Pearson Management Services Limited
Registered Number : 00096263

Annual Report and Financial Statements
For the Year Ended : 31 December 2025

Registered address :
80 Strand, London WC2R 0RL

Pearson Management Services Limited

STRATEGIC REPORT

The directors present their Strategic Report of Pearson Management Services Limited (the "company") for the year ended 31 December 2025.

Principal activity and Business model

The results for the company show a loss for the year before taxation of £36,354,000 (2024: £47,181,000).

The company provides management and advisory services throughout Pearson plc ('the Group') generating revenue through management charges on these services. 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.

Key performance indicators

From the perspective of the company, the key performance indicators are integrated with the key performance indicators of the consolidated financial statements of the Group and are not managed separately. Accordingly, the key performance indicators 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.

Future developments

The external commercial environment is expected to remain as competitive in 2026 as it was in 2025. However, it is expected that the company will maintain the current level of performance in the future, in line with the Group results and expectations.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties of the company are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties 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.

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 and other factors which we consider relevant to the decision being made. 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 our stakeholders and 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.

Section 172 (1) Statement (continued)

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 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 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 17-22 of the Pearson plc 2025 Annual Report.

In considering the strategic direction of the company, the Board also considers feedback from engagement with key stakeholders, including our employees, 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 promotion of the long-term success of the company and enhancement of 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. There were no dividend payments in 2025.

On behalf of the board



F E Muir
Director
23 September 2026

Pearson Management Services Limited

DIRECTORS' REPORT

The directors present their report and the financial statements of Pearson Management Services Limited for the year ended 31 December 2025.

Directors

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

F E Muir
R M Coulson (resigned 21 July 2025)
G S Baldwin

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. The company also purchased and maintained throughout the financial year directors and officers' liability insurance in respect of itself and its directors and officers.

Financial risk management

From the perspective of the company, financial risk management is integrated with the financial risk management of the consolidated financial statements of the Group and is not managed separately. Accordingly, the financial risk management of Pearson plc, which includes that of the company, is discussed in the Group's annual report which does not form part of this report.

Employee and other stakeholder engagement

The company’s key stakeholders include its employees, learners and other customers, suppliers, and regulators, as well as its parent company and fellow subsidiaries within the Group. The views of, and the impact of the company’s activities on, those stakeholders are an important consideration for the Board when making relevant decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups on certain issues, the size and spread of both our stakeholders and the 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 some of the engagement that takes place with the company’s employees and other stakeholders so as to encourage the directors to understand the issues to which they must have regard, please see pages 17-22, 40-42, and 86-88 of the Pearson plc 2025 Annual Report

During the year the Board received information to help it understand the interests and views of the company’s key stakeholders and other relevant factors when making decisions. This information was provided in a range of different formats including in reports and presentations on non-financial KPIs, risk, ESG matters and the outcomes of specific pieces of engagement. As a result of this, we have an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders’ concerns and to comply with our section 172 duties to promote success of the company. For additional information into how engagement has influenced our decisions, please see our strategic report.

DIRECTORS' REPORT

Employee and other stakeholder engagement (continued)
Education is evolving to meet the changing demands of today's learners. The Group takes into account the emerging themes that have arisen as a result of research and frequent engagement with a variety of stakeholders. As a result, the Group strives to create long-term sustainable growth for its investors and all of its stakeholders by being a driving force in an increasingly digital world.

Our employees are also integral to the sustainable success of Pearson and the company is a strong advocate of driving employee engagement within the Group. Pearson offers a variety of thriving Employee Resource Groups which have active UK chapters, including, amongst others, Able, Spectrum and Women Initiative Network (WIN), which serve to cultivate and celebrate diversity and inclusion in the employee population. Our Employee Engagement Network provided an insight into the various employee perspectives across the Group in 2025.

Employees
Employee involvement - The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in achieving the company's business goals.

Disabled employees - The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled during their service with the company, the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

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 (FRS 101) and 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.

