

Pearson Dollar Finance plc

Registered Number :

5111013

Annual Report and Financial Statements

For the Year Ended :

31 December 2022

Registered Address :

80 Strand, London WC2R 0RL

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COMPANIES HOUSE

Pearson Dollar Finance plc

STRATEGIC REPORT

The directors present the Strategic Report of Pearson Dollar Finance plc (the 'company') for the year ended 31 December 2022.

Business review

The company is an investment holding company. The directors are of the opinion that the current level of activity and the year end financial position are satisfactory and will remain so in the foreseeable future.

Dividends

During the year an interim dividend of \$51,000,000 was paid (2021: \$22,000,000).

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties and financial risk management of the company are integrated with the principal risks of the consolidated financial statements of Pearson plc (the 'group') and are not managed separately. Accordingly, the principal risks and uncertainties and financial risk management of Pearson plc, which include those of the company, are discussed in the group's annual report which does not form part of this report.

This Strategic Report contains certain information on financial risk management which is required by legislation to be disclosed in the Directors' Report.

Section 172 (1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the company.

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of the financial markets. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the company's purpose together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

While there are cases where the board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the Pearson group means that generally our stakeholder engagement best takes place at an operational or group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details on the some of the engagement that takes place with the group's stakeholders so as to encourage the directors to understand the issues to which they must have regard please see pages 26 to 29 of the Pearson plc 2022 Annual Report.

In considering the strategic direction of the Company, the Board also considers feedback from engagement with key stakeholders, including the employees of the Group, customers and suppliers. As a result of this ongoing feedback, changes are introduced as and when appropriate which we believe will result in improvements for stakeholders, as well as promoting the long-term success of the Company and enhancing its reputation.

We delegate authority for day-to-day management of the company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held periodically where the directors consider the company's activities and make decisions. As a part of those meetings the directors receive information in a range of different formats on section 172 matters when making relevant decisions. For example, each year we make an assessment of the strength of the company's balance sheet and future prospects relative to market uncertainties and make decisions about the payment of dividends. As a result, during the year an interim dividend of \$51,000,000 was paid.

By order of the board



J J T Kelly
Director

20 June 2023

Pearson Dollar Finance plc

DIRECTORS' REPORT

The directors present their report and the financial statements of Pearson Dollar Finance plc (the 'company') for the year ended 31 December 2022.

Directors

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

J J T Kelly
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Qualifying third party indemnity provisions and liability insurance

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

Financial risk management

Information of the company's approach to principal risks and uncertainties, including financial risk management, is included in the Strategic Report.

Post balance sheet events

On 12 May 2023 the company paid a dividend of \$53,000,000.

Statement of directors' responsibilities

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

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

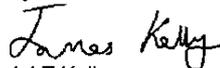
Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



J J T Kelly
Director

20 June 2023

Company registered number :
5111013

Pearson Dollar Finance plc

PROFIT AND LOSS ACCOUNT

For the year ended :

31 December 2022

		2022	2021
	Note	\$'000	\$'000
Continuing operations			
Other operating expenses		-	(1)
Profit/(loss) before interest and taxation		-	(1)
Interest receivable and similar income	4	54,319	54,319
Interest payable and similar expenses	4	(9)	-
Profit before taxation		54,310	54,318
Tax on profit	5	(9,025)	(9,840)
Profit for the financial year		45,285	44,478

Pearson Dollar Finance plc

STATEMENT OF COMPREHENSIVE INCOME

For the year ended :
31 December 2022

	2022	2021
	\$'000	\$'000
Profit for the financial year	45,285	44,478
Total comprehensive income for the year	45,285	44,478

Pearson Dollar Finance plc

BALANCE SHEET

As at :

