
RENAISSANCE LEARNING UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

RENAISSANCE LEARNING UK LIMITED

COMPANY INFORMATION

Directors	Erez Tocker Dan Conrad Lynn Danko
Company secretary	Dan Conrad
Registered number	03645180
Registered office	South Quay Building 14th Floor 189 Marsh Wall London E14 9SH
Independent auditors	Nyman Libson Paul Chartered Accountants & Statutory Auditors 124 Finchley Road London NW3 5JS
Bankers	National Westminster Bank 9 The Town Enfield Middlesex EN2 CLH

RENAISSANCE LEARNING UK LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Introduction

The directors present their strategic report for the year ended 31 December 2019.

Business review

The principal activity of the company continued to be that of the provision of cloud based educational computer software and the delivery of continued professional development (CPD). There have not been any significant changes in the company's principal activities in the year under review.

The results for the year show sales of £14,691,736 (2018: £12,827,220) and pre-tax profits of £1,105,066 (2018: £699,753). The company had net assets of £2,267,616 (2018: £1,396,930) at the balance sheet date.

The business continues to develop and localise educational computer software solutions, and make these available to customers in the United Kingdom and abroad. In addition, the company continues to form and develop partnerships with educational institutions and other educational product suppliers.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to be competition at both national and international level and changes in technology, as well as fluctuations in education budgets.

Financial key performance indicators

The key financial performance indicators are gross profit margin and operating profit.

	2017	2018	2019
	£	£	£
Gross Profit	5,128,999	6,508,790	8,310,463
Operating Profit	300,559	391,675	743,631

Other key performance indicators

- High retention figures, high customer satisfaction ratios, high and ever increasing net promoter scores for Renaissance's key products
- Working closely with over 300 of the UK's children book publishers
- Used by over 1.4 million British and Irish school children, in 5,000+ schools
- High staff retention rates ensuring continuity of service

This report was approved by the board on 18 November 2020 and signed on its behalf.

Erez Tocker
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £870,686 (2018 - £553,851).

No dividend was paid or proposed in the current or prior year.

Directors

The directors who served during the year were:

Allen Thurber (resigned 9 August 2019)
Erez Tocker
Dan Conrad
Lynn Danko (appointed 9 August 2019)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Financial instruments

The principal financial instruments of the company comprise bank balances, trade and other debtors and trade and other creditors. The main purpose of these instruments is to raise funds for the company's operations.

In respect of bank balances, liquidity risk is managed by ensuring sufficient funds are available to settle liabilities as and when they fall due.

Trade and other debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade and other creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Company payment policy for creditors

The company's current policy concerning the payment of creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that the suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts;
- pay in accordance with the company's contractual and other legal obligations.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

The company's management continues to have faith in its business model and believes it will continue to be a going concern for the next 12 months. However, it must be acknowledged that there is an unfolding economic crisis due to the COVID-19 virus pandemic, which may have an impact on the company's probability and ultimate viability. The management team will endeavour to mitigate these inherent risks (where possible) but remain cautious and cannot make any guarantees, in light of this unprecedented event and future unknown developments that may arise.

Auditors

The auditors, Nyman Libson Paul, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

RENAISSANCE LEARNING UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

This report was approved by the board on 18 November 2020 and signed on its behalf.

Erez Tocker
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RENAISSANCE LEARNING UK LIMITED

Opinion

We have audited the financial statements of Renaissance Learning UK Limited (the 'company') for the year ended 31 December 2019, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RENAISSANCE LEARNING UK LIMITED (CONTINUED)

inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RENAISSANCE LEARNING UK LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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 an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

Richard Paul (Senior Statutory Auditor)

for and on behalf of

Nyman Libson Paul

Chartered Accountants
Statutory Auditors

124 Finchley Road
London
NW3 5JS

18 November 2020

RENAISSANCE LEARNING UK LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	14,691,736	12,827,220
Cost of sales		(6,381,273)	(6,318,430)
Gross profit		<u>8,310,463</u>	<u>6,508,790</u>
Distribution costs		(3,449,871)	(2,409,194)
Administrative expenses		(4,116,961)	(3,707,921)
Operating profit	5	<u>743,631</u>	<u>391,675</u>
Interest receivable and similar income	10	<u>361,435</u>	<u>308,078</u>
Profit before tax		<u>1,105,066</u>	<u>699,753</u>
Tax on profit	11	(234,380)	(145,902)
Profit after tax		<u><u>870,686</u></u>	<u><u>553,851</u></u>
Retained earnings at the beginning of the year		1,196,930	643,079
Profit for the year		<u>870,686</u>	<u>553,851</u>
Retained earnings at the end of the year		<u><u>2,067,616</u></u>	<u><u>1,196,930</u></u>

The notes on pages 12 to 25 form part of these financial statements.