On behalf of the board
F E Muir
Director
23 September 2026

Company registered number :
00096263

Pearson Management Services Limited

PROFIT AND LOSS ACCOUNT
For the year ended:
31 December 2025

Continuing operations	Note	**2025** **£'000**	2024 £'000
Turnover	3	**104,545**	110,552
Gross profit		**104,545**	110,552
Administrative expenses		**(116,794)**	(120,226)
Other operating income		**9,963**	8,726
Reversal of impairment of right of use assets		**10,789**	-
Operating profit/(loss)	4	**8,502**	(948)
Profit/(loss) before interest and taxation		**8,502**	(948)
Interest receivable and similar income	7	**2**	26
Interest payable and similar expenses	7	**(44,858)**	(46,259)
Loss before taxation		**(36,354)**	(47,181)
Tax on loss	8	**(434)**	6,391
Loss for the financial year		**(36,788)**	(40,790)

Pearson Management Services Limited

STATEMENT OF COMPREHENSIVE INCOME
For the year ended:
31 December 2025

	2025	2024
	£'000	£'000
Loss for the financial year	**(36,788)**	(40,790)
Total comprehensive expenditure for the year	**(36,788)**	(40,790)

Pearson Management Services Limited

BALANCE SHEET
As at:
31 December 2025

	Note	2025 £'000	2024 £'000
Fixed assets			
Intangible assets	9	**6,227**	2,956
Tangible assets	10	**113,228**	101,913
Investments	11	**84**	82
		119,539	104,951
Current assets			
Debtors (including £37,047,000 (2024: £48,292,000) due after more than one year)	12	**84,103**	95,437
Cash at bank and in hand		**871**	292
		84,974	95,729
Creditors - amounts falling due within one year	13	**(481,251)**	(439,268)
Net current liabilites		**(396,277)**	(343,539)
Total assets less current liabilities		**(276,738)**	(238,588)
Creditors - amounts falling due after more than one year	13	**(278,927)**	(283,400)
Provisions for liabilities	14	**(895)**	(4,910)
Net liabilites		**(556,560)**	(526,898)
Capital and reserves			
Called up share capital	16	**4,000**	4,000
Profit and loss account		**(569,233)**	(539,693)
Other reserves		**8,673**	8,795
Total shareholders' deficit		**(556,560)**	(526,898)

For the year ended 31 December 2025:
- 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 23 September 2026. They were signed on its behalf by:

F E Muir
Director

Pearson Management Services Limited

STATEMENT OF CHANGES IN EQUITY
For the year ended:
31 December 2025

	Other reserves	Called up share capital	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 January 2024	7,904	4,000	(511,400)	**(499,496)**
Loss for the financial year	-	-	(40,790)	**(40,790)**
Total comprehensive expenditure for the year	-	-	(40,790)	**(40,790)**
Share-based payment transactions	10,959	-	-	**10,959**
Current tax on share-based payment transactions	-	-	461	**461**
Deferred tax on share-based payment transactions	-	-	1,968	**1,968**
Shares exercised / lapsed during year	(10,068)	-	10,068	**-**
At 31 December 2024	8,795	4,000	(539,693)	**(526,898)**
Loss for the financial year	-	-	(36,788)	**(36,788)**
Total comprehensive expenditure for the year	-	-	(36,788)	**(36,788)**
Share-based payment transactions	7,286	-	-	**7,286**
Current tax on share-based payment transactions	-	-	1,221	**1,221**
Deferred tax on share-based payment transactions	-	-	(1,381)	**(1,381)**
Shares exercised / lapsed during year	(7,408)	-	7,408	**-**
At 31 December 2025	**8,673**	**4,000**	**(569,233)**	**(556,560)**

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

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

Other reserves represents capital contributions from Pearson plc in relation to share-based payment charges.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended:
31 December 2025

1
Accounting policies
The material accounting policies are set out below. These policies have been consistently applied to all the years

Basis of preparation
Pearson Management Services Limited is a private 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' (FRS101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

Prior year comparatives have been reclassified, where applicable, on a basis consistent with current year.

