	Period 1 October 2018 to 31 August 2019	*Year ended 30 September 2018*
	No.	*No.*
Administration	**42**	*42*

3. Directors' emoluments

	Period 1 October 2018 to 31 August 2019	*Year ended 30 September 2018*
	£000	*£000*
Aggregate emoluments (excluding pension contributions)	**244**	*12*
	244	*12*

The aggregate emoluments of Jane Brunsden, Elizabeth Atwell and Keir Mcdonald are presented above. Paul Simpson and Rob Grimshaw are remunerated by other group companies. Their emoluments are deemed to be wholly attributable to their services to these companies. Accordingly, the Directors received no emoluments *(year ended 31 September 2018: £nil)* for services provided to the Company. No amounts were recharged to the Company in respect of these services for the period ended 31 August 2019 *(year ended 31 September 2018:£nil)*.

4. Deferred taxation

	Period 1 October 2018 to 31 August 2019 £000
At beginning of the period	**(6)**
At end of year	**(6)**

The deferred tax liability is made up as follows:

	Period 1 October 2018 to 31 August 2019 £000	*Year ended 30 September 2018 £000*
Accelerated capital allowances	**(6)**	*(6)*
	(6)	*(6)*

5. Tangible fixed assets

	Freehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 October 2018	**297**	**28**	**61**	**386**
Additions	**-**	**-**	**30**	**30**
Disposals	**(297)**	**-**	**-**	**(297)**
At 31 Aug 2019	**-**	**28**	**91**	**119**
Depreciation				
At 1 October 2018	**142**	**16**	**39**	**197**
Charge for the period	**4**	**2**	**21**	**27**
Disposals	**(146)**	**-**	**-**	**(146)**
At 31 Aug 2019	**-**	**18**	**60**	**78**
Net book value				
At 31 Aug 2019	**-**	**10**	**31**	**41**
At 30 Sep 2018	*155*	*11*	*23*	*189*

The Freehold property was sold for £650k giving a profit on disposal of £500k after the sale of the Company to Tes Global Limited.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

6. Fixed asset investments

	Investments
	£000
Cost or valuation	
At 1 October 2018 and 31 August 2019	**238**
Revaluations	**355**
At 31 Aug 2019	**593**

7. Trade and other receivables

	31 August 2019	*30 September 2018*
	£000	*£000*
Due within one year		
Trade receivables	**692**	*665*
Other receivables	**-**	*45*
Prepayments	**78**	-
	770	*710*

In determining the recoverability of a trade receivable, the Company considers the ageing of each receivable and any change in circumstances of the individual customer. The Directors believe that there is no further provision required in excess of the allowance for doubtful debts.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which use a lifetime loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the historical credit losses experienced. The current and forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables are also considered. The Company have assessed that there is no material adjustment to provisions required, to reflect the lifetime expected loss.

The maximum exposure to credit risk at the end of the period is the fair value of trade and other receivables. The Directors estimate that the carrying value of receivables is an approximation of their fair value.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2019

8. Trade and other payables

	31 August 2019 £000	*30 September 2018 £000*
Trade creditors	**76**	*110*
Corporation tax	**388**	*101*
Other taxation and social security	**204**	*135*
Accruals and deferred revenue	**2,394**	*1,893*
	3,062	*2,239*

9. Share capital

	31 August 2019 £	*30 September 2018 £*
Allotted, authorised, called up and fully paid		
500 *(2018 - 500)* Ordinary shares of £1.00 each	**500**	*500*

10. Controlling party

The immediate parent undertaking is Tes Global Limited, a company registered in England & Wales. The Company and its immediate parent are both consolidated entities of Tes Topco Limited, a company registered in England & Wales. The ultimate parent of the Company is Tes Topco Limited.

Copies of the largest parent in the group, Tes Topco Limited consolidated financial statements, which include the Company, are available from the Company Secretary, Tes Topco Limited, 26 Red Lion Square, London WC1R 4HQ.

11. Events after the reporting date

The Company has considered the impact of post reporting date events up to and including the date of signing. In March 2020, the Group had drawn its full £25m revolving credit facility, which the Company has access to should it be required, in order to further strengthen the capital structure. The revolving credit facility is due for repayment by September 2020, but can be extended as required.

The outbreak of the coronavirus COVID-19 is having a direct impact on the customer and supply chain. Whilst we have seen a reduction in transactional advertising and Supply revenue consistent with the reduced curriculum provision, our subscription renewals continue to perform well and activity levels in the Train and Empower areas have been high as schools adapt to new working practices. Considering that the spread of the virus accelerated during the first quarter of 2020, this event was classified as a non-adjusting event for accounting purposes. Given the uncertainties on the scope and length as well as the ongoing developments, the Group cannot give any accurate or reliable estimation on potential quantitative impacts currently. This may result in a challenged and volatile market environment. The assessment on the ability of the group to operate as going concern is disclosed under Note 1.5.

The impact of COVID-19 has no material impact on the Companies critical estimates and judgements disclosed in the accounting policies in relation to the year ended 31 August 2019.

After the reporting date on 31 August 2019, there were no other events of special significance which may have a material effect on the financial position and performance of the Group.