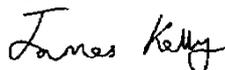
31 December 2022

		2022	2021
	Note	\$'000	\$'000
Current assets			
Debtors (including \$1,950,845,000 (2021: \$1,949,611,000) due after one year)	7	1,990,840	1,989,606
Cash at bank and in hand		249	247
		1,991,089	1,989,853
Creditors - amounts falling due within one year	8	(18,825)	(11,874)
Net current assets		1,972,264	1,977,979
Total assets less current liabilities		1,972,264	1,977,979
Net assets		1,972,264	1,977,979
Capital and reserves			
Called up share capital	9	1,735,624	1,735,624
Profit and loss account		236,640	242,355
Total shareholders' funds		1,972,264	1,977,979

For the year ended 31 December 2022 :

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

The financial statements were approved by the board of directors and authorised for issue on 20 June 2023. They were signed on its behalf by :



J J T Kelly
Director

Pearson Dollar Finance plc

STATEMENT OF CHANGES IN EQUITY

For the year ended :

31 December 2022

	Called up share capital	Profit and loss account	Total
	\$'000	\$'000	\$'000
At 1 January 2021	1,735,624	219,877	1,955,501
Profit for the financial year	-	44,478	44,478
Total comprehensive income for the year	-	44,478	44,478
Dividends	-	(22,000)	(22,000)
At 31 December 2021	1,735,624	242,355	1,977,979
Profit for the financial year	-	45,285	45,285
Total comprehensive income for the year	-	45,285	45,285
Dividends	-	(51,000)	(51,000)
At 31 December 2022	1,735,624	236,640	1,972,264

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

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

Pearson Dollar Finance plc

NOTES TO THE FINANCIAL STATEMENTS

For the year ended :

31 December 2022

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Accounting policies

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

Basis of preparation

Pearson Dollar Finance plc is a public limited company, limited by shares, incorporated in the United Kingdom. The address of its registered office is 80 Strand, London WC2R 0RL.

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

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

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

- IFRS 7 'Financial Instruments: Disclosures'
- Paragraphs 91-99 of IFRS 13 'Fair Value Measurement'
- Paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1 Presentation of Financial Statements:
 - (i) paragraph 10(d)
 - (ii) paragraph 16
 - (iii) paragraph 38A
 - (iv) paragraph 111
 - (v) paragraph 10(f)
 - (vi) paragraph 40
 - (vii) paragraphs 134 - 136
- IAS 7 'Statement of Cash Flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- Paragraph 17 of IAS 24 'Related Party Disclosures'
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Interpretations and amendments to published standards effective 2022

No new standards were adopted in 2022.

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the company's financial statements.

Pearson Dollar Finance plc

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended:

31 December 2022

1 Accounting policies continued

Foreign currency translation

The financial statements are presented in US dollars (\$) which is also the company's functional currency.

Transactions in currencies other than the functional currency are recorded using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Interest income

Interest income is recognised in profit or loss for all interest-bearing instruments on an accrual basis using the effective interest method.

Current income tax

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short-term investments with maturities of three months or less. Overdrafts are included in borrowings in current liabilities in the balance sheet.

Financial assets - Debtors

Debtors, representing intercompany loan, are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate (EIR) method less impairment. Impairment requirements use forward-looking information to recognise expected credit losses (ECL). Discounting is omitted where the effect of discounting is immaterial. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in the profit and loss.

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in transaction.

When a financial asset terms are modified and the cash flows of the modified asset are not substantially different and the modification of a financial asset does not result in derecognition, the amortised cost of the financial asset is recalculated by computing the present value of estimated future contractual cash flows discounted at the financial asset's original effective interest rate. Any gain or loss arising on modification is recognised in profit and loss.

Creditors

Creditors are recognised initially at fair value and subsequently measured at amortised cost.

Share capital

Ordinary shares are classified as equity.

Pearson Dollar Finance plc

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2022

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Operating profit

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

Pearson Dollar Finance plc

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2022

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Directors' emoluments and employee information

The emoluments of the directors are paid by their employing company, another group undertaking. The directors' services to this company and to a number of fellow subsidiaries are chiefly of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to their employing company. Accordingly, the financial statements include no emoluments in respect of the directors. The company had no employees in the current and prior years.

