

FFT EDUCATION LIMITED

(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

FFT EDUCATION LIMITED
(A company limited by guarantee)

COMPANY INFORMATION

Directors	K W Brooks (resigned 26 September 2022) M D Fischer T R Pearson P D Charman T W Perkin (appointed 13 April 2022)
Company secretary	J S Schilizzi
Registered number	03685684
Registered office	Unit 7 127 Olympic Avenue Milton Park Abingdon, Oxfordshire OX14 4SA
Independent auditors	James Cowper Kreston Chartered Accountants and Statutory Auditor 2 Chawley Park Cumnor Hill Oxford Oxfordshire OX2 9GG

FFT EDUCATION LIMITED
(A company limited by guarantee)

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Statement of cash flows	12
Analysis of net debt	13
Notes to the financial statements	14 - 29

FFT EDUCATION LIMITED
(A company limited by guarantee)

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors present their strategic report for the year ended 31 December 2021.

Business review

The principal activity of the Company is the provision of education services to support schools with improving students' education outcomes. The Company's education services include:

- Analysing school performance and education data
- Delivering a reading catch-up tutoring programme for primary schools
- Education data projects and research
- Programmes to support the teaching of reading and literacy in primary schools

The Company's services are primarily delivered through the development of web-based platforms for schools which are developed by the company. These platforms are used to analyse education data and deliver content and learning to support the teaching of reading and literacy.

Turnover increased by 68% from £6,190,817 for the year ended 31 December 2020 to £10,381,351 for the year ended 31 December 2021. The increase in turnover was driven by the launch of the Company's new reading tutoring programme for primary schools.

The profit for the year, after taxation, amounted to £443,370 (2020: £649,849).

The Company has net assets of £1,644,655 (2020: £1,201,285).

Principal risks and uncertainties

The most significant risk to the Company's performance during 2021 was the ongoing impact of Covid. However, the risks around Covid were offset by the launch of the Company's new reading tutoring programme for primary schools which delivered significant growth in revenue in 2021.

There was another lockdown for UK schools from January to March 2021 which had an impact on the delivery of some services (particularly the reading tutoring programme in schools) and demand for other services (education data) during Q1. With the ongoing Covid disruption, the government cancelled national assessments for the second year running in 2021, which reduced the demand for some of the Company's education analytics services (particularly the analysis of assessment data for primary schools).

The Covid disruption for schools had an impact on the Company's performance in Q1, with a reduction in the delivery and use of services, but this reversed quickly once schools reopened in March 2021, and did not have any significant impact on the overall delivery of the new tutoring services or existing education data services.

With the significant expansion and launch of the new tutoring service and ongoing investment in the Company's products and software platforms, the management has carefully managed and monitored cashflow. The Company has a strong cash flow from the established education data software as a service (SaaS) subscriptions for schools, local authorities and academy trusts.

Financial key performance indicators

The management and directors monitor business performance, operational performance and financial performance regularly and carefully. Financial performance is compared to plan (budget) for the current financial year as well as a longer-term 3-year financial forecast, to ensure that any decisions taken consider the short-term and long-term financial performance of the Company and education impact of the services provided to schools.

FFT EDUCATION LIMITED
(A company limited by guarantee)

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

The financial KPIs monitored regularly by management and directors include:

- Cash flow and collections
- Profitability: gross margin and net margin

The gross margin for the year was 63% (2020: 88%) and the net margin was 2.7% (2020: 8.6%).

Operating cash flow for the year was £443,370 (2020: £649,849) and cash collection days were 21.8 (2020: 21.2).

Future prospects

The directors are confident about the long-term prospects for the Company. The Company has well-established education data SaaS subscription services with 13,800 schools, which are used regularly by schools to benchmark school performance, examination results and support school improvement. The Company's new reading tutoring programme for primary schools (approved by the National Tutoring Programme) was launched in November 2020 and has been used by 35,000 pupils in 700 schools since then. Following the acquisition (asset purchase) of the Success for All Foundation (UK) in August 2021, the Company's new phonics programme to teach reading in primary schools (approved by DFE) has been launched for schools to start teaching in 2022.

