

AAP EDUCATION LIMITED

Registered Number: 07967446

Annual Report and Financial Statements

For the Year Ended: 31 July 2025

Registered address:

6 Mitre Passage, London, SE10 0ER

AAP Education Limited
Strategic Report (Continued)
For the Year Ended 31 July 2025

The directors present their Strategic Report of AAP Education Limited (the company) for the year ended 31 July 2025.

Business review

The results for the company show a pre-tax loss of £2,320k (2024: £4,420k) for the year ended 31 July 2025. Revenue has increased compared to the prior year as the result of growth in student recruitment. As at 31 July 2025, the company had net liabilities of £485k (2024: net assets of £1,835k).

Key performance indicators

The directors continually review the most appropriate and effective measures of the company's progress towards achieving its strategies and objectives. These include monitoring student recruitment, continuation, completion and progression into highly skilled employment. In addition to regular review of revenue and costs, the following measures relevant to financial performance are monitored:

	31 July 2025	31 July 2024	Variance
Turnover (£'000)	8,724	7,687	13%
Gross surplus margin	57%	43%	14%
Undergraduate FTE Students	716	610	17%
Post-Graduate FTE Students	73	49	49%

Principal risks and uncertainties

The board is accountable for the risk management framework of the company. The directors undertake regular assessments of the current principal and emerging risks facing the company and the controls in place to mitigate these risks.

The principal risk to the company is loss of revenue from student recruitment and retention (chiefly undergraduate, but also postgraduate and non-accredited short course programmes), as this is the main source of the company's revenue. This risk is managed through regular review of the company's recruitment strategy and student continuation. The company secured its Student Route sponsor licence via UKVI in April 2024

, enabling it to offer places to international students including those from the EU not eligible for home fee status, further diversifying its recruitment pipeline for future years.

Future developments

The company's strategic aim is to be a world-leading developer of talent to supply the creative digital industries and since the sale of the company by Pearson PLC on 31 May 2023, the company has been solely trading under the Escape Studios' brand.

Undergraduate applications and enrolments for Escape Studios programmes commencing in Autumn 2024 reached an all-time high. This intake saw the second intake for a new suite of technical programmes for Escape Studios which enjoyed strong year-on-year growth. The company secured its Student Route sponsor licence from UKVI in April 2024, opening up new international markets for undergraduate and postgraduate recruitment from the 2024/25 academic year.

With further growth achieved in September 2025 and strong projections for future years, bolstered by a strengthened Executive Team and first-class facilities at its new North Greenwich location, the directors have confidence that the company's plans to sustainably grow student numbers and achieve profitability will be realised.

AAP Education Limited
Strategic Report (Continued)
For the Year Ended 31 July 2025

On behalf of the Board

Chair of Governing Body:
Anne Morrison

A handwritten signature in black ink, appearing to read 'Anne Morrison', written in a cursive style.

Date: 18 December 2025

Principal and Accountable Officer:
Ian Palmer

A handwritten signature in black ink, appearing to read 'Ian Palmer', written in a cursive style with a large loop.

Date: 18 December 2025

AAP Education Limited
Directors' Report
For the Year Ended 31 July 2025

The directors present their report and the audited financial statements of AAP Education Limited (the 'company') for the period ended 31 July 2025.

The company has been registered with the Office for Students since 15 October 2018. The financial statements are prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 and under the Regulatory Advice 9: Accounts direction as issued by the Office for Students (OfS 2019.41).

The Articles of Association allow distribution of profit to the new shareholders, but no such payments were made in the financial period ending 31 July 2025.

As permitted by legislation, some of the matters normally included in the Directors' Report, including disclosures relating to future developments, have instead been included in the Strategic Report as the Board considers them to be of strategic importance.

Going concern

The company has sufficient working capital and cash to cover further forecast losses (through to the achievement of a break-even position and subsequent profitability). Therefore, the directors are satisfied that preparing the financial statements on a going concern basis for the twelve-month period after the signing of the financial statements is appropriate.

Dividends

In accordance with the company's articles of association, no dividends will be paid.