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. For areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, see note 2.

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:
a) the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment';
b) the requirement in paragraph 38 of IAS 1 ‘Presentation of Financial Statements’ to present comparative information in respect of:
(i) paragraph 79(a)(iv) of IAS 1;
(ii) paragraph 73(e) of IAS 16 'Property, Plant and Equipment'; and
(iii) paragraph 118(e) of IAS 38 'Intangible Assets';
c) the requirements of paragraphs 10(d), 16, 38(a), and 111 of IAS 1 'Presentation of Financial Statements';
d) paragraphs 91-99 of IFRS 13 'Fair Value Measurement';
e) the requirements of IAS 7 'Statement of Cash Flows';
f) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
g) the requirements of paragraph 17 of IAS 24 'Related Party Disclosures';
h) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 'Impairment of Assets';
i) 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;
j) IFRS 7 'Financial Instruments: Disclosures';
k) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118. 119(a) to (c), 120 to 127 and129 of IFRS 15 'Revenue from Contracts with Customers'; and
l) the requirements of paragraph 52, 58, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases'.

Interpretations and amendments to published standards effective 2025
No new standards were adopted in 2025.

A number of other new pronouncements are effective from 1 January 2025 but they do not have a material impact on the financial statements.

1
Accounting policies (continued)

Going concern
The directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of the ultimate parent company, Pearson plc. The directors have received confirmation that Pearson plc intends to support the company for 12 months from the date these financial statements are signed. On the basis of the company's assessment, including consideration of the position of the overall Group, the company believes it will be able to continue for the foreseeable future.

In assessing the Group's ability to continue as a going concern, the Group Board analysed a variety of downside scenarios including a severe but plausible scenario where the Group is impacted by all principal risks in 2026 and 2027, adjusted for probability weighting as well as other significant risks. The severe but plausible scenario modelled a severe reduction in revenue, profit and free cash flow throughout the assessment period. Based on these procedures and considering the strong balance sheet, the directors of Pearson plc consider that it will be able to continue in operation and to meet its liabilities as they fall due.

Foreign currency translation
The financial statements are presented in pounds sterling (£) 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction and are not re-translated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Revenue recognition
Revenue represents the invoiced value of services for support supplied, net of value added tax. Revenue is recognised upon provision of services when the amount can be reliably measured and when it is probable that future economic benefits will flow to the company. The transaction price determined is net of sales taxes, rebates and discounts. Variable consideration is measured using the expected value method. Historical experience, current trends, local circumstances and customer-specific funding formulae are considered in estimating and constraining variable consideration. To the extent that a higher degree of uncertainty exists regarding variable consideration, these amounts are excluded from the transaction price and recognised when the uncertainty is reasonably removed.

Judgement is applied to determine whether control passes over time and if not, the point in time at which control passes. Where revenue is recognised over time judgement is used to determine the method which best depicts the transfer of control.

Revenue that is recognised ahead of billings is shown as accrued income in the balance sheet. Revenue that is recognised as relating to future accounting periods is shown as deferred income in the balance sheet.

1
Accounting policies (continued)

Current and deferred 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.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of tax assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred tax are recognised in the income statement, except when the tax relates to items charged or credited directly to equity or other comprehensive income, in which case the tax is also recognised in equity or other comprehensive income. The exception under IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes has been applied.

Intangible assets
Software - Internal and external costs incurred during the preliminary stage of developing computer software for internal use are expensed as incurred. Internal and external costs incurred to develop computer software for internal use during the application development stage are capitalised if the company expects economic benefits from the development. Capitalisation in the application development stage begins once the company can reliably measure the expenditure attributable to the software development and has demonstrated its intention to complete and use the software. Software is amortised, when brought into use, on a straight-line basis over its estimated useful life of between 3 and 8 years.

