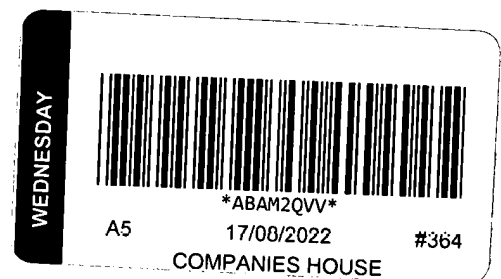


REGISTERED NUMBER: 02926583 (England and Wales)

Protocol Education Limited
Strategic Report, Directors' Report and
Audited Financial Statements for the Year Ended 30th November 2021



Protocol Education Limited

Contents of the Financial Statements for the Year Ended 30th November 2021

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Protocol Education Limited

Company Information for the Year Ended 30th November 2021

DIRECTORS:

John Bowman
Jonathan Roback
Penelope Swain

SECRETARY:

Jonathan Roback

REGISTERED OFFICE:

99 Bridge Road East
Welwyn Garden City
Hertfordshire
AL7 1GL

REGISTERED NUMBER:

02926583 (England and Wales)

INDEPENDENT AUDITOR:

KPMG LLP
Chartered Accountants
58 Clarendon Road
Watford
Hertfordshire
WD17 1DE

Protocol Education Limited

Strategic Report for the Year Ended 30th November 2021

The directors present their strategic report for the year ended 30th November 2021.

REVIEW OF BUSINESS

The results for the year and financial position at the end of the year are as shown in these financial statements.

For the 2021 financial year, there has been a good but not yet full recovery in trading following an easing of the impact of COVID-19 on the education sector, with financial results still affected by some interruptions in demand. Turnover increased by 10% to £41.8m (2020: £37.9m), administrative expenses increased to £6.7m (2020: £2.8m) and operating profit was £0.5m (2020: £2.9m). Throughout the COVID-19 pandemic the adaptability and innovation shown has ensured a strong recovery in business and financial performance.

During 2021 the company continued to note the education policy and funding commitments made by the government, which underpin the company's view of an ongoing favourable landscape for demand for its services from schools in England and Wales.

Although the company faces some future risk of interruptions to trading because of COVID-19's impact on the schools' sector, these are expected to be reduced from this and the previous year. Business performance is now robust, supporting ongoing cash collection and financial robustness.

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a specialist recruitment market and competes with a large number of competitors, many of whom are small agencies supplying the local schools in their area. Damage to the reputation of the company is a key risk and is regularly reviewed through customer surveys and evaluation of the regular/daily feedback obtained from schools with regards to staff supplied.

The company operates under strict guidelines with regards to the staff it can supply and the vetting and recruitment checks required prior to temporary workers being supplied to education establishments. The Department for Education regularly assesses these requirements and the Directors have set in place controls to monitor closely the need for any alterations to the company's processes and procedures. Whilst changes in legislation and the environment are risks faced, the Directors believe that the investment in the company's operating systems as well as the responsive nature of the management team enable any changes to be understood and used to further benefit the company by actively responding to the changes to support our clients and ease the additional burdens placed upon them.

As with any recruitment business, relationship building is a key requirement and coupled with the investment placed in our staff there is a risk of losing relationships and not making a return from the investment where staff turnover is high. Teaching Personnel invests significant resources in staff development and career management, thereby focusing on reducing turnover. The company has a dedicated HR function, has held the Investors in People award for a number of years and has a career ladder infrastructure for operational staff. The Directors monitor staff turnover on a monthly basis.

Protocol Education Limited

Strategic Report for the Year Ended 30th November 2021

SECTION 172(1) STATEMENT

We, the board of directors of Protocol Education Limited, believe that we (individually and together) have taken decisions and acted in a way we consider most likely to promote the success of the company for the benefit of its members during the year ended 30th November 2021. We believe that to maximise value and long term success we must take account of what is important to all the company's key stakeholders and maintain a reputation for high standards of business conduct.

During the year ended 30th November 2021 the board of directors has considered key stakeholders in four main groups:

Employees Employees have moved to a hybrid working model during the year ending 30th November 2021, when government rules have allowed. All employees have been provided with the necessary equipment to ensure they can work from home safely and effectively. Robust protocols remain in place in our offices to protect the safety and wellbeing of our employees.