Directors

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

I K Dunn (Non-executive Director)
E Dusst (Non-executive Director)
RS Farwell (Independent Non-executive Director)
J C Latham (Non-executive Director)
D Lawson (Executive Director)
A C Morrison (Independent Non-executive Director)
I J Palmer (Executive Director)
R M D Price (Independent Non-executive Director)

Qualifying third party indemnity provisions and liability insurance

Liability insurance for directors and officers has been purchased by the company.

Financial risk management

Information in relation to financial instruments and financial risk management, as required by the Companies Act 2006 (the Act) and by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), are set out in note 15.

Post Balance Sheet Event

There were no post balance sheet events.

AAP Education Limited
Directors' Report
For the Year Ended 31 July 2025

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards ("IFRSs"). 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 in accordance with IASB *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK-adopted international accountancy standards 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 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and a directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved, the following applies:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

Chair of the Governing Body:
Anne Morrison; Date: 18 December 2025



Principal and Accountable Officer:
Ian Palmer; Date 18 December 2025



Company registered number: 07967446

AAP Education Limited
Statement of Corporate Governance and Internal Control
For the Year Ended 31 July 2025

Established in 2012 as a private limited company, AAP Education Limited, trading as Escape Studios, is an institution offering a range of undergraduate and postgraduate degrees and short courses.

Escape Studios is on the Office for Students register under the approved (fee cap) category.

The following arrangements were in place for the year ended 31 July 2025 and up to approval date of these financial statements.

Governance

AAP Education Limited has the following governing documents:

- Articles of Association
- Governance Agreement between AAP Education Limited and AAP Education Group Limited
- Terms of Reference of their Committees which form its governance structure including:
 - Governing Body
 - Audit Committee
 - Remuneration Committee
 - Executive Team
 - Academic Board and its sub-committees
- Scheme of Delegation
- Escape Studios policies and procedures
- These governing documents were in place throughout the financial year ended 31 July 2025 and up to the date of AAP Education Limited's audited financial statements.

The **Articles of Association** confirm that the directors have ultimate accountability for the activities of Escape Studios. These are publicly available on the Companies House website (<https://find-and-update.company-information.service.gov.uk/company/07967446>).

The **Governing Body** is ultimately accountable for all the activities of Escape Studios and is made up of the directors of AAP Education Limited. It oversees the work of Escape Studios and ensures that the academic governance procedures are effectively managed. Its terms of reference are modelled on the precepts of the Committee of University Chairs' Higher Education Code of Governance ("CUC Code"). Its responsibilities have been mapped against this Code and include agreeing Escape Studios' mission and strategy, approving the strategic plan and ensuring that this supports the mission of Escape Studios and reflects the needs and interests of stakeholders while also ensuring that there is an aligned financial plan. The Governing Body is also the principal financial and business authority of Escape Studios, with responsibility to ensure proper auditing, and to approve the annual budget and financial statements. The Governing Body met on six occasions during the financial year ended 31 July 2025.

The **Audit Committee** is chaired by an independent member of the Governing Body and is comprised entirely of independent members of the Governing Body. It examines risk management, control and governance under delegation from the Governing Body and helps the Governing Body discharge its responsibility for adequate and effective risk management, control and governance (including ensuring the probity of the financial statements) and for the economy, efficiency and effectiveness of Escape Studios' activities. The Audit Committee met on four occasions during the financial year ended 31 July 2025.

The **Remuneration Committee** is chaired by the Deputy Chair of the Governing Body, who is an independent member, and is comprised entirely of non-executive members of the Governing Body. The Remuneration Committee met on two occasions during the financial year ended 31 July 2025.

AAP Education Limited
Statement of Corporate Governance and Internal Control
For the Year Ended 31 July 2025

The purpose of the **Executive Team** is to develop, lead on and implement the mission and strategic plan for Escape Studios. Its responsibilities include leadership, operational planning and management, risk management, financial planning, resource planning, managing stakeholder relationships (including industry partners) and legal obligations.

The **Executive Team** works with the Governing Body to set the mission and strategic plan. It is responsible for implementing that plan and for providing leadership and day-to-day management, guidance, direction, organisational planning, and supervision to the Escape Studios community.