Tangible fixed assets
Tangible fixed assets are stated at historical cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives as follows:

Plant and machinery - 5-10 years
Fixtures and fittings - 3-10 years
Leasehold buildings - over the period of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The carrying value of an asset is written down to its recoverable amount if the carrying value of the asset is greater than its estimated recoverable amount.

Investment property
Properties that are no longer occupied by the Group and which are held for operating lease rental are classified as investment property. Investment property assets are carried at cost less accumulated depreciation and any recognised impairment in value. The depreciation policies for investment property are consistent with those described for property, plant and equipment.

1
Accounting policies (continued)

Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provisions for bad and doubtful debts and anticipated future sales returns.

Trade receivables are stated at fair value after provision for bad and doubtful debts. Provisions for bad and doubtful debts are based on the expected credit loss model. The 'simplified approach' is used with the expected loss allowance measured at an amount equal to the lifetime expected credit losses.

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.

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

Provisions
Provisions are recognised if the company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation and that the amount can be reliably estimated.

Pensions
The company participates in The Pearson Pension Plan. This is a hybrid plan with both defined benefit and defined contribution sections but, predominantly, consisting of defined benefit liabilities.

The company is unable to identify its share of the underlying assets and liabilities of The Pearson Pension Plan owing to information regarding non-active members and changes to the group structure including acquisitions and disposals. There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19 'Employee Benefits' (2011), the company recognises a cost equal to its contribution payable for the period. The sponsoring entity to this scheme is Pearson Services Limited.

Share-based payments
Options and shares are awarded to the company's employees under Pearson share and option plans. The fair value of options or shares granted is recognised as an employee expense after taking into account the company's best estimate of the number of awards expected to vest. Fair value is measured at the date of grant and is spread over the vesting period of the option or share. The fair value of the options granted is measured using an option model that is most appropriate to the award. The fair value of the shares awarded is measured using the share price at the date of grant unless another method is more appropriate.

1
Accounting policies (continued)

Leases
As a lessee:
The company assesses whether a contract is or contains a lease at the inception of the contract. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The company recognises a right-of-use asset and a lease liability at the lease commencement date with respect to all lease arrangements except for short-term leases (leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the lease payments are recognised as an operating expense on a straight-line basis over the term of the lease.

The right of-use asset is initially measured at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The company applies IAS 36 to determine whether a right-of-use asset is impaired. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate or a change in the company's assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the right-of-use asset.

As a lessor:
When the company is an intermediate lessor, the head lease and sub-lease are accounted for as two separate contracts. The head lease is accounted for as per the lessee policy above. The sub-lease is classified as a finance lease or operating lease by reference to the right-of-use asset arising from the head lease. Where the lease transfers substantially all the risks and rewards of ownership to the lessee the contract is classified as a finance lease; all other leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease and is shown as Other Income in the profit and loss account . Amounts due from lessees under finance sub-leases are recognised as receivables at the amount of the company's net investment in the leases discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the discount rate used in the head lease.

Share capital
Ordinary shares are classified as equity.

2
Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

Incremental borrowing rate

The calculation of lease liabilities requires the company to determine an incremental borrowing rate (IBR) to discount future minimum lease payments. Judgment is applied in determining the components of the IBR used for each lease including risk free rates, the Pearson plc group's borrowing margin and any lease specific adjustments.

There are no other critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below.

Right of use assets

The recoverability of right-of-use assets and in particular assumptions related to the ability to sublease vacant leased assets in the future. See note 10 for further details.

3
Turnover

	2025	2024
Continuing operations	**£'000**	£'000
Provision of services	**104,545**	110,552
	104,545	110,552

No revenue was derived from exchanges of goods or services (2024: £nil).