We have provided staff with access to an Employee Assistance programme, providing support 24/7, and wellbeing clinics with appropriately trained members of staff to support staff during difficult times.

Our employees are aware of our company values and are trained to the highest possible standards. We believe we provide the best learning and development programme in the education support services sector and have a team of quality people who are passionate about delivering the highest standards achievable.

Our Educators Financial year 2021 has been another challenging year in schools and the directors of Protocol Education Limited have done all we can to support our Educators during a difficult year. Once again we took the decision to offer furlough to all eligible Educators so as to give them access to an income when schools were closed at the beginning of 2021. Good communication was critical and as well as ongoing dialogue with our branch staff, our dedicated Furlough response team were mobilised again to deal with questions and concerns.

Part of our role is providing tutors, trainers, teachers and learning support staff with the tools they need to deliver the best service to schools. Our CPD Academy provides our registered Educators with access to tools designed to enhance their career at the same time as preparing them for success. Our Educators have access to advanced learning and development through apprenticeships and to free online courses to develop their skills, with particular regard to tutoring to give as many of our Educators as possible the opportunity to become involved in The National Tutoring Programme.

School Clients We are passionate about education and we recognise the important role we play in helping schools and pupils achieve the best possible results. We commit to quality, always aiming to provide the best services, the best Educators and the best value. We strive to be the leading provider of education support in the market, making sure we have sufficient staff, locations and Educators to meet all of the staffing and support needs at our client schools. We are committed to being 'expert' at what we do by training our staff to understand the schools market and the importance of fulfilling the special and often unique requirements of each individual school. Customer experience and service are at the heart of our business and we strive to deliver the best possible user experience for all our school clients - from professional, efficient service to well-developed, intuitive apps and websites to ease administrative burdens.

During what has been a difficult year for schools, we have supported our clients by providing expertise on online delivery of lessons and tutoring and assistance with track and trace through the development of our Educator COVID Secure app.

Protocol Education Limited

Strategic Report

for the Year Ended 30th November 2021

SECTION 172(1) STATEMENT - CONSIDERING ALL KEY STAKEHOLDERS - continued

Suppliers We understand how important it is to our suppliers that their invoices are paid promptly. Our average payment days and percentage of invoices paid late have decreased slightly compared to the prior year and this is something we will continue to focus on. Relationships with all our suppliers, large and small, have been maintained during 2021 and we are pleased that regular communication has continued and connections developed during the year.

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 Company is part of the Hood Topco Limited group (the "Group"). The Company has net assets of £54.1 million (2020: £54.4 million), net current assets of £53.8 million (2020: £54.1 million), and made a loss for the year amounting to £0.3 million (2020: £1.7 million profit).

The COVID-19 effects on the Company have continued to reduce as we look to exit the pandemic fully. Trading performance in financial year 2021/ 2022 to date is strong with volumes back to pre-COVID-19 levels and the business is generating positive cashflows. In order to complete the going concern assessment, the Directors have prepared a cash flow forecast for the period up to 31st May 2023 taking into account plausible and extreme downside scenarios on the operations and financial resources of the Company. The conclusion of this is that the Company will have sufficient funds to meet its liabilities as they fall due during that period.

In looking at a severe downside, the Directors have considered a scenario in which:

- Trading levels are in line with the year ending 30th November 2021, which included a lockdown from January to March, affecting the demand for support staff in schools.
- No further cost savings or mitigations.

Those forecasts are dependent on the Group leaving adequate working capital in the Company for it to be able to continue as a going concern. Company's Ultimate parent, Hood Topco Limited has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and that the Group will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the 12 months from the date of signing these financial statements by meeting its liabilities as they fall due for payment.

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.

Protocol Education Limited

Strategic Report for the Year Ended 30th November 2021

KEY PERFORMANCE INDICATORS

The company and directors benefit from a well-developed operating system, which provides a large number of relevant key performance reports. The key performance indicator of days out is available to the directors in real time and compared to prior years and budget. This can be analysed by business sector, region, branch and client allowing management to respond to changes in business levels by redirecting resources. Further indicators are also prepared including cash reports, monthly management accounts and a variety of HR indicators, including consultant activity and staff turnover.

BY ORDER OF THE BOARD:



.....
Jonathan Roback - Director

Date: 25 May 2022

Protocol Education Limited

Directors' Report for the Year Ended 30th November 2021

The directors present their report with the financial statements of the company for the year ended 30th November 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of teaching staff to schools.

