





**THE KNOWLEDGE ACADEMY LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	B Hothi D Hothi
<b>Registered number</b>	06865896
<b>Registered office</b>	Reflex Cain Road Bracknell Berkshire RG12 1HL
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 40 Clarendon Rd Watford WD17 1JJ

## THE KNOWLEDGE ACADEMY LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present the Strategic Report of The Knowledge Academy Limited (the "Company") for the year ended 31 March 2021.

#### Business review and future developments

In the current financial year the Company's turnover was £24.9m (2020: £33.9m) and profit before taxation was £8.7m (2020: £10.5m). The closing Balance Sheet net assets position is £4.1m (2020: £5.0m). For the period for March 2020 to date, due to the COVID-19 pandemic that has effected the training industry, the business refocused its delivery to be virtual and elearning based, due to the temporary closure of classrooms, which is reflected in the result and final position.

The business sees the current skill shortage in the UK, coupled with the prevalence and emergence of new technologies, as important drivers of growth. The recent surge of the Ed-Tech sphere creates significant opportunities for the Company, as it looks to expand upon its international reach. The Company continues to increase its product portfolio and continues to invest in the development of software to drive efficiencies and enhance the customer experience.

The World Health Organisation declared the COVID-19 outbreak a global pandemic on 11 March 2020. The outbreak and the response of the Government in dealing with this pandemic is impacting general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report, however, they may have an impact on the Company's operations and consequently its cash flow in the foreseeable future. It is not possible to estimate the impact of the outbreak's current and long-term effects or the Governments' varying efforts to combat the outbreak and support businesses. No adjustments have been made to financial statements as at 31 March 2021 for the impacts of COVID-19. No other matter or circumstance has arisen since 31 March 2021 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

#### Principal risks and uncertainties

The Company's operations expose it to a variety of financial risks that include currency risk, liquidity and cashflow risk, interest rate risk and credit risk.

##### Currency risk

The Company's sales are primarily invoiced in, sterling and occasionally in other currencies. The directors monitor currency levels and take appropriate steps to manage the Company's exposure to currency risks.

##### Liquidity and cashflow risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

##### Interest rate risk

The Company finances its operations through its existing cash flow. The directors review interest rate fluctuations to determine whether borrowing is advantageous.

##### Credit risk

The Company's principal financial assets are cash and trade debtors. The principal credit risk arises therefore from its trade debtors.

##### Pandemic risk

The risk of epidemic or pandemic disease has the risk of loss of revenue and disruption of services, causing staff, customer, reputation and performance implications for the Company. A business continuity plan is established and adapted continuously based on experience and new scenarios to mitigate impact.

##### Brexit

Management continues to monitor the impact of Brexit, and are confident that the Company is able to continue to navigate and excel in the economic environment, due to the existing and ever-expanding global reach of the Company.



## THE KNOWLEDGE ACADEMY LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

#### Growth and future developments

Future growth will be generated through new product development to grow the portfolio of core training programmes and to build bespoke learning products for its global clients. The Company continues to invest in its digital course library for e-learning delivery, using the latest technology.

#### Key performance indicators

The directors actively review monthly management accounts including analysis of turnover, gross margin and net profits. Key client contracts, cash and overall candidate numbers are also reviewed to ensure that growth expectations can be achieved and that staff levels and infrastructure are adequate to meet the needs of the business. Refer to the Statement of Comprehensive Income and Balance Sheet for the current and prior year balances.

#### Directors' statement of compliance with duty to promote the success of the Group

As with all companies, decision making within the Group is complex and the board takes into account many factors, sometimes conflicting, when reaching decisions. Quality decision-making is supported by board meetings and minutes. The directors' decisions are always driven by the need to promote the success of the Company for the benefit of its members as a whole and whilst taking decisions they consider all of their duties under the Companies Act 2006, including having regard to all of the matters under Section 172 (1) a) to f) – following internal research and training of the Board, regarding the act. The impact of decisions on stakeholders is considered in detail and such discussions are captured in board minutes.

The Group at appropriate decision points seeks guidance from independent advisors to strengthen, challenge and validate decision making.

#### Summary of how the Board engages with our stakeholders

The Group considers that the stakeholder groups that are impacted by the Group, its decisions and its business activities are the key stakeholders and include the Group's employees, its customers, supply chain partners, the local environment and communities where our sites are situated and our shareholders.