The **Academic Board** is the academic authority of Escape Studios for all academic matters. This includes oversight of academic management, maintenance and enhancement of academic quality and standards, provision of appropriate learning opportunities for students and the encouragement of a thriving community of scholarship, professionalism and research appropriate to Escape Studios' mission, and it has the responsibility of taking suitable measures and action to secure and promote these.

The Academic Board supported by sub-committees, have staff and student representation including School Boards, which discuss, monitor and review the strategic direction, management and operations of each School and provide a forum for recommendations for Escape Studios, and Student Voice Forums, which are forums in which learners and staff can communicate and exchange feedback about all aspects of Escape Studios including the programmes, facilities and student welfare.

Escape Studios is committed to operating in a transparent manner. Its financial statements are publicly available from Companies House and are published on its website. Details of the Governing Body and Executive Team membership are published on the Governance page of Escape Studios' website.

Appointment of Directors

The Governing Body has 8 members. Membership includes three independent members (one of whom also acts as Chair of the Governing Body) and three members representing AAP Education Group Limited. The independent members bring a range of expertise, including significant experience of Higher Education leadership and senior experience in the creative industries.

Independent members are appointed by the Governing Body, following consideration of CV and letter of application, due diligence enquiries and interview. They are appointed for a term of three years, which can be renewed once for a further three years, subject to approval, and exceptionally for a third term. These members are appointed as Directors of AAP Education Limited and must therefore meet the general duties of a company director as defined in the Companies Act 2006.

The Governing Body membership also includes certain members of the Executive Team as *ex officio* members, including the Principal and the Chief Operating Officer, to ensure appropriate communication and understanding between the Executive, who are responsible for the day-to-day management and leadership of Escape Studios, and the Governing Body, who have ultimate accountability, by providing a forum for the Governing Body to question, debate and challenge the Executive.

Statement of Governing Body Responsibilities

In addition to the responsibilities held in their capacity as directors, by virtue of the Articles of Association, the responsibilities of the Governing Body are set out in the Governing Body Terms of Reference and are as follows:

- To work with the Executive Team to develop the mission and strategy of Escape Studios. To approve the mission and strategy of Escape Studios.
- To approve the strategic plan of Escape Studios to ensure that this supports its mission and reflects the needs and interests of stakeholders and to ensure that there is an aligned financial plan which enables Escape Studios to build

AAP Education Limited
Statement of Corporate Governance and Internal Control
For the Year Ended 31 July 2025

towards independent financial sustainability.

- To ensure that processes are in place to monitor and evaluate the performance and effectiveness of Escape Studios against the plans.
- To set, monitor and regularly review institutional Key Performance Indicators and to benchmark these against comparable institutions where appropriate.
- To approve fundamental plans and proposals, policies and procedures submitted by the Executive Team.
- To approve a human resources strategy and be the employing authority for all staff in Escape Studios.
- To be the principal financial and business authority of Escape Studios, ensuring proper auditing, to approve the annual budget and financial statements.
- To appoint (and if necessary, dismiss) the head of Escape Studios (the Principal), with due consideration given to AAP Education Group Limited's views, and to monitor his/her performance.
- To delegate authority of the management functions of Escape Studios (academic, corporate, financial, estate and human resource) to the Principal and Executive Team and keep these functions under regular review.
- To satisfy itself that academic governance is operating effectively, recognising and respecting the role of the Academic Board in relation to academic matters as set out in the terms of reference of that board.
- To receive assurance that adequate provision has been made for the general welfare of students.
- To safeguard the reputation and values of Escape Studios.
- To ensure that Escape Studios meets all its legal and regulatory requirements.
- To ensure the establishment and monitoring of systems of control and accountability including financial and operational control and risk assessment, value for money arrangements and managing conflicts of interests.
- To ensure that the students' association is operated in a fair and democratic manner and is accountable for its budget and financial operations.
- To ensure that Escape Studios fulfils its commitment to equality and diversity.
- To act as the Board of Directors and ensure that the constitution of Escape Studios in the form of its Articles of Association is followed.
- To establish and implement processes to monitor and evaluate the performance and effectiveness of the governing body and its committees.
- To appoint (and if necessary dismiss) individuals as members of the governing body.
- To conduct and review its business in accordance, where appropriate, with best practice in HE corporate governance and the principles of public life.
- To delegate matters to the Executive Team, Academic Board and other committees as appropriate.
- To maintain and protect the principles of academic freedom and freedom of speech.

