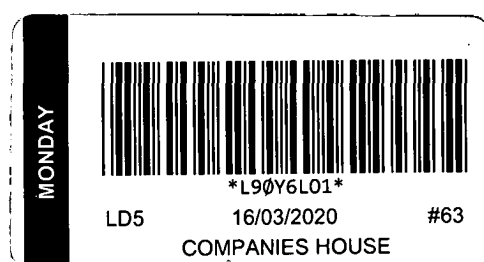


COMPANY NO: 06317279

REED ONLINE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

◆ For the year ended 30 June 2019 ◆



CONTENTS

	Page
COMPANY INFORMATION	1
STRATEGIC REPORT	2
DIRECTORS' REPORT	4
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS	6
INDEPENDENT AUDITORS' REPORT	7
INCOME STATEMENT	9
BALANCE SHEET	10
STATEMENT OF CHANGES IN EQUITY	11
NOTES TO THE FINANCIAL STATEMENTS	12

REED ONLINE LIMITED

COMPANY INFORMATION

Directors	James Reed MA, MBA, FCIPD Phillip Rinn (appointed 4 February 2019) Timothy Lewis Crowther BA, ACMA Simon Wingate BA (Hons) (appointed 29 October 2019) Mark Asten BA (Hons) (resigned 16 November 2018) Martin Warnes BA (Hons) (resigned 1 August 2018)
Registered office	Academy Court 94 Chancery Lane London WC2A 1DT
Company number	06317279
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London, UK WC2N 6RH
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP

STRATEGIC REPORT

The Directors present their Strategic Report on the Company for the year ended 30th June 2019.

The Company's principal activity is the provision of internet recruitment services offering online vacancy advertising and curriculum vitae access.

The Company's trading results are set out in the Income Statement on page 9.

During the year, the business' turnover declined to £54.5m (2018: £56.3m) and operating profit reduced to £114k (2018: £6.1m). The directors remain focused on providing the best user experience for jobseekers and recruiters in the UK market, and to invest substantially to support this long-term goal. The business therefore increased investment in marketing and in the development of new products and experiences for its users, which it was able to fund from its retained profits.

The balance sheet on page 10 of the financial statements shows that the Company has net assets of £25.5m at the year-end (2018: £25.2m).

There were no significant changes to the Company's principal activities in the year under review, and the directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Key performance indicators

	2019	2018
Operating profit margin	0.2%	10.8%
Co-Member cost ratio	33.8%	32.3%
Co-Members (average number)	322	334
Current ratio	2.81	2.08

No other events took place post 30 June 2019 which require disclosure.

Notes to key performance indicators

- Operating profit margin calculated as operating profit as a percentage of turnover.
- Co-Member cost ratio represents the staff costs as a percentage of turnover. The percentage is in line with our expectations.
- Co-Members represents the average number of permanent staff employed by the business during the year.
- Current ratio is derived by dividing current assets by current liabilities, and is a good indicator of a Company's ability to meet short-term debt obligations; the higher the ratio, the more liquid the Company is. The current ratio is in line with our expectations.

Principal risks and uncertainties facing the Company

Any downturn in the economic environment has historically been the greatest risk to the service sector in which Reed Online Limited operates. We have mitigated this risk through our ability to provide a high-class service to candidates and recruiters alike and to invest in our people, technology and brand whilst maintaining focus on cost management. This, in the view of the directors, will provide the best foundations for long-term growth.

Financial risks facing the Company

The directors have reviewed the nature of the Company's business and the assets and liabilities contained within the balance sheet and consider the only relevant financial risk to the business to be credit risk. This risk is mitigated by credit checking clients and a strong credit control function. Where the risk posed by an individual client is too high the Company requests that the client pre-pay for its services. Bad debt exposure is minimised due to our diverse spread of clients.

STRATEGIC REPORT (CONTINUED)

Pensions

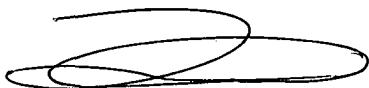
The Company provides access to the Group Personal Pension Plan (the Plan) which was introduced on 1st April 2013.