The management team and other employees take part in direct and indirect engagement with various stakeholder groups. We recognise the importance of our stakeholders such as, without our dedicated and committed team of employees, we would be unable to successfully manage our portfolio of companies or provide high quality levels of service, without our customers we would be unable to benefit from revenue generation. Our supply chain partners are critical to this success and ultimately the Group's long term success.

The impact of this engagement is detailed in the following section.

- Customers – our purpose is to deliver a quality training services to our customers – we do this by ensuring that regular dialogue is maintained and the quality of our training courses are maintained and developed upon. We acknowledge the requirements, and are conscientious, of products, price and quality, convenience and accessibility, customer service, fair marketing, appropriate management of personal data, and consideration for ethics, the environment and sustainability. The Board also engage and have visibility of performance, via management and board packs – which help to inform decision making.
- Colleagues – Our provision of excellent services for our customers and the growth of TKA is dependent upon the Company's employees – as a consequence, the Company holds high regard for employee wellbeing, fair pay, including gender pay, health and safety, diversity and inclusion, training, development and career opportunities, responsible use of personal data, and fair employment.
- Community – We aspire to be responsible members of our community as it reflects our principle to do the right thing, examples of which are our commitment to fair tax, charitable giving, and fair employment. We're an established and well regarded employer too – offering career and employment opportunities.

**THE KNOWLEDGE ACADEMY LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

**Summary of how the Board engages with our stakeholders (continued)**

- Environment – We are committed to minimising the impact of our business operations on the environment and our conscientious of our footprint, we encourage the same conscientiousness from our stakeholders too, including energy reduction, reduction in waste, and sustainability.
- Suppliers – Our suppliers are pivotal to our delivery of high quality services. Hence, we only work with suppliers with an equivalent high regard for quality, ethics (including the prohibition of modern slavery and anti-bribery), rights, a consideration for the environment, and commitment to our customers.

**Principal Decisions**

As noted above, management meetings are held monthly. All decisions are made by the management team, the composition of which includes the Group's and Company's statutory directors enabling them with the ability to demonstrate oversight of any decisions made on its behalf.

Where a principal decision is to be made, an assessment of the impact of that principal decision on key stakeholders will be considered, and will include matters such as how each key stakeholders' interest was considered as part of the assessment, details of any risks identified and resulting actions proposed to be taken to monitor and mitigate those risks. Consideration will also be given to any potential impacts on the Company's reputation and how that impact will be monitored.

Principal decisions, defined as those which: (i) are linked to matters of strategic importance; (ii) are commercially material matters of financial or operational importance; and (iii) impact key stakeholders include, dividends and matters that will substantially affect the Company's employees.

The following principal decisions were made during the reporting period:

**Dividends**

The Board decided to pay dividends totalling £8,000,000 in respect of the year. In making their decisions, the directors took into account the Company's capital position, the amount of its distributable reserves, as well as its cash position. Consideration was given to the Company's business and the actual and contingent liabilities inherent in that business, and the ability of the Company to be able to pay its debts as they fell due. The Company understands the importance of delivering dividends to its shareholders. The Company is therefore committed to maintaining an appropriate balance between total cash returns to its shareholders, investment in the business, and maintaining a strong capital position.

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



Signer ID: DH45LN#PZ..

**B Hothi**  
Director

Date: 25 August 2021

## **THE KNOWLEDGE ACADEMY LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their annual report and the audited financial statements of The Knowledge Academy Limited (the "Company") for the year ended 31 March 2021.

#### **Principal activities**

The principal activity of the Company in the year under review was that of the provision of educational and consultancy services to private and public sector organisations.

#### **Results and dividends**

The profit for the financial year amounted to £7,127,886 (2020: £8,660,249).

During the year the parent company, The Knowledge Academy Holdings Limited, was paid a total dividend of £8,000,000 (2020: £14,240,000).

#### **Directors**

The directors who served during the year and up to the date of signing the financial statements were:

B Hothi  
D Hothi

#### **Qualifying third party indemnity provisions**

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 financial year and is currently in force.

#### **Employee involvement**

It is the policy of the Company to encourage and develop all members of staff to realise their maximum potential. Wherever possible, vacancies are filled from within the Company and adequate opportunities for internal promotion are created. Employees are consulted on matters of concern to them through regular meetings and manager reviews.