Review of Effectiveness

The Governing Body undertakes both external independent and self-assessment effectiveness reviews from time to time. The outcomes of the reviews are reported to members, actions arising from them are agreed and their implementation monitored. Examples of such actions from the previous reviews include amending the terms of reference of the Academic Board to include the Principal as an ex officio Chair. The Governing Body most recently undertook a self-assessment review in the autumn of 2025. Feedback included the need to further strengthen links with the student body, resulting in a bi-annual meeting with student representatives and the Governing Body to commence in early 2026; and the development of a People Strategy for consideration by the Governing Body.

The Governing Body expects to schedule a cycle of reviews for each successive year thereafter including those with independent input.

AAP Education Limited
Statement of Corporate Governance and Internal Control
For the Year Ended 31 July 2025

Statement of Internal Control

The Governing Body is responsible for maintaining a sound system of internal control that supports the achievement of strategic aims and objectives, whilst safeguarding the public, and other funds and assets for which it is responsible. This responsibility is conducted in accordance with its Articles of Association and the regulatory requirements of the OfS (including paragraphs 25 and 27 of the Accounts Direction).

Escape Studios has established and maintains specific arrangements for the prevention and detection of fraud, bribery, corruption and other irregularities. These arrangements include:

- A formally approved **Business Ethics and Integrity Policy**, supported by clear financial processes and procedures;
- A **Whistleblowing Policy**, enabling staff, students and stakeholders to report concerns confidentially;
- Segregation of duties, **Scheme of Delegation**, and controls embedded across key financial and operational processes;
- Review processes covering business, operational and compliance risks, supported by the Escape Studios' risk management framework;
- Regular finance reviews of financial and governance controls;
- Staff guidance to promote awareness of standards of conduct, expected behaviours, and responsibilities; and
- Regular reporting to the Audit Committee and Governing Body on risk, control, and any identified incidents, alongside management's actions and remedial measures.

Escape Studios' system of internal control is an ongoing process designed to manage rather than eliminate the risk of failure to achieve strategic objectives. It seeks to identify the principal risks to the achievement of its mission and to evaluate and manage those risks effectively. This system was in place for the financial year ended 31 July 2025 and up to the date of approval of the financial statements. No significant internal control weaknesses or failures were identified during the period.

The following provides a summary of arrangements in place:

- The Governing Body meets at least six times per annum to consider the mission and strategic plan of the College and to monitor performance against those plans;
- The membership of the Governing Body has representation from the Executive Team. The Executive Team meets bi-weekly and has responsibility for operational planning and management, risk management, financial planning, resource planning and management, managing stakeholder relationships (including industry partners) and legal obligations;
- Escape Studios has a risk register which is reviewed at each Governing Body meeting, through which the Governing Body can evaluate the likelihood and impact of risks materialising. The risk register covers business, operational and compliance risk as well as financial risk;
- The risk register is monitored on an ongoing basis by the Executive Team, Academic Board, Audit Committee and the Governing Body (being a standing item at the latter two meetings);
- The Governing Body has responsibility for approving Escape Studios' budget and ensures regularity and propriety in the use of its public funding through the Audit Committee and Remuneration Committee and by receiving a finance report and recruitment update at every meeting from the Finance Director and Director of External Relations respectively, with the opportunity to question and interrogate their reports, to ensure that revenue targets are being achieved and that spending is prudent and as forecast.
- The Audit Committee meets at least twice a year and receives updates on progress against the Annual Audit Plan. The Audit Committee makes an annual report to the Governing Body, detailing the results of external audits, an evaluation of internal controls and proposals for the Annual Audit Plan. The Audit Committee meets with the independently appointed external auditors to review and scrutinise the draft financial statements to ensure it gives a true and fair view, and the external auditor's Audit Findings Report, which provides an objective view of the internal control environment of the organisation and significant key findings arising, before making recommendations for sign-off to the Governing Body. The Executive raise any areas requiring internal control environment improvements with a plan for implementation to the Audit Committee and the Governing Body.

