Pearson Professional Assessments Limited
Registered Number : 04904325

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

Pearson Professional Assessments Limited

STRATEGIC REPORT
For the year ended 31 December 2025

The directors present their strategic report of Pearson Professional Assessments Limited (the 'company') for the year ended 31 December 2025

Principal activity and Business model
The company was established in 2003 to deliver driving theory testing services for the Driver and Vehicle Standards Agency and the Driver and Vehicle Agency of Northern Ireland. A network of testing centres, a contact centre and support functions were successfully established and testing commenced in September 2004. The client portfolio has since been increased to include CITB, UKCAT, CIMA, ACCA and others.

2025 saw growth from existing clients such as DVSA, Kaplan, offset by NCA contractual changes, and decreased volume from NMC and Point Code. Changes in the NCA contract and movements in foreign exchange rates year on year has contributed to a decrease in operating profit in 2025.

The company intends to continue providing computer based testing services and extend its client portfolio. 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
A range of key performance indicators (KPIs) are in place, both internally and with clients. The main KPIs cover operational performance against internal standards, performance against contractual requirements and measurement of financial results against targets. All KPIs are regularly reviewed by senior management.

Key performance indicators	**2025**	**2024**	**Change (%)**
Turnover (£000's)	83,956	87,819	-4%
Gross Profit (£000's)	28,331	29,011	-2%
Operating Profit (£000's)	6,873	18,688	-63%
Profit for the financial year (£000's)	6,759	15,354	-56%
Net Assets (£000's)	61,530	54,366	13%

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 Pearson plc (the 'Group') and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, 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 they consider, 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
- interests of the company's members and wider Pearson group.

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 making. 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.

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 Pearson plc group ('Group') means that generally our stakeholder engagement best takes place at an operational or Group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details on the some of the engagement that takes place with the group's stakeholders so as to encourage the directors to understand the issues to which they must have regard please see pages 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, learners and other customers, suppliers, and regulators. 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:
James W. Caddy
J W Caddy
Director
1 September 2026
Company registered number
04904325

Pearson Professional Assessments Limited

DIRECTORS' REPORT

The directors present their report and financial statements of Pearson Professional Assessments 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 :
G A Gates (resigned 5 December 2025)
M J Poyiadgi (resigned 10 July 2026)
S R Peterson (resigned 28 February 2025)
E J L Symington (appointed 28 February 2025; resigned 18 March 2026)
J W Caddy (appointed 18 March 2026)
D J Devoe (appointed 5 December 2025)
B J D Ruscoe (appointed 10 July 2026)

Qualifying third party indemnity provisions and liability insurance

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

Financial risk management

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 the Group, 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 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 the 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 with various stakeholders. As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of stakeholders' concerns and to comply with our section 172 duty to promote success of the company. For additional information into how engagement has influenced our decisions please see our strategic report.

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.

Employee and other stakeholder engagement (continued)
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's 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.

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 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).

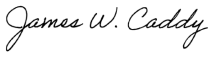
Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;
• state whether applicable United Kingdom Accounting Standards, including 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 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.

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.

On behalf of the board

J W Caddy 
Director
1 September 2026
Company registered number :
04904325

Pearson Professional Assessments Limited

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

		2025	2024
Continuing operations	**Note**	**£'000**	£'000
Turnover	3	**83,956**	87,819
Cost of sales		**(55,625)**	(58,808)
Gross profit		**28,331**	29,011
Administrative expenses		**(21,458)**	(10,374)
Other income		**-**	51
Operating profit	4	**6,873**	18,688
Interest receivable and similar income	7	**3,570**	2,895
Interest payable and similar expenses	7	**(1,049)**	(894)
Profit before taxation		**9,394**	20,689
Tax on profit	8	**(2,635)**	(5,335)
Profit for the financial year		**6,759**	15,354

Pearson Professional Assessments Limited

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

	2025	2024
	£'000	£'000
Profit for the financial year	**6,759**	15,354
Total comprehensive income for the year	**6,759**	15,354