#### **Disabled employees**

Applications for employment by disabled persons are always fully considered with the same opportunities as all employees, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

#### **Post balance sheet events**

Since the year-end, The Knowledge Academy Limited has declared and paid an interim dividend of £5.5m to its ultimate parent Company, The Knowledge Academy Holdings Limited.

## THE KNOWLEDGE ACADEMY LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

#### Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

#### Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

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



Signer ID: DH45LNHHP2

**B Hothl**  
Director

Date: 25 August 2021





## THE KNOWLEDGE ACADEMY LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KNOWLEDGE ACADEMY LIMITED (CONTINUED)

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Other required reporting

#### Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sarabjit Seera (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Watford

26 August 2021



**THE KNOWLEDGE ACADEMY LIMITED**  
**REGISTERED NUMBER: 06865896**

**BALANCE SHEET**  
**AS AT 31 MARCH 2021**

	Note	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Intangible assets	13		-		47,667
Tangible assets	14		82,960		173,163
Investments	15		485,341		485,341
			<u>568,301</u>		<u>706,171</u>
<b>Current assets</b>					
Stocks	16	50,172		74,136	
Debtors	17	9,851,220		14,008,520	
Cash at bank and in hand	18	7,366,884		4,008,936	
		<u>17,268,276</u>		<u>18,091,592</u>	
Creditors: amounts falling due within one year	19	(13,624,708)		(13,710,636)	
<b>Net current assets</b>			<u>3,643,568</u>		<u>4,380,956</u>
<b>Total assets less current liabilities</b>			<u>4,211,869</u>		<u>5,087,127</u>
Creditors: amounts falling due after more than one year	20		(33,681)		(46,311)
<b>Provisions for liabilities</b>					
Other provisions	22		(42,466)		(32,980)
<b>Net assets</b>			<u><u>4,135,722</u></u>		<u><u>5,007,836</u></u>
<b>Capital and reserves</b>					
Called up share capital	23		12		12
Profit and loss account	24		4,135,710		5,007,824
<b>Total shareholders' funds</b>			<u><u>4,135,722</u></u>		<u><u>5,007,836</u></u>

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



**Director**  
 Director

Date: 25 August 2021

The notes on pages 14 to 32 form part of these financial statements.



## THE KNOWLEDGE ACADEMY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### 1. General information

The Knowledge Academy Limited (the "Company") is a private company limited by shares which is incorporated and domiciled in England and Wales (UK). The address of its registered offices is Reflex, Cain Road, Bracknell, Berkshire, RG12 1HL.

The principal activity of the Company in the year under review was that of the provision of educational and consultancy services to private and public sector organisations.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention 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 is a wholly-owned subsidiary of The Knowledge Academy Holdings Limited and is included in the consolidated financial statements of The Knowledge Academy Holdings Limited 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.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Knowledge Academy Holdings Limited as at 31 March 2021 and these financial statements may be obtained from Reflex, Cain Road, Bracknell, Berkshire, United Kingdom, RG12 1HL.

##### 2.3 Related party exemption

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Group.

## THE KNOWLEDGE ACADEMY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### 2. Accounting policies (continued)

##### 2.4 Going concern

In light of COVID-19, the Company's board of directors has completed a rigorous review of its going concern assessment and taken the following action to test and enhance the robustness of the Board's approach to cash flow liquidity for a 17-month outlook period after the signing of these financial statements, based on the Board's approved budget. As part of the review, the Board considered:

- The current and future prevalence and impact of COVID on training operations as of the date of consideration The Company's cash flow forecasts and revenue projections for all subsidiaries
- Reasonably possible changes in trading performance, including two downside scenarios
- The Company's robust policy towards liquidity and cash flow management, considerable of minimal cash holding and no external debt funding
- The Company's ability to successfully manage the principal risks outlined in this report
- The Company's ability to cope with severe but plausible scenarios that assume various percentage reductions of revenue – considering both a best case and worst-case scenario and the ability for the company to continue on such basis.

Specifically, the Company has taken the following actions:

- Reduced its non-essential expenditures
- Focused on credit control and cash collection
- Renegotiated supplier contracts, where necessary
- Continued its commitment to self-sufficient cash flow – without the need for external borrowing or investment
- Continues to keep a close eye on international prevalence of COVID-19, and its potential impact upon business. After reviewing the Company's forecasts and risk assessments and making other enquiries, including the conduction of downside scenario analysis, the Board has formed the judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the 17 months from the date of signing the Annual Report and Financial Statements. Furthermore, the directors commit that they will not take further dividends, unless the business has sufficient liquidity to pay them.

