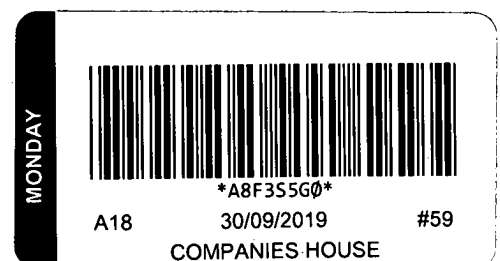


Registered number: 01525617

GL ASSESSMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



GL ASSESSMENT LIMITED

COMPANY INFORMATION

DIRECTORS	Robert Dargue Gregor Watson
COMPANY SECRETARY	Roxburgh Milkins Limited
REGISTERED NUMBER	01525617
REGISTERED OFFICE	1st Floor Vantage London Great West Road Brentford Middlesex TW8 9AG
INDEPENDENT AUDITOR	KPMG LLP Chartered Accountants 1 Sovereign Square Sovereign Street Leeds LS1 4DA

GL ASSESSMENT LIMITED

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GL ASSESSMENT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

BUSINESS REVIEW

The principal activity of the company was that of an investment holding company and the following trades:

- educational, occupational, clinical test publishing and research
- supply of all forms of educational media
- training and consultancy in the above areas

The profit for the year, after taxation, amounted to £13,383,000 (2017: £9,697,000).

The turnover for the year amounted to £30,480,000 (2017: £27,971,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The most significant risk to the Company's profitability is the underlying condition of the educational publishing market in the UK. The board has strategies to manage the risk and remains confident of the continued success of the Company.

The directors continue to build a successful business by utilising its resources and relationships and at the same time carefully monitoring the risks to the operation.

The potential impact of UK legislative changes is continually reviewed and mitigating strategies and actions are implemented as appropriate. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear (BREXIT), and the company continually evaluates all of the potential implications on the group's trade, customers, suppliers and the wider economy and the directors do not currently expect the withdrawal to have material affect on the company.

FINANCIAL KEY PERFORMANCE INDICATORS

Management monitor the performance of the operations compared to budget and forecast.

KPI's monitored on a daily basis are:

- Sales volume and value
- Sales order pipeline

KPI's monitored monthly/weekly are the above plus:

- Profit and cash generation
- Product margins
- Employee costs

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

FUTURE PROSPECTS

The directors are confident about the long-term prospects for the Company, which is well established and focused on the educational market where the quality of products and service have an intrinsic value. Moreover the Company's reputation, together with the significant added value provided to customers, further underpins the strength of the business.

Careful investment in new product and technology continues to be made where necessary to support or improve the Company's operating performance.

The overall qualities of the Company's products and the services, together with the strength of the relationships with customers, are anticipated to produce a satisfactory performance in 2018. The results to date of signing this report are in line with expectations.

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

This report was approved by the board on 27 September 19 and signed on its behalf.



Robert Dargue
Director

GL ASSESSMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The Company's principal activity has continued to be educational and clinical test publishing together with training and consultancy in these areas.

RESULTS

The profit for the year, after taxation, amounted to £13,383,000 (2017: £9,697,000).

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

DIRECTORS

The directors who served during the year were:

Robert Dargue
Gregor Watson

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 provided in the Strategic Report.

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.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

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 on 27 September 19 and signed on its behalf.



Robert Dargue
Director

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

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK 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 judgements and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GL ASSESSMENT LIMITED

OPINION

We have audited the financial statements of GL Assessment Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit 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.

BREXIT OTHER MATTER PARAGRAPH

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of investments and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

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 its 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 its 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in

GL ASSESSMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GL ASSESSMENT LIMITED (CONTINUED)

operation..

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 of 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 the Directors' responsibilities statement on page 4, 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.

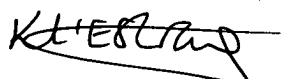
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

GL ASSESSMENT LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GL ASSESSMENT LIMITED
(CONTINUED)**

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.