Environment

The Company operates within the REED Group's policy with regard to the environment. This is to ensure that it understands and effectively manages the actual and potential environmental impact of its activities. The Group's operations are conducted such that it complies with all legal requirements relating to the environment in all areas where it carries out its business. During the period covered by this report, the Group has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

The Group has issued a statement of intent to demonstrate how it aims to deliver its commitment to continually improve its environmental performance, highlighting implementation and monitoring plans, as well as clarifying Co-Member responsibility. The Group aims to act in accordance with the spirit of all relevant legislation and to set itself appropriate targets for long term improvements.

Approved by the Board of directors on 17 December 2019 and signed on its behalf by:



Timothy Lewis Crowther BA, ACMA
Director

DIRECTORS' REPORT

The directors present their report on the affairs of the Company, its audited financial statements and the auditors' report thereon for the year ended 30 June 2019.

The methods for mitigating both financial risks and principal risk and uncertainties facing the company are included in the Strategic Report.

Dividends

No dividend has been proposed for the year (2018: £nil).

Payment of creditors

The Company's policy for all suppliers is to fix terms of payment when contracting to each business transaction. This is to ensure that the supplier is aware of the terms.

Co-Members

The Company encourages all employees, known as Co-Members, to participate in the effective running and development of the business. Co-Members are kept informed via the Company intranet, which is updated on a daily basis as well as through briefing meetings, informal discussions and conferences.

Co-Members attend regular training courses and are encouraged to take an active interest in all matters affecting them. Co-Members' views, opinions and ideas are regularly surveyed and their feedback is acknowledged, noted and where appropriate, acted upon.

Inclusion and Belonging – Our commitment

The Company is committed to the REED Group's policy of creating a diverse and inclusive workforce by recognising and understanding each individual's unique differences and celebrating these within the business. By valuing Inclusion, we hope to create a workplace where Co-Members can thrive, and be the best they can be each day.

It is a policy of the Company to employ and train disabled people whenever appropriate and to actively promote equal opportunities by evaluating Co-Members solely on the basis of merit, regardless of age, gender, marital status, sexual orientation, disability or dependants' considerations, and ethnic, racial or religious background.

In the event of Co-Members becoming disabled every effort is made to ensure their employment with the Company continues and the Company is committed to ensuring sufficient and appropriate adjustments are made in order to achieve this objective.

Charitable donations and political contributions

Charitable donations of £150,000 were made in the year (2018: £251,000).

No political contributions were made in the year (2018: £nil).

Going concern basis

After making enquiries, the directors have formed a judgement, that at the time of approving the financial statements, there is reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Board of Directors

The composition of the Board of directors is given on page 1. No director was, or is, materially interested in any contract subsisting during, or at the end of, the financial year.

Disclosure of information to auditors

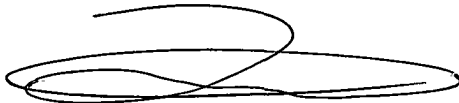
Each of the persons who is a director at the date of approval of this report confirms that:

- 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors' are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The directors appointed PricewaterhouseCoopers LLP as the auditors for the Company for the year ended 30 June 2019.

The financial statements on pages 9 to 22 were approved by the Board of directors on 17 December 2019 and signed on its behalf by:

A handwritten signature in black ink, consisting of a large, stylized 'T' and 'C' that loop together.

Timothy Lewis Crowther BA, ACMA
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REED ONLINE LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

In our opinion, Reed Online Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Balance Sheet as at 30 June 2019; the income statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nigel Reynolds (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 December 2019

REED ONLINE LIMITED**INCOME STATEMENT****For the year ended 30 June 2019**

		Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
	Note		
Turnover	2	54,548	56,317
Cost of sales		(1,628)	(1,613)
Gross profit		52,920	54,704
Administrative expenses		(52,957)	(48,720)
Other operating income		151	89
Operating profit	3	114	6,073
Interest receivable and similar income	4	275	150
Profit before taxation		389	6,223
Tax on profit	6	(88)	(1,201)
Profit for the financial year		301	5,022

There was no other comprehensive income except as reported above, therefore no Statement of Comprehensive Income has been presented.