Turnover by geographical market is as follows:	**2025**	2024
	£'000	£'000
United Kingdom	**45,639**	41,390
North America	**57,476**	68,377
Rest of world	**1,430**	785
	104,545	110,552

4
Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):	**2025**	2024
	£'000	£'000
Staff costs	**55,168**	55,126
Depreciation of tangible fixed assets (excluding right of use assets):		
- Owned	**1,536**	1,440
Depreciation of right of use assets	**1,712**	1,044
Depreciation of investment property	**8,180**	7,926
Amortisation of intangible assets included in other operating expenses	**938**	792
Reversal of impairment of right of use assets	**(10,789)**	-
Impairment of investment property included in other operating expenses	**-**	1,000
Impairment of intangible assets included in other operating expenses	**180**	-
Impairment of tangible fixed assets (excluding right of use assets) included in other operating expenses	**116**	-
Charitable donations	**221**	5

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 accounts since the consolidated accounts of the company's ultimate parent company, Pearson plc, are required to disclose non-audit fees on a consolidated basis.

In 2025, there was gain of £10,789,000 relating to reversals of impairments of property assets that were previously impaired.

5
Staff costs

	2025	2024
Ordinary staff costs	**£'000**	£'000
Wages and salaries	**37,364**	36,718
Social security costs	**7,321**	5,272
Other pension costs	**2,701**	1,198
Share-based payment costs	**7,286**	10,959
Other employment costs	**474**	205
Provision for loss of office (note 14)	**22**	774
	55,168	55,126

	2025	2024
Average monthly number of persons employed by the company during the year	**Number**	Number
Administration	**323**	310
	323	310

6
Directors' remuneration

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 the ultimate parent undertaking.

7
Interest

	2025	2024
Interest receivable	**£'000**	£'000
Interest receivable from group companies	**2**	26
Interest receivable and similar income	**2**	26

	2025	2024
Interest payable	**£'000**	£'000
Interest on lease liabilities	**(10,551)**	(10,718)
Interest payable to group companies	**(34,307)**	(35,541)
Interest payable and similar expenses	**(44,858)**	(46,259)

8
Taxation

	2025	2024
	£'000	£'000
Current tax		
UK corporation tax credit on losses for the year	**(4,666)**	(332)
Adjustments in respect of prior years	**(4,764)**	(2,653)
Total current tax	**(9,430)**	(2,985)
Deferred tax		
Origination and reversal of temporary differences	**5,146**	637
Deferred tax on share-based payments	**1**	(1,696)
Adjustments in respect of prior years	**4,717**	(2,347)
Total deferred tax	**9,864**	(3,406)
Total tax on loss	**434**	(6,391)
UK standard effective rate of corporation tax (%)	**25.0**	25.0

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

	2025	2024
	£'000	£'000
Loss before tax	**(36,354)**	(47,181)
Tax on loss at standard UK corporation tax rate of 25% (2024: 25%)	**(9,089)**	(11,795)
Effects of:		
Expenses not deductible for tax purposes	**9,483**	10,410
Adjustments in respect of prior years	**(47)**	(4,999)
Share-based payments	**87**	(7)
Total tax charge/(credit) for the year	**434**	(6,391)

The current rate of corporation tax is 25% for the year ended 31 December 2025.

In addition to the amount charged in the profit and loss account, the following amounts relating to tax have beer recognised directly in equity:

	2025	2024
	£'000	£'000
Current tax		
Current tax on share-based payment transactions	**(1,221)**	(461)
	(1,221)	(461)
Deferred tax		
Deferred tax on share-based payment transactions	**1,381**	(1,968)
	1,381	(1,968)
Total income tax recognised directly in equity	**160**	(2,429)

9
Intangible fixed assets

	Software	Total
	£'000	£'000
Cost		
At 1 January 2025	5,662	5,662
Additions	4,389	4,389
At 31 December 2025	**10,051**	**10,051**
Amortisation		
At 1 January 2025	2,706	2,706
Charge for the year	938	938
Impairment	180	180
At 31 December 2025	**3,824**	**3,824**
Net book value		
At 31 December 2024	2,956	2,956
At 31 December 2025	**6,227**	**6,227**

Software
Software includes Global Finance systems deployment, with a remaining amortisation period of three years.