DIVIDENDS

No dividends will be distributed for the year ended 30th November 2021.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st December 2020 to the date of this report.

John Bowman
Jonathan Roback
Penelope Swain

FINANCIAL INSTRUMENTS

The company closely monitors price pressure in the market and the creditworthiness of its customers, the vast majority of which are funded by the state. Cash is reviewed daily and sufficient controls put in place to minimise cash flow risk.

POLITICAL DONATIONS AND EXPENDITURE

The company made no political donations or incurred any political expenditure during the year (2020: £nil).

EMPLOYEES

It is the company's policy to communicate with and involve employees on matters affecting their interests at work and inform them of the performance of the business. It is also the company's policy to treat all employees and potential employees equally and to give full consideration to suitable applications for employment from disabled persons, where they have the necessary abilities and skills for the position, and wherever possible to re-train employees who become disabled, so that they can continue their employment in another position.

STREAMLINED ENERGY AND CARBON REPORTING

Protocol Education Limited has claimed exemption from reporting under the Streamlined Energy and Carbon Reporting (SECR) framework as the reporting of energy and GHG emissions from business activities has been undertaken at a group level and can be seen in the group directors' report of Arthur Topco Limited.

Protocol Education Limited

Directors' Report

for the Year Ended 30th November 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditors, KPMG LLP, will be deemed to be reappointed and will therefore continue in office.

BY ORDER OF THE BOARD:



Jonathan Roback - Director

Date: 25 May 2022

Independent Auditor's Report to the Members of Protocol Education Limited

Opinion

We have audited the financial statements of Protocol Education Limited ("the company") for the year ended 30th November 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th November 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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.

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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

Independent Auditor's Report to the Members of Protocol Education Limited (continued)

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that external revenue from provision of services is overstated by being recorded in the wrong accounting period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash journal entries posted to unexpected accounts and journal entries posted to seldom used accounts.
- Testing a sample of revenue and accrued revenue transactions to supporting documentation to assess whether revenue had been recorded in the correct accounting period.

Identifying and responding to risks of material misstatement related to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and from inspection of the Company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent Auditor's Report to the Members of Protocol Education Limited (continued)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations - continued

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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 for 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.

Independent Auditor's Report to the Members of Protocol Education Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 7, 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.

Auditors' 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.

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.

B. J. Stapleton

Benjamin Stapleton (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Chartered Accountants
58 Clarendon Road
Watford
Hertfordshire
WD17 1DE

Date: 26 May 2022

Protocol Education Limited

Statement of Comprehensive Income for the Year Ended 30th November 2021

	Notes	2021 £'000	2020 £'000
TURNOVER	3	41,762	37,948
Cost of sales		<u>(35,785)</u>	<u>(40,566)</u>
GROSS PROFIT/(LOSS)		5,977	(2,618)
Administrative expenses		<u>(6,734)</u>	<u>(2,842)</u>
		(757)	(5,460)
Other operating income	4	1,218	8,310
Profit on investment disposal		<u>-</u>	<u>49</u>
OPERATING PROFIT	7	461	2,899
Interest receivable and similar income		1	12
Interest payable and similar expenses	8	<u>(1)</u>	<u>(1)</u>
PROFIT BEFORE TAXATION		461	2,910
Tax on profit	9	<u>(734)</u>	<u>(1,163)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(273)	1,747
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(273)</u>	<u>1,747</u>

The notes form part of these financial statements

Protocol Education Limited (Registered number: 02926583)

Balance Sheet 30th November 2021

	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Intangible assets	10	-	59
Tangible assets	11	<u>304</u>	<u>267</u>
		<u>304</u>	<u>326</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	12	7,106	59,929
Debtors: amounts falling due after more than one year	12	53,937	-
Cash at bank		<u>1,964</u>	<u>3,041</u>
		63,007	62,970
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(9,194)</u>	<u>(8,906)</u>
NET CURRENT ASSETS		<u>53,813</u>	<u>54,064</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>54,117</u>	<u>54,390</u>
CAPITAL AND RESERVES			
Called up share capital	16	1	1
Retained earnings		<u>54,116</u>	<u>54,389</u>
SHAREHOLDERS' FUNDS		<u>54,117</u>	<u>54,390</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 May 2022 and were signed on its behalf by:



Jonathan Roback - Director

The notes form part of these financial statements

Protocol Education Limited

Statement of Changes in Equity for the Year Ended 30th November 2021

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1st December 2019	1	52,642	52,643
Changes in equity			
Profit for the year	-	1,747	1,747
Total comprehensive income	-	1,747	1,747
Balance at 30th November 2020	1	54,389	54,390
Changes in equity			
Deficit for the year	-	(273)	(273)
Total comprehensive income	-	(273)	(273)
Balance at 30th November 2021	1	54,116	54,117

The notes form part of these financial statements

Protocol Education Limited

Notes to the Financial Statements for the Year Ended 30th November 2021

1. STATUTORY INFORMATION

Protocol Education Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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 Company is part of the Hood Topco Limited group (the "Group"). The Company has net assets of £54.1 million (2020: £54.4 million), net current assets of £53.8 million (2020: £54.1 million) and made a loss for the year amounting to £0.3 million (2020: £1.7 million profit).

The COVID-19 effects on the Company have continued to reduce as we look to exit the pandemic fully. Trading performance in financial year 2021/ 2022 to date is strong with volumes back to pre-COVID-19 levels and the business is generating positive cashflows. In order to complete the going concern assessment, the Directors have prepared a cash flow forecast for the period up to 31st May 2023 taking into account plausible and extreme downside scenarios on the operations and financial resources of the Company. The conclusion of this is that the Company will have sufficient funds to meet its liabilities as they fall due during that period.

In looking at a severe downside, the Directors have considered a scenario in which:

- Trading levels are in line with the year ending 30th November 2021, which included a lockdown from January to March, affecting the demand for support staff in schools.
- No further cost savings or mitigations.

Those forecasts are dependent on the Group leaving adequate working capital in the Company for it to be able to continue as a going concern. Company's Ultimate parent, Hood Topco Limited has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and that the Group will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the 12 months from the date of signing these financial statements by meeting its liabilities as they fall due for payment.

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.

Protocol Education Limited

Notes to the Financial Statements - continued for the Year Ended 30th November 2021

Going concern - continued

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.

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of paragraph 33.7.

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.

Significant judgements and estimates

There are no judgments made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is recognised on delivery of teaching services to educational settings.

Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Amortisation

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 20 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Protocol Education Limited

Notes to the Financial Statements - continued for the Year Ended 30th November 2021

2. ACCOUNTING POLICIES - continued

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Furniture and IT equipment	4 years
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Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Government grants

In response to COVID-19, the UK government announced a number of initiatives for businesses to assist with cashflow. The company has received financial assistance in the following areas during the current and prior year.

a) Coronavirus Job Retention Scheme - these grants are received after the costs have been incurred, in line with Section 24 of FRS 102, these amounts have been recognised based on the accrual model and measured at the fair value of the receivable. The revenue is recognised in the profit and loss and the company has reported this as Other Income. Please see Note 4.

b) Time to Pay Arrangements - On 24 September 2020 the Chancellor announced that he would allow businesses to spread the VAT that was deferred in June 2020 to 31 March 2021 over 11 repayments to 28 February 2022 with no interest charge. A payment plan was set up with HMRC and this was repaid in part during year ending 30th November 2021 with the final payment in January 2022.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Protocol Education Limited

Notes to the Financial Statements - continued for the Year Ended 30th November 2021

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

Protocol Education Limited 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 amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Protocol Education Limited

Notes to the Financial Statements - continued for the Year Ended 30th November 2021

2. ACCOUNTING POLICIES - continued

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognized on goodwill is not reversed. An impairment loss recognized for other assets is reversed if and only if the reasons for the impairment have ceased to apply.

Protocol Education Limited

Notes to the Financial Statements - continued for the Year Ended 30th November 2021

2. ACCOUNTING POLICIES - continued

Impairment excluding deferred tax assets - continued

Non-financial assets - continued

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Profit and loss

The profit for the current and preceding period is derived from continuing activities.

There is no difference between the historical cost profit and loss and that presented in the statement of comprehensive income.