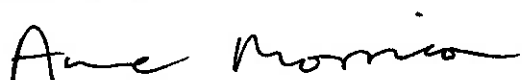
AAP Education Limited
Statement of Corporate Governance and Internal Control
For the Year Ended 31 July 2025

- The Governing Body receives regular reports from managers on performance and areas of risk within their areas of responsibility, including progress reports on key projects and action plans.

The Governing Body is satisfied that there is an effective and ongoing process for identifying, evaluating and managing Escape Studios' risks and that this was in place during the financial year ended 31 July 2025 and up to the approval of these financial statements.

Signed on behalf of the Governing Body

Chair of the Governing Body:
Anne Morrison



Date: 18 December 2025

Principal and Accountable Officer:
Ian Palmer



Date: 18 December 2025

Independent Auditor's Report to the Members of AAP Education Limited
For the Year Ended 31 July 2025

Opinion

We have audited the financial statements of AAP Education Limited (the 'company') for the year ended 31 July 2025 which comprise the Income and Expenditure Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards (UK-IAS).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2025 and of the company's loss for the year then ended;
- have been properly prepared in accordance with UK-IAS; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Office for Students Accounts Direction.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included review of management's forecasts of future performance and ability to meet its liabilities as they fall due.

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of AAP Education Limited
For the Year Ended 31 July 2025

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act

2006 requires us to report to you if, in our opinion:

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

Matters on which we are required to report in respect of the Office for Students

In our opinion, in all material respects:

- funds from whatever source administered by the company for specific purposes during the year ended 31 July 2025 as disclosed in note 3, have been applied to those purposes and managed in accordance with relevant legislation; and
- funds provided by the Office for Students have been applied in accordance with the relevant terms and conditions.

We have nothing to report in respect of the following matter in relation to which the Office for Students requires us to report where:

- grant and fee income, as disclosed in the note 3 to the accounts, has been materially misstated
- expenditure on access and participation activities for the financial year has been materially misstated

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 6 and 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Company Law applicable in England and Wales and regulatory requirements of the Office for Students, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, payroll tax and sales tax.

**Independent Auditor's Report to the Members of AAP Education Limited
For the Year Ended 31 July 2025**

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to improper revenue recognition and management bias in accounting estimates. Audit procedures performed by the engagement team included:

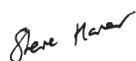
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing accounting journal entries, in particular those journal entries which exhibited the characteristics we had identified as possible indicators of irregularities; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Steve Harper (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

20/12/2025

AAP Education Limited
Income and Expenditure Account
For the Year Ended 31 July 2025

	Notes	2025 £'000	2024 £'000
Income	3	8,724	7,687
Cost of sales		(3,725)	(4,407)
Gross surplus		4,999	3,280
Other income	4	118	63
Investment income		46	43
Administrative expenses		(6,885)	(7,454)
Operating deficit		(1,722)	(4,068)
Finance costs	4	(598)	(352)
Deficit before taxation		(2,320)	(4,420)
Tax on deficit	7	-	-
Deficit for the period attributable to shareholders		(2,320)	(4,420)

AAP Education Limited
Statement of Comprehensive Income
For the Year Ended 31 July 2025

	2025 £'000	2024 £'000
Deficit for the period	(2,320)	(4,420)
Total comprehensive loss for the period attributable to shareholders	<u>(2,320)</u>	<u>(4,420)</u>