All activities relate to continuing operations.

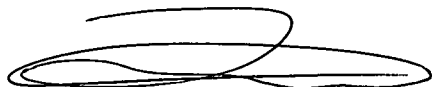
The notes on pages 12 to 22 form part of these financial statements.

REED ONLINE LIMITED**BALANCE SHEET**
At 30 June 2019

	Note	At 30 June 2019 £'000	At 30 June 2018 £'000
Fixed assets			
Tangible assets	8	489	409
Investments	9	-	-
Current assets			
Debtors	10	35,941	45,398
Cash at bank and in hand		3,209	2,745
		<u>39,150</u>	<u>48,143</u>
Creditors: Amounts falling due within one year	11	<u>(13,923)</u>	<u>(23,163)</u>
Net current assets		<u>25,227</u>	<u>24,980</u>
Total assets less current liabilities		<u>25,716</u>	<u>25,389</u>
Provisions for liabilities	12	<u>(204)</u>	<u>(178)</u>
Net assets		<u><u>25,512</u></u>	<u><u>25,211</u></u>
Capital and reserves			
Called up share capital	14	-	-
Retained earnings	15	25,512	25,211
Total Shareholders' funds		<u><u>25,512</u></u>	<u><u>25,211</u></u>

The notes on pages 12 to 22 form part of these financial statements.

The financial statements were approved by the Board on 17 December 2019 and signed on its behalf by:



Timothy Lewis Crowther BA, ACMA
Director

Company number: 06317279

REED ONLINE LIMITED**STATEMENT OF CHANGES IN EQUITY**
For the year ended 30 June 2019

	Called up share capital £'000	Retained earnings £'000	Total shareholders' funds £'000
Balance as 1 July 2017	-	20,189	20,189
Profit for the financial year	-	5,022	5,022
Dividends	-	-	-
Balance as at 30 June 2018	-	25,211	25,211
Balance as 1 July 2018	-	25,211	25,211
Profit for the financial year	-	301	301
Dividends	-	-	-
Balance as at 30 June 2019	-	25,512	25,512

The notes on pages 12 to 22 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For year ended 30 June 2019

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Company is incorporated and domiciled in England and Wales and is a private company limited by share capital.

The financial statements of the Company have been prepared in accordance with the Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements of Reed Online Limited, have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applied to companies using FRS 101.

FRS 101 sets out amendments to EU adopted IFRS that are necessary to achieve compliance with the Companies Act 2006 and related regulations.

The Company is a wholly owned subsidiary Company of a group headed by Reed Global Limited, and is included in the consolidated financial statements of that Company, which are publicly available.

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. The Company has also taken advantage under s400 of the Companies Act 2006 not to prepare consolidated financial statements for the companies of which it is the parent.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cashflow statements),
 - 38B-D (additional comparative information),
 - 134-136 (capital management disclosures).
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

NOTES TO THE FINANCIAL STATEMENTS
For year ended 30 June 2019 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Standards, interpretations and amendments to published standards adopted in 2019

The Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 July 2018. The adoption of these revisions to the requirements of IFRS's as adopted by the EU did not result in substantial changes to the Company's accounting policies. The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2018:

IFRS 15 – Revenue from contracts with Customers

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

After taking cognisance of the nature of the company's contracts with customers, it was concluded that the transition to IFRS 15 was immaterial and no adjustments were made to the company's results and financial position. Turnover is recognised on a straight line basis over the length of the contract as this is the best estimate of when the customer takes control of the revenue based on the systems available, where turnover is not impacted by IFRS 15 this is recognised at point of sale. Analysis of usage behaviour of customers demonstrated consumption of the product evenly across the life of the contract. This approach is consistent with prior periods and there is no real cost of delivery.

IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. In accordance with the transitional provisions in IFRS 9, the Company elected to adopt the standard as from 1 July 2018 without restating comparatives. The adoption of IFRS 9 Financial Instruments from 1 July 2018 had no material impact on the Company's opening retained earnings as a result of the standard's initial application.

(a) Classification of financial assets under IFRS 9

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVTPL'). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available-for-sale.