Katharine L'Estrange (Senior statutory auditor)

for and on behalf of
KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Date: 27.9.19

GL ASSESSMENT LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover	4	30,480	27,971
Cost of sales		(3,777)	(3,948)
GROSS PROFIT		26,703	24,023
Distribution costs		(877)	(571)
Administrative expenses		(10,164)	(11,278)
Exceptional administrative expenses	6	(42)	(140)
OPERATING PROFIT	5	15,620	12,034
Interest receivable and similar income	9	1,996	1,788
Interest payable and expenses	10	(824)	(754)
PROFIT BEFORE TAX		16,792	13,068
Tax on profit	11	(3,409)	(3,371)
PROFIT FOR THE FINANCIAL YEAR		13,383	9,697

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 11 to 27 form part of these financial statements.

All amounts relate to continuing operations.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
FIXED ASSETS			
Intangible assets	12	7,348	6,770
Tangible assets	13	44	29
		<u>7,392</u>	<u>6,799</u>
CURRENT ASSETS			
Stocks	14	500	533
Debtors: amounts falling due within one year	15	134,694	131,150
		<u>135,194</u>	<u>131,683</u>
Creditors: amounts falling due within one year	16	(55,503)	(64,857)
		<u>79,691</u>	<u>66,826</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>87,083</u>	<u>73,625</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	17	(1,132)	(1,057)
Other provisions	18	(500)	(500)
		<u>(1,632)</u>	<u>(1,557)</u>
NET ASSETS		<u>85,451</u>	<u>72,068</u>
CAPITAL AND RESERVES			
Called up share capital	19	10	10
Share premium account	20	999	999
Profit and loss account	20	84,442	71,059
TOTAL EQUITY		<u>85,451</u>	<u>72,068</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
27 September 19



Robert Dargue
Director

The notes on pages 11 to 27 form part of these financial statements.

GL ASSESSMENT LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2017	10	999	61,362	62,371
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	9,697	9,697
At 1 January 2018	10	999	71,059	72,068
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	13,383	13,383
AT 31 DECEMBER 2018	10	999	84,442	85,451

The notes on pages 11 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. GENERAL INFORMATION

GL Assessment Limited (Company registration is 01525617) 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 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 24. The company has taken exemption under Section 401 of the Companies Act to not prepare consolidated accounts.

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 following principal accounting policies have been applied:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018:

Amendments to IFRS 7	'Financial Instruments: Disclosures'
Amendments to IFRS 9	'Financial Instruments'
Amendments to IFRS 2	'Classification and Measurement of Share-Based Payment Transactions'
Amendments to IFRS 15	'Revenue from Contracts with Customers'
Amendments to IFRS 1&IAS 28	'Annual Improvements to IFRSs 2014-2016 Cycle'
IFRIC 22	'Foreign Currency Translation and Advance Consideration'

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

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2018 and have not been adopted early:

IFRS 16	'Leases'
IFRS 9	'Prepayment Feature with Negative Compensation'
IFRIC 23	'Uncertainty over Income Tax Treatments'

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its fellow group companies, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on fellow group companies providing additional financial support during that period. The wider group has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. 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

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

IFRS 15 introduces principles to recognise revenue by allocation of the transaction price to performance obligations and is effective for accounting periods commencing on or after 1 January 2018. Revenue is attributable to the sales of digital licenses and physical products.

For product sales revenue is subject to a single performance obligation fulfilled by receipt of goods at the point of payment with minimal returns and refunds. For the sale of annual licences revenue is subject to a single performance obligation and 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 subject to a single performance obligation and revenue is recognised at a point in time when credits are redeemed. Adoption of the measurement and recognition principles under IFRS 15 has no impact on the values reported in these financial statements.

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.

Amortisation is provided on the following bases:

Intangible assets	-	5 % straightline
Development expenditure	-	33 % straightline

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (continued)

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.

Depreciation is provided on the following basis:

Fixtures and fittings	- 4 years straightline
-----------------------	------------------------

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 the Statement of comprehensive income.

2.7 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.8 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.

2.9 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.