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Protocol Education Limited

Notes to the Financial Statements - continued for the Year Ended 30th November 2021

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

4. OTHER OPERATING INCOME

In the year ended 30 November 2021, Government grants of £1.2 million (2020: £8.3 million) were received under the Coronavirus Job Retention Scheme as part of a Government initiative to provide immediate support as a result of the COVID-19 pandemic to the company for 80% of the wages of certain employees and temporary agency workers who were placed on furlough but who were kept on the payroll.

The costs associated to the furlough scheme are reported in Cost of Sales.

5. EMPLOYEES AND DIRECTORS

	2021	2020
	£'000	£'000
Wages and salaries	5,989	6,051
Social security costs	673	675
Other pension costs	<u>152</u>	<u>165</u>
	<u>6,814</u>	<u>6,891</u>

The average number of employees during the year was as follows:

	2021	2020
Administration	<u>171</u>	<u>180</u>

The company operates a defined contributions pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £152,000 (2020: £165,000).

Protocol Education Limited

Notes to the Financial Statements - continued for the Year Ended 30th November 2021

6. DIRECTORS' EMOLUMENTS

	2021	2020
	£'000	£'000
Directors' remuneration	<u>152</u>	<u>117</u>

The aggregate emoluments of the highest paid director were £116,000 (2020: £117,000). Pension contributions of £5,665 (2020: £5,503) were made on behalf of this director.

£5,943 (2020: £5,503) of retirement benefits was paid to 4 directors' (2020: 1 director's) personal pension plans.

Directors' emoluments in respect of services to the company for the year to 30th November 2021 were borne by Supporting Education Group Limited, the notional allocation of their cost to the Company amounted to £76,000, these are not included in the total above.

Directors' emoluments in respect of services to the company for the year to 30th November 2021 were borne by Arthur Topco Limited, the notional allocation of their cost to the Company amounted to £105,000, these are not included in the total above.

Directors' emoluments in respect of services to the company for the year to 30th November 2021 of £36,000 were borne by Hood Bidco Limited, these are included in the total above. These costs have been recharged to the company by way of a management services charge which is recognised within the administration expenses line of the profit and loss account in the current year.

There were no directors in respect of whose services shares were received or receivable under long term incentive schemes (2020: nil).

7. OPERATING PROFIT

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

	2021	2020
	£'000	£'000
Other operating leases	669	807
Depreciation - owned assets	129	142
Loss on disposal of fixed assets	2	1
Goodwill amortisation	59	268
Auditors' remuneration for statutory audit work	25	28
Foreign exchange differences	<u>-</u>	<u>(5)</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£'000	£'000
Bank charges	<u>1</u>	<u>1</u>

Protocol Education Limited

Notes to the Financial Statements - continued for the Year Ended 30th November 2021

9. TAXATION

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2021 £'000	2021 £'000	2020 £'000	2020 £'000
UK corporation tax				
Current tax on income for the year	761		1,151	
Adjustment in respect of previous periods	<u>25</u>		<u>(9)</u>	
Total current tax		786		1,142
Deferred tax				
Origination/reversal of timing differences	-		32	
Adjustment in respect of previous periods	(26)		-	
Effect of tax rate change	<u>(26)</u>		<u>(11)</u>	
Total deferred tax		<u>(52)</u>		<u>21</u>
Total tax charge		<u>734</u>		<u>1,163</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £'000	2020 £'000
Profit before tax	<u>461</u>	<u>2,910</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	88	553
Effects of:		
Expenses not deductible for tax purposes	27	57
Income not taxable for tax purposes	-	(9)
Adjustments to tax charge in respect of previous periods	(1)	(9)
Transfer pricing adjustments	646	582
Tax rate changes	(26)	(11)
Group relief claimed	(760)	(881)
Payment for group relief	<u>760</u>	<u>881</u>
Total tax charge	<u>734</u>	<u>1,163</u>

The main rate of corporation tax for the current financial year is 19%. It was announced in the UK Government's Budget on 3rd March 2021 that the main UK corporation tax rate will increase to 25% from 1st April 2023. This change was substantively enacted on 24th May 2021.

Protocol Education Limited

Notes to the Financial Statements - continued for the Year Ended 30th November 2021

10. INTANGIBLE FIXED ASSETS

	Goodwill £'000
COST	
At 1st December 2020	
and 30th November 2021	<u>5,262</u>
AMORTISATION	
At 1st December 2020	5,203
Amortisation for year	<u>59</u>
At 30th November 2021	<u>5,262</u>
NET BOOK VALUE	
At 30th November 2021	<u>-</u>
At 30th November 2020	<u>59</u>

Goodwill arose on the acquisition of the trade and assets of Protocol Education Services Limited. It was amortised over its useful economic life of 20 years, the period over which the company expected to benefit from the acquisition's reputation, brand and skills.