AAP Education Limited
Balance Sheet
As at 31 July 2025

Company Number: 07967446

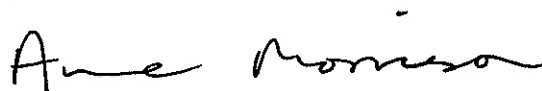
	Notes	2025 £'000	2024 £'000
Non-Current Assets			
Intangible assets	8	118	-
Property, plant and equipment	9	6,251	7,419
Other receivables	10	257	502
		<u>6,626</u>	<u>7,921</u>
Current Assets			
Trade and other receivables	10	1,213	1,255
Cash in bank		1,239	1,296
		<u>2,452</u>	<u>2,551</u>
Current Liabilities			
Trade and other payables	11	2,164	2,305
		<u>2,164</u>	<u>2,305</u>
Net Current Assets		<u>288</u>	<u>246</u>
Net Current Liabilities			
Long term liabilities	12	7,399	6,332
Net (Liabilities)/Assets		<u>(485)</u>	<u>1,835</u>
Equity			
Called up share capital	13	8	8
Share premium		39,471	39,471
Accumulated deficit		(39,964)	(37,644)
Total shareholders' funds		<u>(485)</u>	<u>1,835</u>

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 financial statements.

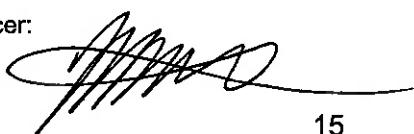
The financial statements on pages 13 to 32 were approved by the board of directors and authorised for issue on 18 December 2025.

They were signed on its behalf by:

Chair of Governing Body:
 Anne Morrison



Principal and Accountable Officer:
 Ian Palmer



AAP Education Limited
Statement Of Changes In Equity
For the Year Ended 31 July 2025

	Called Up Share Capital £'000	Share Premium £'000	Accumulated Deficit £'000	Total £'000
At 1 August 2023	8	39,471	(33,224)	6,255
Deficit for the financial year	-	-	(4,420)	(4,420)
Total comprehensive loss for the period	<u>8</u>	<u>39,471</u>	<u>(37,644)</u>	<u>1,835</u>
At 1 August 2024	8	39,471	(37,644)	1,835
Deficit for the financial year	-	-	(2,320)	(2,320)
Total comprehensive loss for the period	<u>8</u>	<u>39,471</u>	<u>(39,964)</u>	<u>(485)</u>
At 31 July 2025	<u>8</u>	<u>39,471</u>	<u>(39,964)</u>	<u>(485)</u>

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

Share premium represents the premium paid in excess of nominal value.

Contribution Accumulated deficit account reserve represents accumulated losses.

AAP Education Limited
Cash Flow Statement
For the Year Ended 31 July 2025

	Notes	2025 £'000	2024 £'000
Cash flows from operating activities			
Net cash from operations			
Deficit before tax for the financial year		(2,320)	(4,420)
Compensation from other group companies for tax relief		-	-
Depreciation	4	1,310	728
Fixed assets remeasurement		(162)	
Interest income		(46)	(43)
Lease interest payable		440	352
Interest on related party loan		158	-
Capital grant receipts		-	(50)
Capitalised programme development costs		118	-
Other non-cash movements		(33)	-
Decrease/(Increase) in receivables		287	(1,034)
Decrease in liabilities		(37)	(1,080)
Net cash from/(used in) operating activities		(285)	(5,547)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(671)	(1,751)
Purchase of intangible assets	8	(118)	-
Capital grant receipts		-	50
Interest received		46	43
Net cash used in investing activities		(743)	(1,658)
Cash flows from financing activities			
Interest paid		(577)	(6)
Payment of lease liabilities (principal)		(252)	-
Proceeds from loan	12	1,800	-
Net cash from/(used in) financing activities		971	(6)
Net decrease in cash and cash equivalents		(57)	(7,211)
Cash and cash equivalents at the beginning of the year		1,296	8,507
Cash and cash equivalents at the end of the year		1,239	1,296

AAP Education Limited
Notes to the Financial Statements
For the Year Ended 31 July 2025

1.1. Statement of principal accounting policies

AAP Education Limited (formerly Pearson College Limited) (the 'company') is a private company, limited by shares, incorporated and domiciled in the United Kingdom. The address of its registered office is 6 Mitre Passage, London, SE10 0ER. The nature of the company's principal activities are the education and training for the benefit of the public in the United Kingdom. In May 2023 Pearson College Limited was acquired by AAP Education Group Limited from Longman Group (Overseas Holdings) Limited and the company changed to AAP Education Limited. The ultimate parent is AAP Education US Holdings LLC, a company incorporated in Delaware, USA, in February 2023.