The Company continues to invest significant resources in research and development to support the continuous improvement of the educational products and services provided by the company to schools. The current focus for research and development includes a next-generation education analytics platform for schools, reading tutoring programme, reading assessment programme and early reading phonics programme.

The management and directors anticipate continued demand in 2022 for both the Company's established education data products and services and newer tutoring, reading and literacy products and services.

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

P D Charman
Director

Date: 18 November 2022

FFT EDUCATION LIMITED
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors

The directors who served during the year were:

K W Brooks (resigned 26 September 2022)
M D Fischer
T R Pearson
P D Charman
T W Perkin (appointed 13 April 2022)

Non-executive directors give their time voluntarily and receive no benefits from the company, other than reasonable reimbursement for expenses (e.g. travel to attend board meetings).

Principal activity

The Company's principal activity is the provision of education services to support schools with improving students' education outcomes.

Results and dividends

The turnover for the year amounted to £10,381,351 (2020: £6,190,817).

The profit for the year, after taxation, amounted to £443,370 (2020 - £649,849).

Matters covered in the Strategic Report

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 require a Strategic Report to be prepared. Where mandatory disclosures in the Directors' Report are considered by the directors to be of strategic importance, these have been included within the Strategic Report rather than the Directors' Report. It has done so in respect of future prospects, research and development and financial risk management.

Post balance sheet events

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

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 judgements 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.

FFT EDUCATION LIMITED
(A company limited by guarantee)

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

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.

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.

Auditors

The auditors, James Cowper Kreston, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

P D Charman
Director

Date: 18 November 2022

FFT EDUCATION LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FFT EDUCATION LIMITED

Opinion

We have audited the financial statements of FFT Education Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

FFT EDUCATION LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FFT EDUCATION LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 set out on page 3, 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.

FFT EDUCATION LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FFT EDUCATION 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
 - Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
 - Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Other matters

The financial statements for the year ended 31 December 2020 are unaudited.

Use of our report

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 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, as a body, for our audit work, for this report, or for the opinions we have formed.

FFT EDUCATION LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FFT EDUCATION LIMITED (CONTINUED)

James Pitt BA BFP FCA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

2 Chawley Park

Cumnor Hill

Oxford

Oxfordshire

OX2 9GG

21 November 2022

FFT EDUCATION LIMITED
(A company limited by guarantee)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	10,381,351	6,190,817
Cost of sales		(3,835,887)	(720,278)
Gross profit		6,545,464	5,470,539
Distribution costs		(1,894)	(1,754)
Administrative expenses		(6,269,965)	(5,241,058)
Other operating income		8,999	304,536
Operating profit		282,604	532,263
Interest receivable and similar income		454	5,293
Profit before tax		283,058	537,556
Tax on profit	10	160,312	112,293
Profit for the financial year		443,370	649,849

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 14 to 29 form part of these financial statements.

FFT EDUCATION LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 03685684

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	11	554,532	-
Tangible assets	12	317,455	273,098
		<hr/>	<hr/>
		871,987	273,098
Current assets			
Stocks		12,902	6,187
Debtors: amounts falling due within one year	13	1,507,967	938,018
Cash at bank and in hand	14	4,090,637	4,461,505
		<hr/>	<hr/>
		5,611,506	5,405,710
Creditors: amounts falling due within one year	15	(1,408,719)	(2,909,606)
		<hr/>	<hr/>
Net current assets		4,202,787	2,496,104
		<hr/>	<hr/>
Total assets less current liabilities		5,074,774	2,769,202
Creditors: amounts falling due after more than one year	16	(3,393,245)	(1,545,079)
Provisions for liabilities			
Deferred tax		(36,874)	(22,838)
		<hr/>	<hr/>
		(36,874)	(22,838)
		<hr/>	<hr/>
Net assets		1,644,655	1,201,285
		<hr/>	<hr/>
Capital and reserves			
Profit and loss account		1,644,655	1,201,285
		<hr/>	<hr/>
		1,644,655	1,201,285
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 November 2022.

P D Charman
Director

The notes on pages 14 to 29 form part of these financial statements.