10
Tangible fixed assets

		Right-of-use assets	Owned assets				
	Investment property	Land & buildings	Assets under construction	Land & buildings	Plant & machinery	Fixtures & fittings	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 January 2025 (restated)	220,832	16,244	5	10,171	3,791	3,292	254,335
Additions	-	-	325	-	-	-	325
Transfers	678	-	(325)	(610)	-	257	-
Remeasurements	10,084	1,661	-	-	-	-	11,745
At 31 December 2025	**231,594**	**17,905**	**5**	**9,561**	**3,791**	**3,549**	**266,405**
Depreciation							
At 1 January 2025 (restated)	144,078	4,181	-	72	2,507	1,584	152,422
Charge for the year	8,180	1,712	-	365	675	496	11,428
(Reversal) / Impairment	(10,673)	(116)	-	116	-	-	(10,673)
At 31 December 2025	**141,585**	**5,777**	**-**	**553**	**3,182**	**2,080**	**153,177**
Net book value							
At 31 December 2024 (restated)	76,754	12,063	5	10,099	1,284	1,708	101,913
At 31 December 2025	**90,009**	**12,128**	**5**	**9,008**	**609**	**1,469**	**113,228**

In the financial statements for the year ended 31 December 2024,tangible fixed assets with total net book value of £76,754,000 were classified as right of use assets and land & buildings (owned assets). Properties that are no longer occupied by the company and which are held for operating lease rental should be classified as investment property. As a result the prior period comparatives for 2024 have been restated to reflect this correction. The prior year adjustment resulted in the following:
- Right of use asset cost as at 31 December 2024 has been decreased by £171,672,000;
- Right of use asset accumulated depreciation as at 31 December 2024 has been decreased by £127,263,000;
- Land & buildings (owned assets) cost as at 31 December 2024 has been decreased by £49,160,000;
- Land & buildings (owned assets) accumulated depreciation as at 31 December 2024 has been decreased by £16,815,000;
- Investment property cost as at 31 December 2024 has been increased by £220,832,000;
- Investment property accumulated Depreciation as at 31 December 2024 has been increased by £144,078,000.

The prior year adjustment has had no impact on profit before taxation for the financial year ended 31 December 202 4 or on the total value of Tangible fixed assets on the balance sheet as at 31 December 2024.

11
Investments

	Note	**2025**	2024
		£'000	£'000
Other investments	11a	**84**	82
		84	82

11a
Other investments

	2025	2024
	£'000	£'000
Other	**84**	82
	84	82

Details of other investments :	**2025**	2024
	% owned	% owned
Peter Rabbit Picture Letter written in 1893	100%	100%

12
Debtors

	Note	**2025**	2024
		£'000	£'000
Amounts falling due within one year			
Amounts owed by group undertakings		**6,308**	19,282
Corporation tax		**10,926**	6,490
Other taxation		**4,283**	415
Other debtors		**17,920**	19,114
Prepayments and accrued income		**7,619**	1,844
Total debtors		**47,056**	47,145
Amounts falling due in more than one year			
Deferred taxation	15	**37,047**	48,292
		37,047	48,292
Total debtors		**84,103**	95,437

13
Creditors

	2025	2024
	£'000	£'000
Amounts falling due within one year		
Lease liabilities	**(9,386)**	(8,489)
Trade creditors	**(1,326)**	(4,068)
Amounts owed to group undertakings	**(442,317)**	(405,332)
Other creditors	**(9,711)**	(6,864)
Accruals and deferred income	**(18,511)**	(14,515)
	(481,251)	(439,268)
Amounts falling due after more than one year		
Lease liabilities	**(278,927)**	(283,400)
	(278,927)	(283,400)
Total creditors	**(760,178)**	(722,668)

14
Provisions

	Dilapidations	Restructuring	Post-Retirement Medical Benefit	Other Provisions	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2025	-	(958)	(423)	(3,529)	(4,910)
Charged to profit and loss account	(50)	(22)	51	-	(21)
Unused amounts reversed to profit and loss account	-	409	-	3,244	3,653
Utilisation of provision	-	243	-	140	383
At 31 December 2025	**(50)**	**(328)**	**(372)**	**(145)**	**(895)**

Dilapidations - The dilapidations provision is the current best estimate of the cost of bringing certain premises, held under operating leases, back to their original state as required by the lease agreement. The provision is estimated and recognised over the term of the original lease. The associated cost is recognised as an operating item in the profit and loss account. The provision will be utilised when a property is vacated or properties require repair.