## THE KNOWLEDGE ACADEMY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### 2. Accounting policies (continued)

##### 2.5 Turnover

Turnover comprises revenue recognised by the Company in respect of materials and courses supplied during the year after accounting for any deferred and accrued income and is recognised on the event date.

Turnover for Flexi Passes and Knowledge Passes is recognised on the event date or expiry of the pass. These pre-paid passes have 6 and 12 month terms respectively, and are drawn down by the respective clients of the Company.

##### **Tuition fees:**

Tuition fees, excluding value added tax, is in relation to courses delivered during the year and is recognised evenly over the period of the relevant course. Any receipts in advance of a course starting date are held on the Balance Sheet as deferred income. Where tuition has been provided in advance of the invoice being raised, income is accrued or once the course performance obligation has been fulfilled.

##### **E-learning courses fees:**

Course fees in relation to e-learning are recognised at the point that the individual has access to the e-learning course. Any receipts in advance of access being granted are held on the Balance Sheet as deferred income. Access to e-learning courses is not granted without up front payment.

##### 2.6 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.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development costs are being amortised evenly over their estimated useful life of three years.

##### 2.7 Tangible assets

Tangible 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.



## THE KNOWLEDGE ACADEMY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### 2. Accounting policies (continued)

##### 2.13 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.



## THE KNOWLEDGE ACADEMY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### 2. Accounting policies (continued)

##### 2.18 Pensions

###### Defined contribution pension plan

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 payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### 2.19 Interest Income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

##### 2.20 Other operating income

The Company provides services to other group companies, such as the provision of finance staff and IT services. Such costs are not the core business of the entity, and therefore these are credited to other operating income on an accruals basis.

Additionally, during the year the Company also received grant income which is also credited to other operating income.

##### 2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### 2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

## THE KNOWLEDGE ACADEMY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### 2. Accounting policies (continued)

##### 2.23 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 Balance Sheet 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 Balance Sheet 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 Balance Sheet date.

##### 2.24 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic life of 3 years. If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates in determining the carrying amounts of certain assets and liabilities. Management makes assumptions of the effects of uncertain future events on those assets and liabilities at the Balance Sheet date. The management's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. This disclosure excludes uncertainty over future events and judgement in respect of measuring financial instruments. There are no further significant judgements or estimates.

## THE KNOWLEDGE ACADEMY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### 4. Turnover

The whole of the turnover is attributable to one principal activity of the Company.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	21,612,656	29,490,901
Rest of the world	3,243,359	4,391,546
	<u>24,856,015</u>	<u>33,882,447</u>

#### 5. Other operating income

	2021 £	2020 £
Other operating income	3,195,518	4,967,916
Grant income	404,207	-
	<u>3,599,725</u>	<u>4,967,916</u>

Other operating income of £3,195,518 (2020: £4,967,916) relates to management charges to related entities.

#### 6. Operating profit

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

	2021 £	2020 £
Depreciation expense on tangible assets (charged to administrative expense)	113,452	188,584
Amortisation expense for intangible assets (charged to administrative expense)	47,667	86,377
Loss on disposal of fixed assets	-	34,007
Exchange differences	(160,827)	(90,919)
Operating lease rentals	166,571	678,492
Impairment of trade debtors	60,000	758,081
Inventory charged as expense	88,825	794,744
	<u></u>	<u></u>





**THE KNOWLEDGE ACADEMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**11. Tax on profit (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £	2020 £
Profit before taxation	<u>8,703,528</u>	<u>10,504,148</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,653,670	1,995,788
<b>Effects of:</b>		
Expenses not deductible for tax purposes	14,370	6,526
Income not taxable	-	(45,600)
Group relief	(5,198)	(3,450)
Adjustment from previous periods	(87,497)	(115,072)
Tax rate changes	297	5,707
<b>Total tax charge for the financial year</b>	<u><u>1,575,642</u></u>	<u><u>1,843,899</u></u>

**Factors that may affect future tax charges**

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. These changes had not been substantively enacted at the balance sheet date and therefore no adjustment has been made to deferred taxation balances to account for this change.