FFT EDUCATION LIMITED
(A company limited by guarantee)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Profit and loss account £	Total equity £
At 1 January 2021	1,201,285	1,201,285
Profit for the year	443,370	443,370
At 31 December 2021	<u><u>1,644,655</u></u>	<u><u>1,644,655</u></u>

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Profit and loss account £	Total equity £
At 1 January 2020	551,436	551,436
Profit for the year	649,849	649,849
At 31 December 2020	<u><u>1,201,285</u></u>	<u><u>1,201,285</u></u>

The notes on pages 14 to 29 form part of these financial statements.

FFT EDUCATION LIMITED
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	443,370	649,849
Adjustments for:		
Amortisation of intangible assets	39,609	-
Depreciation of tangible assets	225,614	188,846
Interest received	(454)	(5,293)
Taxation credit	(160,312)	(112,293)
Increase in stocks	(6,715)	(2,506)
Increase in debtors	(534,336)	55,480
Increase in creditors	347,273	1,426,171
Corporation tax received	138,741	609
Net cash generated from operating activities	492,790	2,200,863
Cash flows from investing activities		
Purchase of intangible fixed assets	(594,141)	-
Purchase of tangible fixed assets	(269,971)	(346,400)
Interest received	454	5,293
Net cash from investing activities	(863,658)	(341,107)
Net (decrease)/increase in cash and cash equivalents	(370,868)	1,859,756
Cash and cash equivalents at beginning of year	4,461,505	2,601,749
Cash and cash equivalents at the end of year	4,090,637	4,461,505
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,090,637	4,461,505

The notes on pages 14 to 29 form part of these financial statements.

FFT EDUCATION LIMITED
(A company limited by guarantee)

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	4,461,505	(370,868)	4,090,637
	<u>4,461,505</u>	<u>(370,868)</u>	<u>4,090,637</u>

The notes on pages 14 to 29 form part of these financial statements.

FFT EDUCATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

FFT Education Limited is a private company limited by guarantee incorporated and domiciled in England and Wales with registered number 03685684. The Company's registered office can be found on the company information page of these financial statements. The principal activity in the year was that of promoting the advancement of school and pre-school age education.

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 judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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.

Rendering of services

Revenue from a contract to provide services is recognised as follows:

Subscriptions

Revenue from subscriptions is recognised straight-line over the period to which the subscription relates.

Projects

Revenue from projects is recognised based on stage of completion of the contract at the end of the reporting period.

Tutoring

Revenue from tutoring is recognised when the service is delivered.

2.3 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

FFT EDUCATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Operating leases: the Company as 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 Interest income

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

2.7 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 Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

FFT EDUCATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Statement of comprehensive income over its useful economic life.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The estimated useful lives range as follows:

Goodwill	-	5	years
----------	---	---	-------

2.10 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.

FFT EDUCATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.10 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.

Depreciation is provided on the following basis:

Long-term leasehold property	- over the lease term
Fixtures and fittings	- 20% straight line
Office equipment	- 33.3% straight line

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.

2.11 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. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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.

2.14 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

FFT EDUCATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.15 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 balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.16 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.

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet 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 judgements have had the most significant effect on amounts recognised in the financial statements.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

Goodwill

Goodwill is amortised over its useful life. The actual life of the asset is assessed annually and may vary depending on a number of factors.

At each reporting date, the Directors assess whether there is any indication of impairment. Assumptions are made regarding the performance and future cash flows generated by the asset. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

FFT EDUCATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Aspire subscriptions	5,334,462	5,197,348
Projects	718,639	791,670
Literacy	216,004	124,202
Tutoring	4,102,990	36,619
Sale of materials	9,256	40,978
	<u>10,381,351</u>	<u>6,190,817</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £	2020 £
Research and development tax credit income	3,976	-
Coronavirus Job Retention Scheme	<u>5,023</u>	<u>304,536</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation	225,614	188,846
Amortisation	39,609	-
Other operating lease rentals	160,714	158,888
Defined contribution pension cost	<u>339,565</u>	<u>297,015</u>