RENAISSANCE LEARNING UK LIMITED
REGISTERED NUMBER: 03645180

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	948,320	994,080
Investments	13	118,284	-
		<u>1,066,604</u>	<u>994,080</u>
Current assets			
Stocks	14	9,790	5,564
Debtors	15	23,950,024	18,001,434
Cash at bank and in hand	16	1,791,814	1,825,204
		<u>25,751,628</u>	<u>19,832,202</u>
Creditors: amounts falling due within one year	17	(16,634,972)	(13,010,624)
Net current assets		<u>9,116,656</u>	<u>6,821,578</u>
Total assets less current liabilities		<u>10,183,260</u>	<u>7,815,658</u>
Creditors: amounts falling due after more than one year	18	(7,816,002)	(6,375,080)
Provisions for liabilities			
Deferred tax	20	(54,846)	(43,648)
Other provisions	21	(44,796)	-
		<u>(99,642)</u>	<u>(43,648)</u>
Net assets		<u><u>2,267,616</u></u>	<u><u>1,396,930</u></u>
Capital and reserves			
Called up share capital	22	200,000	200,000
Profit and loss account		2,067,616	1,196,930
		<u><u>2,267,616</u></u>	<u><u>1,396,930</u></u>

RENAISSANCE LEARNING UK LIMITED
REGISTERED NUMBER: 03645180

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 November 2020.

Erez Tocker
Director

The notes on pages 12 to 25 form part of these financial statements.

RENAISSANCE LEARNING UK LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	870,686	553,851
Adjustments for:		
Depreciation of tangible assets	186,485	89,198
Loss on disposal of tangible assets	-	78,958
Interest received	(361,435)	(308,078)
Taxation charge	234,380	145,902
(Increase)/decrease in stocks	(4,226)	1,705
Increase in debtors	(1,439,054)	(1,014,995)
Increase in amounts owed by groups	(4,509,536)	(494,310)
Increase in creditors	4,975,088	3,282,013
Increase/(decrease) in provisions	44,796	(170,769)
Corporation tax paid	(133,000)	(101,168)
Net cash generated from operating activities	(135,816)	2,062,307
Cash flows from investing activities		
Purchase of tangible fixed assets	(140,725)	(1,040,190)
Purchase of fixed asset investments	(118,284)	-
Interest received	361,435	308,078
Net cash from investing activities	102,426	(732,112)
Cash and cash equivalents at beginning of year	1,825,204	495,009
Cash and cash equivalents at the end of year	1,791,814	1,825,204
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,791,814	1,825,204
	1,791,814	1,825,204

The notes on pages 12 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

Renaissance Learning Limited is a limited liability company incorporated in England. The address of its registered office is South Quay Building 14th Floor, 189 Marsh Wall, London, England, E14 9SH.

The company operates as a developer and retailer of educational computer software and continued professional development resources.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and 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 judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The company meets its day to day working capital requirements through the utilisation of its own funds and its bank facilities. Although the potential effects of the coronavirus can be modelled, it is very difficult to determine the assumptions that will prove to be most appropriate and therefore there is an element of doubt existing that cannot be quantified.

After reviewing the company's forecasts and projections, 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.

In making their assessment of going concern the directors have considered information for a period of at least twelve months from the date the financial statements were authorised for issue.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue on the provision of education software and support service contracts lasting more than one year are carried forward as deferred income and recognised in the period in which the service has been utilised.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Short-term leasehold property	- over the period of the lease
Fixtures	- 10 years
Furniture	- 7 years
Equipment	- 5 years
Computers	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Operating leases: Lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.10 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 ordinary shares.

2.11 Creditors

Short term creditors are measured at the transaction price.

2.12 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP, rounded to the nearest £1.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings.

2.13 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.15 Interest income

Interest income is recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.16 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 profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the year end 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 is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

The preparation of the financial statements requires management to make judgements estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following are the company's key accounting estimates and assumptions:

Tangible assets

Tangible assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the assets' lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment, management considers factors including the current credit rating of the debtor, the ageing profile and historical experience.

Dilapidations provision

The provision recorded in the accounts for dilapidations costs is an estimated cost of repairing office premises occupied by the company to the state they were prior to the lease commencing. This provision is re-assessed on an annual basis, using factors such as unit square footage, length of the lease and the time remaining until the lease expires.