Pearson Dollar Finance plc

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2022

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Interest

	2022	2021
Interest receivable	\$'000	\$'000
Interest receivable from parent company	53,085	53,085
Unwinding of loss on loan modification	1,234	1,234
Interest receivable and similar income	54,319	54,319

Pearson Dollar Finance plc

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :
31 December 2022

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Taxation

	2022	2021
	\$'000	\$'000
Current tax		
UK corporation tax on profits for the year	10,319	10,320
Foreign exchange difference arising on settlement / retranslation of tax liabilities	(1,294)	(480)
Total current tax	9,025	9,840
Total tax on profit	9,025	9,840
UK standard effective rate of corporation tax (%)	19	19

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

	2022	2021
	\$'000	\$'000
Profit before tax	54,310	54,318
Tax on profit at standard UK corporation tax rate of 19% (2021: 19%)	10,319	10,320
Effects of:		
Foreign exchange difference arising on settlement / retranslation of tax liabilities	(1,294)	(480)
Total tax charge for the year	9,025	9,840

The current rate of corporation tax is 19% which has been effective since April 2017. The Spring Budget 2021 announced an increase in the corporation tax rate to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021 and received Royal Assent on 10 June 2021.

Pearson Dollar Finance plc

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2022

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Dividends

	2022	2021	2022	2021
	cents per share	cents per share	\$'000	\$'000
Equity - Ordinary \$1				
Declared and paid during the year:				
Interim dividend for the year	2.94	1.27	51,000	22,000
			51,000	22,000

Pearson Dollar Finance plc

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2022

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Debtors

	2022	2021
	\$'000	\$'000
Amounts falling due within one year		
Amounts owed by group undertakings	39,995	39,995
	39,995	39,995
Amounts falling due in more than one year		
Amounts owed by group undertakings	1,950,845	1,949,611
	1,950,845	1,949,611
Total debtors	1,990,840	1,989,606

Amounts owed by the ultimate parent, falling due after more than one year, are interest bearing at fixed rate of 2.68%, unsecured and receivable on 1 April 2025.

Pearson Dollar Finance plc

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2022

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Creditors

	2022	2021
	\$'000	\$'000
Amounts falling due within one year		
Amounts owed to group undertakings	(8,767)	(1,735)
Corporation tax	(10,058)	(10,139)
Total creditors	(18,825)	(11,874)

Pearson Dollar Finance plc

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2022

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Called up share capital

	2022	2021
	\$'000	\$'000
Total share capital	1,735,624	1,735,624

	2022	2021	2022	2021
	No '000s	No '000s	\$'000	No '000s
Ordinary shares \$1 each				
Allotted, called up and fully paid	1,735,600	1,735,600	1,735,600	1,735,600

	2022	2021	2022	2021
	No '000s	No '000s	\$'000	No '000s
Ordinary share £1 each				
Allotted, called up and fully paid	50	50	24	24

Pearson Dollar Finance plc

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended :

31 December 2022

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Contingent liabilities

Bank guarantees

The company participates in an arrangement with HSBC Bank plc whereby the accounts of Pearson plc and 17 of its subsidiaries, 'the guarantors', are combined, with cleared debit and credit balances being offset for interest calculation purposes. In order to comply with banking regulations, each guarantor to this arrangement has provided a multilateral guarantee in respect of the overdraft obligations (but no other debts due to the bank) of each of the other participants. Under this arrangement, the net cash position at 31 December 2022 was £6,049,575 (2021: net cash position £79,525,979). The maximum amount of this guarantee is limited to a net overdraft of £50,000,000.

Pearson Dollar Finance plc

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2022

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Post balance sheet events

On 12 May 2023 the company paid a dividend of \$53,000,000.

Pearson Dollar Finance plc

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2022

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Related party transactions

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

Pearson Dollar Finance plc

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2022

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Ultimate parent undertaking

The immediate parent undertaking is Pearson plc.

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