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.2. Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with UK-adopted International Accounting Standards ('IFRS') and with the requirements of the Companies Act 2006.

As a registered provider of English higher education, additional disclosures have also been presented in accordance with Regulatory Advice 9: Accounts Direction, as issued by the Office for Students ('OfS'). These policies and measurement bases have been consistently applied to all the years presented.

The financial statements have been prepared under the historical cost convention. The presentation of the income and expenditure account complies with OfS requirements. The company note that this differs from Companies Act 2006. Explanatory notes have been included in the notes to the financial statements to provide the relevant information such as compensation costs included in administrative expenses and grant income included in income (see note 3).

The preparation of financial statements in conformity with IFRS 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.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand pounds unless otherwise stated.

1.3. New Standards, interpretations and amendments adopted from 1 January 2024

The following amendments were effective for the period beginning 1 January 2024 but they do not have a material impact on the financial statements:

- Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Classification of Liabilities as Current and Non-Current (Amendments to IAS 1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1).

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

The following standards, amendments to standards, and interpretations issued by the IASB, effective in future accounting periods, have not been adopted early by the company:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates) for reporting period beginning 1 January 2025;
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7) for reporting period beginning 1 January 2026;
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) for reporting period beginning 1 January 2026;
- IFRS 18 Presentation and Disclosure in Financial Statements for reporting period beginning 1 January 2027; and

AAP Education Limited
Notes to the Financial Statements
For the Year Ended 31 July 2025

- IFRS 19 Subsidiaries without Public Accountability: Disclosures for reporting period beginning 1 January 2027.

The company is currently assessing the impact of the above changes, but they are not expected to have a material impact. The company has not adopted any other standard, amendment or interpretation that has been issued but is not yet effective.

1.4. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors. The company's activities consist solely of the provision of integrated educational services within the United Kingdom, operating as one operating segment under IFRS 8 'Operating Segments' (IFRS 8').

1.5. Going concern

The company has sufficient working capital and cash to cover further forecast losses (through to the achievement of a break-even position and subsequent profitability in the coming years), despite falling into a net liability position in the year ended 31 July 2025. This is based on detailed projections including budgets and cash flow forecasts and it is supported by the loan received from the parent company during the year ended 31 July 2025. Therefore, the directors are satisfied that preparing the financial statements on a going concern basis for the twelve-month period after the signing of the financial statements, is appropriate.

1.6. Foreign currency translation

The financial statements are presented in pounds sterling (£'000) 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 income and expenditure account.

1.7. Income recognition

Income represents the invoiced value of services supplied, net of discounts, from the development and administration of qualifications in business *and* enterprise. Income 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 formulas 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 first whether control passes over time and if not, then 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. Income that is recognised ahead of billings is shown as accrued income in the balance sheet. Income that is recognised as relating to future accounting periods is shown as deferred income in the balance sheet.

Grant funding, including recurring funding and research grants from Government sources and grants (including research grants) from non-Government sources are recognised as income when the company is entitled to the income and performance-related conditions have been met. Income received in advance of performance-related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as the conditions are met.

AAP Education Limited
Notes to the Financial Statements
For the Year Ended 31 July 2025

1.8. Current and deferred income tax

Current tax is recognised at the amounts expected to be paid or recovered based on 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.

1.9. Intangible assets

Product development costs can either be direct costs incurred in the development of educational programmes, such as direct pay costs, or in the preliminary stages of developing computer software for internal use. Product development costs are regarded as an internally generated intangible asset and as such are capitalised and recognised as an asset when it is probable that future economic benefits that are attributable to the asset will flow to the operating company, the company has demonstrated its intention to complete and use the software, and the cost of the asset can be measured reliably. Product development costs, once in use, are amortised on a straight-line basis over their useful life of 5 years.

Assets under construction are not amortised.

1.10. Property, plant and equipment

Property, plant and equipment 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. Depreciation on assets is calculated using the straight-line method to allocate their cost less their residual value over their estimated useful lives as follows:

- Leasehold improvements - 10 years
- Right of use asset – lease term
- Technology assets – 3 to 5 years
- Furniture and fittings - 5 years
- Assets under construction are not depreciated.

