

**Pearson Books Limited**

Registered Number :

02512075

Annual Report and Financial Statements  
For the Year Ended :

31 December 2019

Registered Address :

80 Strand, London WC2R 0RL

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## Pearson Books Limited

### DIRECTORS' REPORT

The directors present their report and the financial statements of Pearson Books Limited (the 'company') for the year ended 31 December 2019.

The company has taken exemption from preparing a Strategic Report in accordance with s414B of the Companies Act 2006 relating to small companies.

#### Directors

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

S K M Johnson (resigned 24 April 2020)

A J Midgley (resigned 31 July 2020)

S M Brennan (appointed 24 April 2020)

L Found (appointed 1 August 2020)

#### Qualifying third party indemnity provisions and liability insurance

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. Pearson Management Services Limited, a related party, also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of the company and its directors and officers.

#### Financial risk management

From the perspective of the company, financial risk management is integrated with the financial risk management of the consolidated financial statements of Pearson plc (the 'group') and is not managed separately. Accordingly, the financial risk management of Pearson plc, which includes that of the company, is discussed in the group's annual report which does not form part of this report.

#### Post balance sheet events

Following the global outbreak of COVID-19 and actions taken by the government in March 2020 and subsequently to contain and treat the disease, the directors have considered the impact of the COVID-19 pandemic on its businesses in 2020. The directors do not believe that any of the impacts constitute an adjusting post balance sheet event for the purposes of the 2019 financial statements.

#### Statement of directors' responsibilities

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

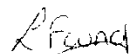
Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 'Reduced Disclosure Framework', and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



L Found  
Director

14 September 2020

Company registered number :  
02512075

Pearson Books Limited

**PROFIT AND LOSS ACCOUNT**

For the year ended :

**31 December 2019**

		<b>2019</b>	2018
	<b>Note</b>	<b>£'000</b>	£'000
Continuing operations			
<b>Profit before interest and taxation</b>		-	-
Interest receivable and similar income	4	<b>576</b>	620
<b>Profit before taxation</b>		<b>576</b>	620
Tax on profit	5	<b>(109)</b>	(120)
<b>Profit for the financial year</b>		<b>467</b>	500

**Pearson Books Limited**

**STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended :*

**31 December 2019**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit for the financial year</b>	<b>467</b>	<b>500</b>
<b>Total comprehensive income for the year</b>	<b>467</b>	<b>500</b>

**Pearson Books Limited**

**BALANCE SHEET**

**As at :**

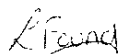
**31 December 2019**

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>Current assets</b>			
Debtors	6	<b>49,389</b>	48,931
<b>Creditors - amounts falling due within one year</b>	7	<b>(109)</b>	(118)
<b>Net current assets</b>		<b>49,280</b>	48,813
<b>Total assets less current liabilities</b>		<b>49,280</b>	48,813
<b>Net assets</b>		<b>49,280</b>	48,813
<b>Capital and reserves</b>			
Called up share capital	8	<b>3,621</b>	3,621
Share premium account		<b>38,739</b>	38,739
Profit and loss account		<b>6,920</b>	6,453
<b>Total shareholders' funds</b>		<b>49,280</b>	48,813

For the year ended 31 December 2019 :

- The directors confirm that the company is entitled to take exemption from the requirement to obtain an audit under section 479A of the Companies Act 2006;
- The members have not required the company to obtain an audit of its accounts in accordance with section 476 of the Companies Act 2006; and
- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the accounts.

The financial statements were approved by the board of directors and authorised for issue on 14 September 2020  
They were signed on its behalf by :



L Found  
Director

**Pearson Books Limited**

**STATEMENT OF CHANGES IN EQUITY**

**For the year ended :**

**31 December 2019**

	Called up share capital	Share premium account	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 January 2018	3,621	38,739	5,953	<b>48,313</b>
Profit for the financial year	-	-	500	<b>500</b>
Total comprehensive income for the year	-	-	500	<b>500</b>
At 31 December 2018	3,621	38,739	6,453	<b>48,813</b>
Profit for the financial year	-	-	467	<b>467</b>
Total comprehensive income for the year	-	-	467	<b>467</b>
<b>At 31 December 2019</b>	<b>3,621</b>	<b>38,739</b>	<b>6,920</b>	<b>49,280</b>

Share capital represents nominal value of shares allotted and called up.

Share premium represents the premium paid in excess of nominal value.

Profit and loss account reserve represents accumulated retained earnings less dividends paid.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended :  
31 December 2019

### 1

#### Accounting policies

The principal accounting policies are set out below. These policies and measurement bases have been consistently applied to all the years presented.

#### Basis of preparation

Pearson Books Limited is a private limited company, limited by shares, incorporated in the United Kingdom. The address of its registered office is 80 Strand, London WC2R 0RL.

The financial statements of the company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There were no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements requiring disclosure.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101. Where required, equivalent disclosures are given in the group financial statements of Pearson plc :

- IFRS 7 'Financial Instruments: Disclosures'
- Paragraphs 91-99 of IFRS 13 'Fair Value Measurement'
- Paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1 'Presentation of Financial Statements':
  - (i) paragraph 10(d)
  - (ii) paragraph 16
  - (iii) paragraph 38A
  - (iv) paragraph 111
  - (v) paragraph 10(f)
  - (vi) paragraph 40
  - (vii) paragraph 134-136
- IAS 7 'Statement of Cash Flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- Paragraph 17 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.