Pearson Professional Assessments Limited

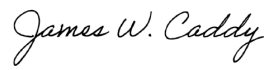
BALANCE SHEET
As at:
31 December 2025

	Note	**2025**	2024
		£'000	£'000
Fixed assets			
Intangible assets	9	**377**	406
Tangible assets	10	**18,937**	16,151
		19,314	16,557
Current assets			
Debtors (including amounts falling due after more than one year £1,474,000 (2024: £2,154,000))	11	**104,823**	88,815
Cash at bank and in hand		**11,130**	2,861
		115,953	91,676
Creditors: amounts falling due within one year	12	**(55,533)**	(37,326)
Provisions for liabilities	13	**(2,767)**	(1,920)
Net current assets		**57,653**	52,430
Total assets less current liabilities		**76,967**	68,987
Creditors: amounts falling due after more than one year	12	**(11,317)**	(10,205)
Provisions for liabilities	13	**(4,120)**	(4,416)
Net assets		**61,530**	54,366
Capital and reserves			
Profit and loss account		**60,766**	53,349
Other reserves		**764**	1,017
Total shareholders' funds		**61,530**	54,366

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 1 September 2026. They were signed on its behalf by :

J W Caddy
Director



Pearson Professional Assessments Limited

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

	Other reserves	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
At 1 January 2024	1,009	37,263	**38,272**
Profit for the financial year	-	15,354	**15,354**
Share-based payment transactions	520	-	**520**
Current tax on share-based payment transactions	-	59	**59**
Deferred tax on share-based payment transactions	-	161	**161**
Shares exercised/lapsed in year	(512)	512	**-**
At 31 December 2024	1,017	53,349	**54,366**
Profit for the financial year	-	6,759	**6,759**
Total comprehensive income for the year	-	6,759	**6,759**
Share-based payment transactions	450	-	**450**
Current tax on share-based payment transactions	-	134	**134**
Deferred tax on share-based payment transactions	-	(179)	**(179)**
Shares exercised/lapsed in year	(703)	703	**-**
At 31 December 2025	**764**	**60,766**	**61,530**

Other reserves represents capital contributions from Pearson plc in relation to share-based payment charges.
Profit and loss account reserve represents accumulated retained earnings less dividends paid.

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 presented.

Basis of preparation
Pearson Professional Assessments Limited (the 'company') 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' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. 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.

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

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 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;
i) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 'Impairment of Assets';
j) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118. 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers';
k) IFRS 7 'Financial Instruments: Disclosures'; and
l) the requirements of paragraphs 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)

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
Turnover represents the invoiced value of services supplied, net of discounts, from the provision of computer based testing services. Turnover is recognised on contracts with customers when or as performance obligations are satisfied which is the period or the point in time where control of goods or services transfers to the customer. 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.

Customer payments are generally defined in the contract as occurring shortly after invoicing. Where there is a longer payment term offered to a customer through a payment schedule, payment terms are within 12 months and the company has elected to use the practical expedient available in IFRS 15 and not identify a significant financing component on these transactions.

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 (i.e. over the period the qualification is delivered) judgement is used to determine the method which best depicts the transfer of control.

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

1
Basis of accounting (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 - internally developed - 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, economic benefits are expected, and has demonstrated its intention to complete and use the software. Internally developed software is amortised on a straight-line basis over its estimated useful life of between 3 and 10 years.

Tangible 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 Equipment are depreciated over 3 to 10 years;
- Assets under construction are not depreciated; and
- Fixtures and fittings are depreciated over the period of the associated property lease, which is in the range of 5 to 10 years.

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.

1
Basis of accounting (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 subject to impairment using the expected credit loss model. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The company reviews its bad debt provision quarterly following a detailed review of receivable balances and historical payment profiles, and assessment of forward looking risk factors.

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.

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
Basis of accounting (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.

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

The following are the 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 :

Dilapidation provision

A dilapidation provision has been established in respect of the company's leased buildings. The provision is based on costs incurred from prior site closures to establish a per square foot estimate of likely future costs. This is applied across the square footage of each site to establish the overall provision. The provision is updated annually to reflect inflation and other changes. Where sites are relocated, a new provision is established over the period of the lease.