The transition from IAS 39 to IFRS 9 did not have a material impact on the measurement of financial assets. The differences between IAS 39 and IFRS 9 consist solely of reclassifications. *Reclassification adjustments reflect the movement of balances between categories of financial assets with no impact to shareholders' equity.* There is no change to the carrying value of financial instruments as a result of reclassifications.

The application of IFRS 9 resulted in the reclassification of the Company's financial assets from the 'Loans and receivables' category in IAS 39 to 'Financial assets at amortised cost' under IFRS 9. The changes in classification had no impact on equity and tax balances.

(b) Impairment of financial assets

The new expected credit losses model replaces the incurred loss impairment model used in IAS 39 which will generally result in earlier recognition of provisions for impairment losses. The impact of this change in the impairment model was not significant in view of the high quality of the counterparties to which the Company is exposed to. Taking cognisance of the fact that the Company has trade receivables of £3.2m (2018: £3.5m) classified as a current receivable (Note 10), the application of the expected credit loss model had an immaterial impact. For amounts owed to group undertakings the application of the expected credit loss model also had an immaterial impact.

NOTES TO THE FINANCIAL STATEMENTS
For year ended 30 June 2019 (CONTINUED)

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the expected credit losses are immaterial.

Standards, interpretation and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are not yet effective for financial periods ended 30 June 2019. These have not been early adopted by the Company. The Company's directors are of the opinion that there are no new requirements that will have a significant impact on the Company's financial statements in the period of initial application.

The objective of IFRS 16, 'Leases', is to report information that (a) faithfully represents lease transactions and (b) provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognise assets and liabilities arising from a lease. The new standard is effective 1 January 2019. The Company will adopt IFRS 16 for the financial year ending 30 June 2020 using the simplified approach.

The Company has undertaken a detailed evaluation of the potential impact arising from the new standard. The current estimate is that the adoption of IFRS 16 will result in a right-of-use asset of £1.3m and a corresponding lease liability amounts to £1.1m respectively being brought onto the company statement of financial posting on 1 July 2020.

The impact on the income statement would be a £0.01m decrease in profit before tax. In calculating the impact of IFRS 16, management has applied a discount rate of 2%, in line with the borrowing rates. The Company has also chosen to take the low value and short-term hire exemptions allowed under the standard.

Going concern

The financial statements have been prepared under the going concern basis.

Having considered the Company's forecasts and projections the directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. In the current year the directors recognise that the Company made a profit and is in a position of net assets. For these reasons and considering future projections the directors continue to adopt the going concern basis in preparing these financial statements.

Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for turnover and administrative expenses during the year. No estimates or judgements made in the preparation of these financial statements are significant and therefore are not deemed to be critical.

Turnover

Turnover represents amounts receivable for services provided to customers net of Value Added Tax. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration. Turnover is recognised on a straight line basis over the length of the contract as this is the best estimate of when the customer takes control of the revenue based on the systems available, where turnover is not impacted by IFRS 15 this is recognised at point of sale. Performance obligation is satisfied at the point where services are transferred to the customer regardless of the extent to which they consume this. Advanced payments are recorded on the balance sheet as a liability within creditors due within one year until the services have been rendered.

NOTES TO THE FINANCIAL STATEMENTS
For year ended 30 June 2019 (CONTINUED)

Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Where law or accounting standards require gains and losses to be recognised, these will be recognised in other comprehensive income.

Cash flow statement

The Company has taken advantage of the exemption under FRS 101 not to prepare a cash flow statement as the Company's ultimate parent at the balance sheet date, Reed Global Limited, has prepared a cash flow statement.

Fixed assets

Tangible fixed assets are shown at cost less depreciation.

Depreciation is calculated to write off the cost of tangible fixed assets on a straight-line basis over the expected useful lives of the assets concerned.

Depreciation is charged as follows:-

Fixtures and equipment: Three to eight years

Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Any such write down is charged to operating profit.

Investments

Investments are held at cost value and written down when any impairment is identified.

Dilapidations

A provision is made over the life of every lease for the dilapidation cost obligation which results from vacating the property.