The Company uses an allowance matrix to measure the estimated 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (continued)

2.10 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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (continued)

2.13 RESEARCH AND DEVELOPMENT

Expenditure on research to identify products which may be developed in the future is charged against the profit and loss account as it is incurred. Development costs are stated at the lower of cost or net realisable value and capitalised in the statement of financial position in accordance with IAS 38 where the outcome of these projects is assessed as being reasonably certain as regards to viability and technical feasibility. Amortisation is provided on a straight line basis over the economic lives of products estimated by the directors to be three years from the date of publication. The directors do not consider that the development costs carried on the balance sheet constitute a realised loss.

2.14 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 accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.15 LICENCE FEES

Licence fees are capitalised as intangibles at their cost and amortised on a straight line basis over the period to which the licence relates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (continued)

2.16 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 estimated 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 2018

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

Revenue recognition

Estimates are necessary in order to evaluate the expected usage of digital services by customers in the future, on licences that straddle the year end.

The estimates used to assess revenue recognition on digital services, involve applying judgements using the historical usage patterns of customers and projecting these into the future, whilst also taking account of any changes to the nature or delivery of these licences that may affect future usage.

Capitalised research & development expenditure

It is the Group's policy to capitalise development expenditure and to amortise this expenditure over the estimated life of the asset. Expenditure incurred to date relates primarily to the following:
certain external costs associated with developing new assessments; and
certain internal and external costs associated with developing the new release of the Group's digital platform, Testwise.

The Directors have adjudged these costs to meet the relevant criteria of IAS 38 "Intangible Assets".

In determining the development expenditures to be capitalized, the Group makes estimates and assumptions based on expected future economic benefits generated by the assessments and the platform that are the result of these development expenditures. Other important estimates and assumptions in this assessment process include the distinction between R&D and the estimated useful life.

Amounts due from group undertakings

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

Dilapidation provision

It has been necessary to make a provision for potential dilapidation costs at the end of the lease term at the Swindon offices. This estimate was based on expert opinions for buildings of a similar nature and state of repair. The full estimate has been provided for.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. TURNOVER

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	21,611	20,878
Rest of Europe	1,984	1,838
Rest of the world	6,885	5,255
	<u>30,480</u>	<u>27,971</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £000	2017 £000
Amortisation of intangible assets, including goodwill	1,536	226
Impairment of intangible assets	2,115	1,581
Exchange differences	(18)	(3)
Defined contribution pension cost	181	143
Operating lease rentals- plant and machinery	38	168
Operating lease rentals- other operating leases	137	35

The remuneration of the auditor of £6,446 (2017: £6,193) is borne by a fellow group undertaking.

6. EXCEPTIONAL ITEMS

	2018 £000	2017 £000
Redundancy costs	-	131
Costs associated with moving offices	42	9
	<u>42</u>	<u>140</u>

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

Costs associated with moving offices include an onerous lease provision for a vacated premises, along with costs incurred in moving and fitting out the new premises.

GL ASSESSMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

7. EMPLOYEES

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	3,249	2,883
Social security costs	327	348
Cost of defined contribution scheme	181	143
	<u>3,757</u>	<u>3,374</u>

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

	2018 No.	2017 No.
Production	25	28
Selling and marketing	55	66
Administration	13	6
	<u>93</u>	<u>100</u>

8. DIRECTORS' REMUNERATION

Directors remuneration relating to GL Assessment Limited and its subsidiaries of £469,598 (2017: £511,481) was borne by a fellow group company (GL Education Group Limited) in both the current and prior period.

Other than the directors, no key management personnel have been identified.

9. INTEREST RECEIVABLE

	2018 £000	2017 £000
Interest receivable from group companies	1,996	1,788
	<u>1,996</u>	<u>1,788</u>

GL ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£000	£000
Interest payable to group companies	824	754
	<u>824</u>	<u>754</u>

11. TAXATION

	2018	2017
	£000	£000
CORPORATION TAX		
Current tax on profits for the year	3,210	2,606
Adjustments in respect of previous periods	124	27
TOTAL CURRENT TAX	<u>3,334</u>	<u>2,633</u>
DEFERRED TAX		
Origination and reversal of timing differences	107	738
Adjustment in respect of prior periods	(32)	-
TOTAL DEFERRED TAX	<u>75</u>	<u>738</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>3,409</u>	<u>3,371</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**
11. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	<u>16,792</u>	<u>13,068</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	3,191	2,516
EFFECTS OF:		
Expenses not deductible for tax purposes	29	1
Higher rate taxes on overseas earnings	-	27
Adjustments to tax charge in respect of prior periods	92	-
Other permanent differences	110	897
Tax rate changes	(13)	(70)
Group relief utilised	(1,528)	(1,707)
Payments made in respect of group relief	1,528	1,707
TOTAL TAX CHARGE FOR THE YEAR	<u><u>3,409</u></u>	<u><u>3,371</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. TAXATION (CONTINUED)**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted in the Finance Act 2016.