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.

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 :

Dilapidation provision

Future costs of dilapidation works may vary and are monitored to identify any potential changes in such costs.

3
Turnover

Turnover by geographical market is as follows:	**2025**	2024
	£'000	£'000
United Kingdom	**79,334**	77,611
Rest of Europe	**1,943**	2,337
Middle East	**2,261**	7,460
Rest of World	**418**	411
	83,956	87,819

The company's activities consist of one class of business, namely the provision of computer based testing services.

4
Operating profit

Operating profit is stated after charging/(crediting):	**2025**	2024
	£'000	£'000
Staff costs (note 5)	**25,656**	23,207
Depreciation of tangible fixed assets:		
- owned	**1,476**	2,171
Depreciation of right of use assets	**3,526**	3,644
Amortisation of intangible assets included in administrative expenses	**29**	112
Net foreign exchange losses/(gains)	**755**	(1,426)

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.

5
Staff costs

	2025	2024
Staff costs	**£'000**	£'000
Wages and salaries	**21,345**	19,559
Taxation and social security costs	**2,212**	2,396
Other pension costs	**1,499**	732
Share-based payment costs	**450**	520
	25,656	23,207

	2025	2024
Average number of persons employed by the company during the year	**Number**	Number
Delivery of testing services	**836**	826
Selling and administration	**27**	25
	863	851

6
Directors' remuneration

	2025	2024
	£'000	£'000
Aggregate emoluments	**869**	942
Aggregate emoluments (excluding shares) receivable under long-term incentive schemes	**203**	160
Company contributions to defined contribution pension schemes	**70**	65
	1,142	1,167

No directors accrued benefits under defined benefit schemes in the year (2024: none).

	2025	2024
Highest paid director	**£'000**	£'000
Aggregate emoluments	**459**	523
Defined contribution pension scheme - company contributions during the year	**33**	35
Aggregate emoluments (excluding shares) receivable under long-term incentive schemes	**60**	111
	552	669

	Number	Number
Share options exercised under long-term incentive scheme (number)	**24,338**	22,604
Shares received under long-term incentive scheme (number)	**12,902**	20,879

7
Interest

	2025	2024
Interest receivable and similar income	**£'000**	£'000
Interest receivable from group companies	**3,570**	2,895
Interest receivable and similar income	**3,570**	2,895

	2025	2024
Interest payable and similar expenses	**£'000**	£'000
Interest on lease liabilities	**(783)**	(734)
Guarantee fees	**(198)**	(160)
Interest on tax expense	**(68)**	-
Interest payable and similar expenses	**(1,049)**	(894)

8
Tax on profit

	2025	2024
	£'000	£'000
Current tax		
UK corporation tax on profit for the financial year	**1,873**	5,433
Adjustments in respect of prior years	**139**	104
	2,012	5,537
Foreign tax		
Foreign tax	**122**	-
	122	-
Total current tax	**2,134**	5,537
Deferred tax		
Origination and reversal of temporary differences	**483**	(161)
Adjustments in respect of prior years	**18**	(41)
Total deferred tax	**501**	(202)
Total tax on profit	**2,635**	5,335
UK standard effective rate of corporation tax (%)	**25.0**	25.0

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

	2025	2024
	£'000	£'000
Profit before taxation	**9,394**	20,689
Profit before tax multiplied by the standard UK corporation tax rate of 25% (2024: 25%)	**2,349**	5,172
Effects of:		
Expenses not deductible for tax purposes	**115**	102
In respect of share based payments	**14**	(2)
Adjustments in respect of prior years	**157**	63
Total tax charge	**2,635**	5,335

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 been recognised directly in equity:

	2025	2024
	£'000	£'000
Current tax		
Share-based payments	**(134)**	(59)
	(134)	(59)
Deferred tax		
Share-based payments	**179**	(161)
	179	(161)
Total income tax recognised directly in equity	**45**	(219)