The restructuring provision related to costs in respect of the group's reorganisation project. Provided costs include staff costs in relation to redundancies due to be utilised within 12 months.

The Post-Retirement Medical Benefit provision relates to a scheme which provides medical health care to retired employees.

Other provisions relate to a maintenance provision for external work to be carried out on the company's assets.

15
Deferred taxation

	Share schemes	Capital allowances	Other temporary differences	Losses	Total
Assets	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2025	5,917	234	12,786	29,355	48,292
(Charged)/credited to profit and loss	(7)	812	(1,891)	(8,778)	(9,864)
Charged to equity	(1,381)	-	-	-	(1,381)
At 31 December 2025	**4,529**	**1,046**	**10,895**	**20,577**	**37,047**

	2025	2024
	£'000	£'000
Deferred tax assets due after more than one year	**37,047**	48,292
Total deferred taxation	**37,047**	48,292

16
Called up share capital

	2025	2024
	£'000	£'000
Total share capital	**4,000**	4,000

	2025	2024	**2025**	2024
Ordinary shares £10 each	**No '000s**	No '000s	**£'000**	£'000
Allotted, called up and fully paid	**400**	400	**4,000**	4,000

17
Share-based payments

The company's employees are entitled to shares and options under the following equity-settled employee option and share plans:

Save for Shares Global Plan
Under the Save for Shares Global Plan, employees can save a portion of their monthly salary over a period of three years. At the end of this period, the employee has the option to purchase ordinary shares with the accumulated funds at a purchase price equal to 80% of the market price prevailing at the time of the commencement of the employee's participation in the plan. Options that are not exercised within six months of the end of the savings period lapse unconditionally.

Long-Term Incentive Plan
The plan was first introduced in 2001 and from time to time the plan rules are renewed. The plan consists of restricted shares. The vesting of restricted shares is normally dependent on continuing service over a three to five-year period, and in the case of Executive Directors and senior management, upon the satisfaction of corporate performance targets over a three-year period. These targets may be based on market and/or non-market performance criteria. Restricted shares awarded to Executive Directors from May 2023 to May 2025 vest based on relative total shareholder return (FTSE 100 and S&P 500, excluding certain sectors), return on capital, adjusted earnings per share and strategic measures. Other restricted shares awarded in 2025, 2024, and 2023 generally vest depending on continuing service over periods of up to five years.

18
Retirement benefit schemes

The company participates in The Pearson Pension Plan. This is a hybrid plan with both defined benefit and defined contribution sections but, predominantly, consisting of defined benefit liabilities.

The company is unable to identify its share of the underlying assets and liabilities of The Pearson Pension Plan owing to information regarding non-active members and changes to the group structure including acquisitions and disposals. There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19 (Revised 2011), the company recognises a cost equal to its contribution payable for the year. The sponsoring entity to this plan is Pearson Services Limited, consolidated with Pearson plc. Further details are disclosed in the financial statements of Pearson plc on pages 211 to 217 which are available at https://plc.pearson.com/en-GB/investors/performance/results-reports-presentations.

19
Contingent liabilities

Bank guarantees

The company participates in an arrangement with HSBC Bank plc whereby the accounts of Pearson plc and 16 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 2025 was £27,464,207 (2024: net cash position £57,607,318). The maximum amount of this guarantee is limited to a net overdraft of £50,000,000 (2024: £50,000,000).

20
Related party transactions

The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

21
Ultimate parent undertaking

The immediate and 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.