4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	13,070,528	11,926,724
Rest of Europe	628,233	399,714
Rest of the world	992,975	500,782
	<u>14,691,736</u>	<u>12,827,220</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Exchange differences	23,400	5,398
Other operating lease rentals	<u>585,912</u>	<u>453,044</u>

RENAISSANCE LEARNING UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Auditors' remuneration

Fees payable to the company's auditor in respect of:

Audit of the company's annual accounts	15,000	11,750
All other services	12,595	7,742
	<u>27,595</u>	<u>19,492</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	5,634,660	4,684,010
Social security costs	632,624	467,039
Cost of defined contribution scheme	264,094	143,855
	<u>6,531,378</u>	<u>5,294,904</u>

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

	2019 No.	2018 No.
General and administration	15	11
Sales and customer services	65	53
Product development	31	31
	<u>111</u>	<u>95</u>

RENAISSANCE LEARNING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Key management compensation

Key management are the directors. The compensation paid or payable to key management for employee services is shown below:

	2019 £	2018 £
Salaries and other short term benefits	<u>405,893</u>	<u>1,355,924</u>

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	353,895	1,033,536
Compensation for loss of office	-	155,199
Company contributions to defined contribution pension schemes	2,256	8,109
	<u>356,151</u>	<u>1,196,844</u>

During the year retirement benefits were accruing to 1 director (2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £353,895 (2018 - £785,083).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,256 (2018 - £4,284).

10. Interest receivable

	2019 £	2018 £
Interest receivable	<u>361,435</u>	<u>308,078</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	223,182	123,612
Total current tax	<u>223,182</u>	<u>123,612</u>
Deferred tax		
Origination and reversal of timing differences	11,198	22,290
Total deferred tax	<u>11,198</u>	<u>22,290</u>
Taxation on profit on ordinary activities	<u>234,380</u>	<u>145,902</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,105,066</u>	<u>699,753</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	209,963	132,953
Effects of:		
Capital allowances for year in excess of depreciation	24,417	12,949
Total tax charge for the year	<u>234,380</u>	<u>145,902</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

RENAISSANCE LEARNING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Tangible fixed assets

	Short-term leasehold property £	Fixtures and fittings £	Total £
Cost			
At 1 January 2019	667,879	489,934	1,157,813
Additions	38,016	102,709	140,725
At 31 December 2019	705,895	592,643	1,298,538
Depreciation			
At 1 January 2019	9,437	154,296	163,733
Charge for the year on owned assets	101,489	84,996	186,485
At 31 December 2019	110,926	239,292	350,218
Net book value			
At 31 December 2019	594,969	353,351	948,320
At 31 December 2018	658,442	335,638	994,080

13. Fixed asset investments

	Investments in subsidiary companies £
Cost	
Additions	118,284
At 31 December 2019	118,284

RENAISSANCE LEARNING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Stocks

	2019 £	2018 £
Goods for resale	<u>9,790</u>	<u>5,564</u>

15. Debtors

	2019 £	2018 £
Due after more than one year		
Prepayments	176,147	-
Due within one year		
Trade debtors	3,934,463	2,796,816
Amounts owed by group undertakings	19,086,290	14,576,754
Other debtors	348,430	350,819
Prepayments	404,694	277,045
	<u>23,950,024</u>	<u>18,001,434</u>

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>1,791,814</u>	<u>1,825,204</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	272,915	36,218
Corporation tax	156,878	66,696
Taxation and social insurance	1,016,743	710,793
Other creditors	805,512	644,249
Accruals	7,333	146,041
Deferred income	14,375,591	11,406,627
	<u>16,634,972</u>	<u>13,010,624</u>

RENAISSANCE LEARNING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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18. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Deferred income	7,816,002	6,375,080
	<u>7,816,002</u>	<u>6,375,080</u>

19. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>25,160,997</u>	<u>19,549,593</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(272,915)</u>	<u>(36,218)</u>

Financial assets that are debt instruments measured at amortised cost comprise bank balances, trade and other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade and other creditors and amounts owed to group undertakings.

RENAISSANCE LEARNING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

20. Deferred taxation

	2019 £
At beginning of year	43,648
Charged to profit or loss	11,198
At end of year	54,846

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	54,846	43,648
	<u>54,846</u>	<u>43,648</u>

21. Provisions

	Provision for property dilapidations £
Charged to profit or loss	44,796
At 31 December 2019	44,796

22. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
200,000 (2018 - 200,000) Ordinary shares of £1.00 each	<u>200,000</u>	<u>200,000</u>

23. Pension commitments

The company makes payments into the personal pension schemes of certain employees. The pension cost charge represents contributions paid by the company to the funds during the year. The contributions payable by the company for the year was £264,094 (2018: £143,855). The amount outstanding at the balance sheet date was £51,569 (2018: £30,247).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

24. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	306,790	278,829
Later than 1 year and not later than 5 years	2,027,553	1,736,818
Later than 5 years	596,827	1,193,654
	<u>2,931,170</u>	<u>3,209,301</u>

25. Related party transactions

The company forms part of a wholly owned group and has taken advantage of the exemptions provided by FRS 102 from the requirement to disclose transactions with other group entities.

26. Post balance sheet events

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the company for future periods.

27. Controlling party

The immediate parent company is Renaissance Learning Inc, a company registered in the United States of America. The ultimate parent company during the year is Francisco Partners GP V Management, LLC, a company registered in the Cayman Islands.

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