NOTES TO THE FINANCIAL STATEMENTS
For year ended 30 June 2019 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Pensions

Pension arrangements were introduced on 1st April 2013 on a group personal pension plan basis. Contributions to the group personal pension plan, a defined contribution scheme, are administered by Scottish Widows plc and are charged to the income statement in the year in which they are payable.

2. TURNOVER

All turnover and profits arose in the United Kingdom from the activity of internet recruitment services offering on-line vacancy advertising and curriculum vitae access, from the referral of course seekers to online course providers or from the sale of online training courses.

3. OPERATING PROFIT

Operating profit is stated after charging:

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Depreciation of tangible assets		
- owed assets	210	227
Operating lease rentals		
- land and buildings	1,166	1,186
Auditors' remuneration		
- audit of the Company financial statements	20	21
- other non-audit services	-	-
	<u>-</u>	<u>-</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Interest receivable on loan to group undertakings	275	150
	<u>275</u>	<u>150</u>

NOTES TO THE FINANCIAL STATEMENTS
For year ended 30 June 2019 (CONTINUED)

5. DIRECTORS AND EMPLOYEES REMUNERATION

a) Directors' remuneration

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Wages and salaries	522	443
Other pension costs	2	1
Total Directors' emoluments	<u>524</u>	<u>444</u>
Compensation for loss of office	<u>110</u>	<u>-</u>
Wages and salaries	194	174
Highest paid Director – emoluments	<u>195</u>	<u>175</u>

Total Directors' emoluments are comprised of basic salary, bonuses and retirement benefits.

b) Staff costs

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Wages and salaries	16,359	16,206
Social security costs	1,888	1,906
Other pension costs	200	104
	<u>18,447</u>	<u>18,216</u>

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

	Year ended 30 June 2019 No.	Year ended 30 June 2018 No.
Direct Staff	123	148
Administrative Staff	199	186
	<u>322</u>	<u>334</u>

The Company participates in a Group Personal Pension Plan, managed and administered by Scottish Widows, and made available to the directors and employees of the Company as a means of providing for retirement. This is a defined contribution scheme. Contributions provided for in the financial statements amounted to £199,635 (2018: £103,609) of which contributions of £1,713 (2018: £1,330) are for the benefit of the directors only.

NOTES TO THE FINANCIAL STATEMENTS
For year ended 30 June 2019 (CONTINUED)

6. TAX ON PROFIT

a) UK corporation tax

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
UK corporation tax on profit for the year	15	1,148
Adjustments in respect of previous years	29	18
Total current UK corporation tax on profit for the year	44	1,166
Deferred tax:		
Origination and reversal of temporary differences	44	35
	44	35
Total UK corporation tax on profit for the year	88	1,201

b) Factors affecting current tax charge

The tax assessed on the profit for the financial year is at the standard rate of corporation tax in the UK of 19.00%. (2018: 19.00%)

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Profit before taxation	389	6,223
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	74	1,182
Fixed asset differences	4	2
Expenses not deductible for tax purposes	15	20
R&D expenditure credits	(29)	(17)
Adjustments to tax charge in respect of previous periods	29	18
Adjust closing deferred tax to average rate of 19.00%	11	16
Adjust opening deferred tax to average rate of 19.00%	(16)	(20)
Total tax	88	1,201

c) Factors affecting future tax charges

The July 2015 Budget Statement announced changes (which were subsequently enacted) to the UK Corporation tax regime which will reduce the main rate of Corporation Tax to 19% from 1 April 2017 and 18% from 1 April 2020. A further change was announced in the March 2016 Budget to further reduce the Corporation Tax rate to 17% from 1 April 2020, which has been substantively enacted.