7. Auditors' remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £14,800 (2020 - *£nil*).

FFT EDUCATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Employees

	2021	2020
	£	£
Wages and salaries	3,960,131	3,308,689
Social security costs	423,215	358,067
Cost of defined contribution scheme	339,565	297,015
	<u>4,722,911</u>	<u>3,963,771</u>

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

	2021	2020
	No.	No.
	<u>98</u>	<u>78</u>
Employees		

9. Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	136,968	96,423
Company contributions to defined contribution pension schemes	35,910	16,329
	<u>172,878</u>	<u>112,752</u>

Directors' remuneration relates solely to the executive director. Non-executive directors give their time voluntarily and are not remunerated.

FFT EDUCATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	(174,348)	(142,703)
Total current tax	<u>(174,348)</u>	<u>(142,703)</u>
Deferred tax		
Origination and reversal of timing differences	6,823	31,301
Effect of increased/decreased tax rate on opening balance	7,213	(891)
Total deferred tax	<u>14,036</u>	<u>30,410</u>
Taxation on loss on ordinary activities	<u>(160,312)</u>	<u>(112,293)</u>

FFT EDUCATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>283,058</u>	<u>537,556</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	53,781	102,136
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	542	142
Capital allowances for year in excess of depreciation	(8,725)	178
Additional deduction for R&D expenditure	(269,857)	(276,194)
Surrender of losses for R&D tax credit refund	55,097	44,288
Remeasurement of deferred tax for changes in tax rates	8,850	(893)
Other permanent differences	-	18,050
Total tax charge for the year	<u>(160,312)</u>	<u>(112,293)</u>

Factors that may affect future tax charges

The main rate of corporation tax will rise from 19% to 25% from 1 April 2023. On this basis deferred tax is provided at the future rate of 25%.

FFT EDUCATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Intangible assets

	Goodwill
	£
Cost	
Additions	594,141
	<hr/>
At 31 December 2021	594,141
	<hr/>
Amortisation	
Charge for the year	39,609
	<hr/>
At 31 December 2021	39,609
	<hr/>
Net book value	
At 31 December 2021	554,532
	<hr/> <hr/>
At 31 December 2020	-
	<hr/> <hr/>

FFT EDUCATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation				
At 1 January 2021	84,780	146,958	1,548,244	1,779,982
Additions	-	4,327	265,644	269,971
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021	84,780	151,285	1,813,888	2,049,953
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2021	72,729	131,912	1,302,243	1,506,884
Charge for the year	4,656	8,932	212,026	225,614
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021	77,385	140,844	1,514,269	1,732,498
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2021	<u>7,395</u>	<u>10,441</u>	<u>299,619</u>	<u>317,455</u>
At 31 December 2020	<u>12,051</u>	<u>15,046</u>	<u>246,001</u>	<u>273,098</u>

FFT EDUCATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Debtors

	2021 £	2020 £
Trade debtors	620,063	359,124
Other debtors	332,143	298,150
Prepayments and accrued income	555,761	280,744
	<u>1,507,967</u>	<u>938,018</u>

14. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>4,090,637</u>	<u>4,461,505</u>

15. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	405,248	162,666
Corporation tax	5	4
Other taxation and social security	258,103	874,332
Other creditors	62,388	67,021
Accruals and deferred income	682,975	1,805,583
	<u>1,408,719</u>	<u>2,909,606</u>

16. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Accruals and deferred income	<u>3,393,245</u>	<u>1,545,079</u>

FFT EDUCATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

17. Financial instruments

	2021 £	2020 £
Financial assets		
Cash at bank	4,090,637	4,461,505
Financial assets that are debt instruments measured at amortised cost	957,940	696,572
	<u>5,048,577</u>	<u>5,158,077</u>
Financial Liabilities		
Financial liabilities that are debt instruments measured at amortised cost	<u>4,318,684</u>	<u>4,100,254</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities that are debt instruments measured at amortised cost comprise trade creditors, other creditors, accruals and deferred income.

18. Deferred taxation

	2021 £
At beginning of year	(22,838)
Charged to profit or loss	(14,036)
At end of year	<u>(36,874)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(60,994)	(36,713)
Short term timing differences	24,120	13,875
	<u>(36,874)</u>	<u>(22,838)</u>

19. Company status

The Company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the Company in the event of liquidation.