**12. Dividends**

	2021 £	2020 £
Interim dividends of £666,667 (2020: £1,186,667) per £1 (2020: £1) share	<u><u>8,000,000</u></u>	<u><u>14,240,000</u></u>

**THE KNOWLEDGE ACADEMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**13. Intangible assets**

	<b>Development costs £</b>
<b>Cost</b>	
At 1 April 2020	<b>801,707</b>
At 31 March 2021	<b>801,707</b>
<b>Accumulated amortisation</b>	
At 1 April 2020	<b>754,040</b>
Charge for the year	<b>47,667</b>
At 31 March 2021	<b>801,707</b>
<b>Net book value</b>	
At 31 March 2021	<b>-</b>
At 31 March 2020	<b>47,667</b>

THE KNOWLEDGE ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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14. Tangible assets

	Improvements to property £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>				
At 1 April 2020	105,225	274,884	857,770	1,237,879
Additions	-	211	23,038	23,249
At 31 March 2021	105,225	275,095	880,808	1,261,128
<b>Accumulated depreciation</b>				
At 1 April 2020	103,205	198,191	763,320	1,064,716
Charge for the year	907	36,513	76,032	113,452
At 31 March 2021	104,112	234,704	839,352	1,178,168
<b>Net book value</b>				
At 31 March 2021	1,113	40,391	41,456	82,960
At 31 March 2020	2,020	76,693	94,450	173,163

**THE KNOWLEDGE ACADEMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**15. Investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost and net book value</b>	
At 1 April 2020	485,341
At 31 March 2021	<u>485,341</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Pentagon Training Limited	1 Bell Street, Maidenhead, England, SL6 1BU	Provision of educational and consultancy services	Ordinary	100%
The Knowledge Academy Inc.	405 Lexington Avenue, Chrysler Building, 25th and 26th Floor, New York City, 10174 New York	Provision of educational and consultancy services	Ordinary	100%
The Knowledge Academy Australia Pty Limited	Level 39, 2 Park Street, Sydney, 2000 New South Wales, Aus	Provision of educational and consultancy services	Ordinary	100%
Canada The Knowledge Academy Corporation	595, St Burrard CP 49314, Vancouver BC V7X1L3	Provision of educational and consultancy services	Ordinary	100%
The Knowledge Academy New Zealand Ltd	88 Shortland Street, Auckland, 1010 NZ	Provision of educational and consultancy services	Ordinary	100%

**THE KNOWLEDGE ACADEMY LIMITED**

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**16. Stocks**

	2021	2020
	£	£
Finished goods and goods for resale	<u>50,172</u>	<u>74,136</u>

There is no significant difference between the replacement cost of inventories and their carrying amounts. Inventories are stated after provisions for impairment of £Nil (2020: £Nil).

**17. Debtors**

	2021	2020
	£	£
Trade debtors	2,631,198	3,140,760
Amounts owed by group undertakings	4,911,804	8,012,996
Amounts owed by related parties	1,820,473	2,285,465
Other debtors	53,663	73,395
Deferred taxation (note 21)	33,918	107,970
Prepayments	400,164	387,934
	<u>9,851,220</u>	<u>14,008,520</u>

Amounts owed by group undertakings and related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Trade debtors are stated after provisions of £235,378 (2020: £871,347).

**18. Cash at bank and in hand**

	2021	2020
	£	£
Cash at bank and in hand	<u>7,366,884</u>	<u>4,008,936</u>



**THE KNOWLEDGE ACADEMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**22. Other provisions**

	<b>Dilapidations £</b>
At 1 April 2020	<b>32,980</b>
Charged to profit or loss	<b>11,202</b>
Utilised in year	<b>(1,716)</b>
<b>At 31 March 2021</b>	<b><u>42,466</u></b>

The Company is required to restore the leased premises back to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements and restore back to the original condition.

**23. Called up share capital**

	<b>2021 £</b>	<b>2020 £</b>
<b>Allotted, called up and fully paid</b>		
12 (2020: 12) Ordinary shares of £1 (2020: £1) each	<b><u>12</u></b>	<b><u>12</u></b>

**24. Reserves**

**Profit and loss account**

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

**25. Pension commitments**

The Company operates a defined contribution 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 £88,657 (2020: £120,012).

**26. Commitments under operating leases**

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

	<b>2021 £</b>	<b>2020 £</b>
Not later than 1 year	<b>407,536</b>	577,655
Later than 1 year and not later than 5 years	<b>1,106,743</b>	1,070,672
Later than 5 years	<b>1,089,505</b>	673,610
	<b><u>2,603,784</u></b>	<b><u>2,321,937</u></b>