NOTES TO THE FINANCIAL STATEMENTS
For year ended 30 June 2019 (CONTINUED)

7. DEFERRED TAX

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Depreciation in excess of capital allowances	65	63
Short term temporary differences	30	76
Deferred tax asset at end of the year	<u>95</u>	<u>139</u>
Provision at start of year	139	174
Deferred tax charged to the income statement for the year	(44)	(35)
Deferred tax asset at end of the year (note 10)	<u>95</u>	<u>139</u>

8. TANGIBLE ASSETS

	Fixtures & Equipment £'000
Cost	
At 1 July 2018	2,318
Additions	299
Disposals	(1,647)
At 30 June 2019	<u>970</u>
Accumulated Depreciation	
At 1 July 2018	1,909
Charge for the year	210
Disposals	(1,638)
At 30 June 2019	<u>481</u>
Net book value	
At 30 June 2019	<u>489</u>
At 30 June 2018	<u>409</u>

NOTES TO THE FINANCIAL STATEMENTS
For year ended 30 June 2019 (CONTINUED)

9. INVESTMENTS

	Investment in subsidiaries £
Cost and net book value At 1 July 2017 and 30 June 2018	100
At 30 June 2019	100

The following principal subsidiary undertakings is 100% owned:

As at 30 June 2019

Co. No.	Name and address of Subsidiary Undertaking	Principal Activity
06287244	REED.CO.UK LIMITED Academy Court, 94 Chancery Lane, London, WC2A 1DT	Non-trading

10. DEBTORS

	At 30 June 2019 £'000	At 30 June 2018 £'000
Trade debtors	3,165	3,494
Amounts owed by group undertakings	31,686	41,183
Other debtors	21	32
Prepayments	974	550
Deferred tax (note 7)	95	139
	35,941	45,398

Amounts owed by group undertakings are repayable on demand and interest is charged at a rate of 0.75%. Subsequent to the balance sheet date, the Company has agreed not to demand for repayment £14,353,066 from a related party for at least 12 months from the signing date.

NOTES TO THE FINANCIAL STATEMENTS
For year ended 30 June 2019 (CONTINUED)

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 30 June 2019 £'000	At 30 June 2018 £'000
Trade creditors	2,496	480
Amounts owed to group undertakings	-	6,282
Accruals	1,793	6,815
Contract liabilities - Deferred Revenue	6,432	3,578
Corporation tax	1,042	3,426
Other taxation and social security	1,580	2,036
Other creditors	580	546
	<u>13,923</u>	<u>23,163</u>

Amounts owed by group undertakings are repayable on demand and interest is charged at a rate of 0.75%.

12. PROVISIONS FOR LIABILITIES

	Dilapidations £'000	Total £'000
At 1 July 2018	178	178
Additional provision	26	26
At 30 June 2019	<u>204</u>	<u>204</u>

The dilapidations provision arises from the contractual obligation to restore leased premises to their original condition on termination of the leases.

13. OPERATING LEASES

At 30 June 2019 the Company had (2018: nil) no capital commitments.

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
No later than one year	1,107	1,107
Later than one year and no later than five years	5,350	5,535
Later than five years	-	922
	<u>6,457</u>	<u>7,564</u>

NOTES TO THE FINANCIAL STATEMENTS
For year ended 30 June 2019 (CONTINUED)

14. CALLED UP SHARE CAPITAL

The share capital of the Company is as follows:

	At 30 June 2019 £	At 30 June 2018 £
Authorised, issued and fully paid Ordinary shares of £1 each	<u>100</u>	<u>100</u>

15. RETAINED EARNINGS

	£'000
As at 1 July 2018	25,211
Profit for the financial year	301
As at 30 June 2019	<u>25,512</u>

No dividend has been proposed for the year (2018: £nil).

16. ULTIMATE PARENT COMPANY

The Company is wholly owned by Reed Global Limited, the ultimate parent of the REED Group, which is registered in England and Wales. The largest and smallest set of financial statements into which these financial statements are consolidated are those of Reed Global Limited. Copies of group financial statements can be obtained from the Company's registered office at Academy Court, 94 Chancery Lane, London, WC2A 1DT.

It is also the parent undertaking for the largest and smallest group for which the group financial statements are prepared.

17. RELATED PARTY TRANSACTIONS

At 30 June 2019, as identified in note 16, Reed Global Limited was the Company's ultimate parent Company. The Company has taken advantage of the exemption granted by FRS101 not to disclose related party transactions with Reed Global group companies.

Transactions with key management personnel are disclosed under note 5.