FFT EDUCATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

20. Business combinations

Acquisition of Success for All Foundation

On 31 August 2021, the Company acquired the trade and assets of Success for All Foundation.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustments £	Fair value £
Current Assets			
Stocks	5,859	-	5,859
Cash at bank and in hand	84,369	-	84,369
Total Assets	<u>90,228</u>	<u>-</u>	<u>90,228</u>
Creditors			
Due within one year	(84,369)	-	(84,369)
Total Identifiable net assets	<u>5,859</u>	<u>-</u>	<u>5,859</u>
Goodwill			594,141
Total purchase consideration			<u>600,000</u>
Consideration			
			£
Cash			<u>600,000</u>
Cash outflow on acquisition			
			£
Purchase consideration settled in cash, as above			600,000
Directly attributable costs			(3,585)
			<u>596,415</u>
Less: Cash and cash equivalents acquired			(84,369)
Net cash outflow on acquisition			<u>512,046</u>

FFT EDUCATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

20. Business combinations (continued)

The goodwill arising on acquisition is attributable to software, intellectual property and customer contracts.

The results of Success for All Foundation since acquisition are as follows:

	Current period since acquisition £
Turnover	<u>50,561</u>

The Company has launched the new FFT Success for All Phonics programme (September 2021) which has been approved by the Department for Education and has been implemented with existing Success for All schools and new primary schools. There has been a significant increase in the number of schools using Success for All literacy programmes in the UK schools following the acquisition (phonics, reading assessment and tutoring programmes).

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £339,565 (2020 - £297,015). Contributions totalling £46,473 (2020 - £67,021) were payable to the fund at the balance sheet date and are included in creditors.

22. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	129,568	124,024
Later than 1 year and not later than 5 years	438,147	453,217
Later than 5 years	227,238	320,519
	<u>794,953</u>	<u>897,760</u>

FFT EDUCATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

23. Related party transactions

During the year ended 31 December 2021, the Company purchased £16,950 (2020: £4,350) of consultancy services from the partner of a director of the Company, P D Charman. At the year end, the Company owed £7,800 (2020: £Nil).

During the year ended 31 December 2021, the Company paid staff costs of £798 (2020: £Nil) to two close family members of a director of the Company, P D Charman.

During the year ended 31 December 2021, the Company purchased £2,450 (2020: £Nil) of consultancy services from Castlemorton Church of England Primary School, a charity controlled by a director of the Company. At the year end, the Company owed £1,050 (2020: £Nil).

During the year ended 31 December 2021, the Company purchased £Nil (2020: £48,451) of Amazon Web Services (AWS) hosting services via joint AWS enterprise hosting plan with Alamy Limited, a company controlled by two directors of the Company until February 2020, M D Fischer and T R Pearson.

During the year ended 31 December 2021, the Company made sales of £1,973 (2020: £Nil) for subscriptions to Dyson Perrins Church of England Academy, a company controlled by a director of the Company, P D Charman. At the year end, the Company were owed £Nil (2020: £Nil).

During the year ended 31 December 2021, the Company paid expenses of £2,338 (2020: £1,681) to a director of the Company, P D Charman. At the year end, the Company owed £Nil (2020: £2,999).

During the year ended 31 December 2021, the Company paid donations of £Nil (2020: £95,000) to Fischer Family Foundation, a charity controlled by two directors of the Company, M D Fischer and K W Brooks.

On 31 August 2021, the Company entered into an asset purchase agreement with Success for All Foundation to acquire the trade and assets of the entity for a consideration of £600,000. During the year ended 31 December 2021, the Company made cost of sales purchases of £60,000 (2020: £Nil) from Success for All Foundation which was controlled by a director of the Company, M D Fischer.

24. Controlling party

M D Fischer and K W Brooks, members of the company, are considered to be the controlling parties.

K W Brooks resigned as a director and member of the company on 26 September 2022, after which the controlling parties were M D Fischer and T R Pearson.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.