The deferred tax at 31 December 2018 has been calculated based on these rates.

12. INTANGIBLE ASSETS

	Copyrights and licenses £000	Development costs £000	Total £000
COST			
At 1 January 2018	2,168	25,495	27,663
Additions - external	-	2,115	2,115
At 31 December 2018	2,168	27,610	29,778
AMORTISATION			
At 1 January 2018	2,168	18,726	20,894
Charge for the year	-	1,536	1,536
At 31 December 2018	2,168	20,262	22,430
NET BOOK VALUE			
At 31 December 2018	-	7,348	7,348
At 31 December 2017	-	6,770	6,770

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**13. TANGIBLE FIXED ASSETS**

	Fixtures and fittings £000
COST OR VALUATION	
At 1 January 2018	29
Additions	15
At 31 December 2018	<u>44</u>
NET BOOK VALUE	
At 31 December 2018	<u>44</u>
At 31 December 2017	<u>29</u>

14. STOCKS

	2018 £000	2017 £000
Finished goods and goods for resale	500	533
	<u>500</u>	<u>533</u>

Stock recognised as an expense and included in 'cost of sales' amounted to £895,000 (2017: £585,000).

An impairment provision of £161,000 (2017: £105,000) has been recognised against stock.

15. DEBTORS

	2018 £000	2017 £000
Trade debtors	10	11
Amounts owed by group undertakings	134,457	130,947
Prepayments and accrued income	227	192
	<u>134,694</u>	<u>131,150</u>

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

GL ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Trade creditors	1	2
Amounts owed to group undertakings	50,882	60,749
Corporation tax	404	23
Accruals and deferred income	4,216	4,083
	<u>55,503</u>	<u>64,857</u>

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

17. DEFERRED TAXATION

	2018 £000	2017 £000
At beginning of year	(1,057)	(404)
Charged to profit or loss	(75)	(738)
Reclassified from deferred tax asset	-	85
AT END OF YEAR	<u>(1,132)</u>	<u>(1,057)</u>

The provision for deferred taxation is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	(1,132)	(1,057)
	<u>(1,132)</u>	<u>(1,057)</u>

18. PROVISIONS

	Dilapidation Provision £000
At 1 January 2018	500
AT 31 DECEMBER 2018	<u>500</u>

The provision is intended to cover any potential costs of dilapidations at the end of the lease term at the Swindon offices.

GL ASSESSMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

19. SHARE CAPITAL

	2018 £	2017 £
AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID		
10,000 (2017: 10,000) Ordinary shares of £1.00 each	<u>10,000</u>	<u>10,000</u>

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

20. 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. All are considered distributable.

21. CONTINGENT LIABILITIES

Under a group registration, the Company is jointly and severally liable for VAT at 31 December 2018 with other companies in the Group headed by GLE UK Topco Limited. The total group VAT liability at the year end was £235,020 (2017: £212,429).

22. 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 £180,739 (2017: £142,737). Contributions totaling £Nil (2017: £Nil) were payable to the fund at the reporting date and are included in creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**
23. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Land and buildings		
Not later than 1 year	137	-
Later than 1 year and not later than 5 years	412	-
	<u>549</u>	<u>-</u>
	<u>549</u>	<u>-</u>
	2018 £000	2017 £000
Other		
Not later than 1 year	33	29
Later than 1 year and not later than 5 years	57	23
	<u>90</u>	<u>52</u>
	<u>90</u>	<u>52</u>

24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At 31 December 2018, the immediate parent company was GL Education Group 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 2018.