9
Intangible assets

	Software	Total
	£'000	£'000
Cost		
At 1 January 2025	934	934
Disposals	(557)	(557)
At 31 December 2025	**377**	**377**
Accumulated Amortisation		
At 1 January 2025	528	528
Charge for the year	29	29
Disposals	(557)	(557)
At 31 December 2025	**-**	**-**
Net book value		
At 31 December 2024	406	406
At 31 December 2025	**377**	**377**

10

Tangible assets

	Owned Assets			Right of Use Assets		
	Plant and equipment	**Fixtures and fittings**	**Assets under construction**	**Land and buildings**	**Motor Vehicles**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation						
At 1 January 2025	2,699	4,642	1,103	28,497	90	37,031
Additions	-	-	3,178	4,641	-	7,819
Disposals	(5)	(199)	-	(175)	-	(379)
Transfers	486	1,158	(1,644)	-	-	-
At 31 December 2025	**3,180**	**5,601**	**2,637**	**32,963**	**90**	**44,471**
Accumulated depreciation						
At 1 January 2025	1,655	3,055	-	16,129	41	20,880
Charge for the year	594	882	-	3,508	18	5,002
Disposals	(5)	(168)	-	(175)	-	(348)
At 31 December 2025	**2,244**	**3,769**	**-**	**19,462**	**59**	**25,534**
Net book value						
At 31 December 2024	1,044	1,587	1,103	12,368	49	16,151
At 31 December 2025	**936**	**1,832**	**2,637**	**13,501**	**31**	**18,937**

11
Debtors

	Note	**2025** £'000	2024 £'000
Amounts falling due within one year			
Trade debtors		**13,537**	21,056
Amounts owed by group undertakings		**85,717**	61,426
Other debtors		**3,307**	1,744
Prepayments and accrued income		**788**	2,435
		103,349	86,661
Amounts falling due in more than one year			
Deferred taxation	14	**1,474**	2,154
		1,474	2,154
Total debtors		**104,823**	88,815

12
Creditors

	2025	2024
	£'000	£'000
Amounts falling due within one year		
Lease liabilities	**(2,378)**	(2,094)
Trade creditors	**(1,925)**	(1,966)
Amounts owed to group undertakings	**(35,020)**	(10,254)
Corporation tax	**(1,711)**	(7,101)
Other taxation and social security	**(453)**	(386)
Other creditors	**(2,871)**	(294)
Accruals and deferred income	**(11,175)**	(15,231)
	(55,533)	(37,326)
Amounts falling due after more than one year		
Lease liabilities	**(11,317)**	(10,205)
	(11,317)	(10,205)
Total creditors	**(66,850)**	(47,531)

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

13
Provisions for liabilities

	Restructuring	Dilapidations	Total
	£'000	**£'000**	**£'000**
At 1 January 2025	-	(6,336)	(6,336)
Charged to profit and loss account	- 150	(471)	(621)
Released to profit and loss account	-	70	70
At 31 December 2025	**(150)**	**(6,737)**	**(6,887)**

	2025	**2024**
Analysis of total provisions:	**£'000**	£'000
Non-current	**(4,120)**	(4,416)
Current	**(2,767)**	(1,920)
	(6,887)	(6,336)

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.

14
Deferred taxation

	Other temporary differences	Share based payment plan	Accelerated capital allowances	Total
Asset	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2025	1,105	458	591	2,154
(Charged)/credited to profit and loss	108	(70)	(539)	(501)
Charged to equity	-	(179)	-	(179)
At 31 December 2025	**1,213**	**209**	**52**	**1,474**

	2025	2024
	£'000	**£'000**
Deferred tax assets receivable after more than 12	**1,474**	**2,154**
Total deferred taxation	**1,474**	**2,154**

15
Called up share capital

	2025	2024
	£	£
Total share capital	**1**	1

	2025	2024	**2025**	2024
Ordinary shares £1 each	**No**	No	**£**	£
Allotted, called up and fully paid	**1**	1	**1**	1

16
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.

17
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.

18
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).

19
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.

20
Ultimate parent undertaking

The immediate parent undertaking is Pearson Overseas Holdings Limited.

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