#### Interpretations and amendments to published standards effective 2019

The following standards were adopted in 2019:

- IFRS 16 Leases

Adoption of this standard has not had a material impact on the financial statements.

A number of other new pronouncements are also effective from 1 January 2019 but they do not have a material impact on the financial statements. Additional disclosure has been given where relevant.

#### *Standards, interpretations and amendments to published standards that are not yet effective*

A number of other new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been applied in preparing these financial statements. None of these is expected to have a material impact on the financial statements.

**Pearson Books Limited**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended :**

**31 December 2019**

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**Accounting policies (continued)**

**Going concern**

*Following the global outbreak of COVID-19 and actions taken by the government in March 2020 and subsequently to contain and treat the disease, the directors have considered the impact of the COVID-19 pandemic on its businesses in 2020. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.*

**Foreign currency translation**

The financial statements are presented in pounds sterling (£) which is also the company's functional currency.

**Taxation**

Current tax is recognised on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of tax assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**Share capital**

Ordinary shares are classified as equity.

**Pearson Books Limited**

**NOTES TO THE FINANCIAL STATEMENTS continued**

**For the year ended :**

**31 December 2019**

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**Operating profit**

Fees paid to the company's auditor, PricewaterhouseCoopers LLP, and its associates for services other than the statutory audit of the company are not disclosed in the company's financial statements since the consolidated financial statements of the company's ultimate parent company, Pearson plc, are required to disclose non-audit fees on a consolidated basis.

**Pearson Books Limited**

**NOTES TO THE FINANCIAL STATEMENTS continued**

**For the year ended :**

**31 December 2019**

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**Directors' emoluments and employee information**

The emoluments of the directors are paid by their employing company, another group undertaking. The directors' services to this company and to a number of fellow subsidiaries are chiefly of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to their employing company. Accordingly, the financial statements include no emoluments in respect of the directors. No one was employed by the company at any time during the year (2018: no one).

Pearson Books Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2019

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Interest

	2019	2018
	£'000	£'000
<b>Interest receivable</b>		
Interest receivable from group companies	576	620
<b>Interest receivable and similar income</b>	<b>576</b>	<b>620</b>

Pearson Books Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2019

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Taxation

	2019	2018
	£'000	£'000
<b>Current tax</b>		
UK corporation tax on profits for the year	109	118
Adjustments in respect of prior years	-	(4)
<b>Total current tax</b>	<b>109</b>	<b>114</b>
<b>Deferred tax</b>		
Adjustment in respect of prior years	-	6
<b>Total deferred tax</b>	<b>-</b>	<b>6</b>
<b>Total tax on profit</b>	<b>109</b>	<b>120</b>
<b>UK standard effective rate of corporation tax (%)</b>	<b>19</b>	<b>19</b>

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	2019	2018
	£'000	£'000
<b>Profit before tax</b>	<b>576</b>	<b>620</b>
Tax on profit at standard UK corporation tax rate of 19% (2018: 19%)	109	118
Effects of:		
Adjustments in respect of prior years	-	2
<b>Total tax charge for the year</b>	<b>109</b>	<b>120</b>

The current rate of corporation tax is 19%. It had been expected to reduce to 17% effective 1 April 2020, however, this was changed to 19% in the 2020 Budget. Although the 19% rate change has now been enacted, it had not been substantively enacted as at the balance sheet date and has therefore not been reflected in these financial statements

Pearson Books Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2019

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Debtors

	2019	2018
	£'000	£'000
Amounts falling due within one year		
Amounts owed by group undertakings	49,389	48,931
	49,389	48,931

Pearson Books Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2019

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Creditors

	2019	2018
	£'000	£'000
Amounts falling due within one year		
Corporation tax	(109)	(118)
	(109)	(118)

Pearson Books Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2019

8

Called up share capital

	2019		2018	
	£'000		£'000	
<b>Total share capital</b>	<b>3,621</b>		<b>3,621</b>	

	2019	2018	2019	2018
	No '000s	No '000s	£'000	£'000
<b>Ordinary shares 5 pence each</b>				
<i>Allotted, called up and fully paid</i>	<b>72,425</b>	72,425	<b>3,621</b>	3,621

**Pearson Books Limited**

**NOTES TO THE FINANCIAL STATEMENTS continued**

**For the year ended :**

**31 December 2019**

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**Post balance sheet events**

Following the global outbreak of COVID-19 and actions taken by the government in March 2020 and subsequently to *contain and treat the disease*, the directors have considered the impact of the COVID-19 pandemic on its businesses in 2020. The directors do not believe that any of the impacts constitute an adjusting post balance sheet event for the purposes of the 2019 financial statements.

**Pearson Books Limited**

**NOTES TO THE FINANCIAL STATEMENTS continued**

**For the year ended :**

**31 December 2019**

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**Related party transactions**

The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

**Pearson Books Limited**

**NOTES TO THE FINANCIAL STATEMENTS continued**

**For the year ended :**

**31 December 2019**

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**Ultimate parent undertaking**

The immediate parent undertaking is *Pearson plc*.

The ultimate parent undertaking and controlling party is *Pearson plc*, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of *Pearson plc*'s consolidated financial statements can be obtained from the Company Secretary at *Pearson plc*, 80 Strand, London WC2R 0RL.