11. TANGIBLE FIXED ASSETS

	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST			
At 1st December 2020	1,567	3,111	4,678
Additions	92	75	167
Disposals	<u>(18)</u>	<u>(1)</u>	<u>(19)</u>
At 30th November 2021	<u>1,641</u>	<u>3,185</u>	<u>4,826</u>
DEPRECIATION			
At 1st December 2020	1,531	2,880	4,411
Charge for year	25	104	129
Eliminated on disposal	<u>(17)</u>	<u>(1)</u>	<u>(18)</u>
At 30th November 2021	<u>1,539</u>	<u>2,983</u>	<u>4,522</u>
NET BOOK VALUE			
At 30th November 2021	<u>102</u>	<u>202</u>	<u>304</u>
At 30th November 2020	<u>36</u>	<u>231</u>	<u>267</u>

Protocol Education Limited

Notes to the Financial Statements - continued for the Year Ended 30th November 2021

12. DEBTORS

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade debtors	3,511	3,464
Amounts owed by group undertakings	7	54,548
Other debtors	808	85
Corporation Tax	290	-
Deferred tax asset	120	68
Prepayments and accrued income	<u>2,370</u>	<u>1,764</u>
	<u>7,106</u>	<u>59,929</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>53,937</u>	<u>-</u>
Aggregate amounts	<u>61,043</u>	<u>59,929</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Trade creditors	358	439
Amounts owed to group undertakings	3,125	1,847
Corporation Tax	-	51
Social security and other taxes	3,269	5,254
Other creditors	652	638
Accruals and deferred income	<u>1,790</u>	<u>677</u>
	<u>9,194</u>	<u>8,906</u>

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021 £'000	2020 £'000
Within one year	925	532
Between one and five years	1,938	908
In more than five years	<u>66</u>	<u>143</u>
	<u>2,929</u>	<u>1,583</u>

Protocol Education Limited

Notes to the Financial Statements - continued for the Year Ended 30th November 2021

15. DEFERRED TAX

	2021 £'000	2020 £'000
At the beginning of the year	68	89
Credit for the year (see note 9)	26	(21)
Prior year adjustment (see note 9)	26	-
At the end of year	120	68

The elements of deferred taxation are as follows:

	2021 £'000	2020 £'000
Difference between accumulated depreciation and amortisation capital allowances	73	28
Other timing differences	47	40
Deferred tax asset (see note 12)	120	68

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2021 £'000	2020 £'000
Number:	Class:	Nominal value:		
852,500	Ordinary shares	£0.001	1	1

The ordinary shares have rights to vote, receive dividends and to a distribution of capital upon winding up.

17. ULTIMATE PARENT COMPANY

Hood Topco Limited is regarded by the directors as being the company's ultimate parent company.

The company is a subsidiary undertaking of Education Personnel Bidco Limited, incorporated in the UK. The ultimate parent company is Hood Topco Limited for which there is no ultimate controlling party.

The largest group and smallest group in which the results of the company are consolidated is that headed by Arthur Topco Limited, incorporated in the UK. The consolidated accounts of Arthur Topco Limited are available to the public and may be obtained from Company Secretary, Arthur Topco Limited, 99 Bridge Road East, Welwyn Garden City, Hertfordshire, AL7 1GL.

Protocol Education Limited

Notes to the Financial Statements - continued for the Year Ended 30th November 2021

18. CONTINGENT LIABILITIES

The company is co-guarantor, along with other companies in the group for the payment or repayment of money, whether present or future, actual or contingent, joint or several including principal, interest, commission, fees, other charges and overdrafts to certain providers of finance. The net amount outstanding in the group for which the company is co-guarantor as at 30 November 2021 was £93,943,000 (2020: £71,128,000).

19. CAPITAL COMMITMENTS

	2021 £'000	2020 £'000
Contracted but not provided for in the financial statements	<u>-</u>	<u>-</u>

20. SUBSEQUENT EVENTS

There are no material events occurring after 30th November 2021 to disclose.