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

Assets under construction are not amortised.

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.

1.11. Impairment of non-financial assets

An impairment loss is recognised to the extent that the carrying value of assets exceeds the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

AAP Education Limited
Notes to the Financial Statements
For the Year Ended 31 July 2025

1.12. 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 and contract assets 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 and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The company reviews its bad debt provision at least twice a year following a detailed review of receivable balances and historical payment profiles, and assessment of forward-looking risk factors. See note 10 for further details about trade receivables and contract assets including movements in provisions for bad and doubtful debts.

1.13. 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.

1.14. Liabilities

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

1.15. Pensions

Since acquisition AAP Education Limited has set up a defined contribution scheme and staff were enrolled on the scheme from 1 June 2023. The assets of the pension scheme are held separately from the company in an independently administered fund. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. In accordance with IAS 19 (Revised 2011), the company recognises a cost equal to its contribution payable for the period, which, in the year to 31 July 2025 was £586k (2024: £398k).

1.16. Share capital

Ordinary shares are classified as equity.

1.17. Financial instruments

Financial assets

The company measures its trade and other receivables and cash and cash equivalents at amortised cost. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest method and are subject to impairment. Income from these financial assets is calculated on an effective yield basis and is recognised in the income statement.

The financial assets are presented as current assets, except for those with maturities greater than 12 months after the reporting date. These are classified as non-current assets.

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

Financial liabilities

The company's financial liabilities comprise trade and other payables, other financial liabilities and related party borrowings.

The company initially recognises its financial liabilities at fair value net of transaction costs where applicable, which are subsequently measured at amortised cost using the effective interest method.

Interest expense on borrowings is recognised in the income statement within finance costs using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the

AAP Education Limited
Notes to the Financial Statements
For the Year Ended 31 July 2025

liability for at least twelve months after the reporting date.

The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in the income and expenditure account.

When financial liability terms are modified and the cash flows of the modified liability are not substantially different and the modification of a financial liability is not accounted for as an extinguishment, the amortised cost of the financial liability is recalculated by computing the present value of estimated future contractual cash flows discounted at the financial liability's original effective interest rate. Any gain or loss arising on modification is recognised in income and expenditure account.

1.18. Share based payments

Options and shares were 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 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.

2.1. 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 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.

2.2. Critical judgements in applying the company's accounting policies

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 that have a significant effect on the amounts recognised in the financial statements are:

Income recognition

Income 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. Judgement is applied to determine first whether control passes over time and if not, then 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. The timing of services occurs relatively evenly over each academic period and, as such, time elapsed is used to recognise the transfer of control to the customer on a straight-line basis using the output method.

Rental of property

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. In line with IFRS 16 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 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.

AAP Education Limited
Notes to the Financial Statements
For the Year Ended 31 July 2025

On the 15 September 2023, the company entered an underlease with Coventry University Higher Education Corporation in respect of floors 10 and 11 of 6 Mitre Passage, London, SE10 0ER. The company entered an additional underlease with the same party for floor 6 on 27 June 2024 driven by the planned expansion due to the increased demand in undergraduate degrees. These leases run until December 2030. A further three equipment leases were entered into between October and December 2024 for a 3-year period. Right of use assets and liabilities have therefore been recognised relating to these leases. Where the lease contains conditions in relation to waiver periods, management uses judgement to determine when it is likely those conditions will be met.

As the lessee, the Company initially measured the lease liabilities for all three floors at the present value of future lease payments at the commencement of the lease using the interest rate implicit in the lease (base rate + 3%) in line with IFRS 16 Leases. In calculating the lease liability, management also considered a future rent review in line with the lease agreements. A re-estimation was undertaken during the year ended 31 July 2025 based on known factors, leading to an impairment loss being recognised on the leases. The equipment leases were measured at the present value of future lease payments at the commencement of the leases using the interest rate implicit in the lease (base rate + 6%).

Contingent liability

In 2023 the company agreed to exit the Kent University validation agreement. No provision has been made in the financial statements in relation to this agreement. Refer to note 16.

2.3. 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:

Impairment of assets

The company makes a judgement on the recoverable value of its intangible and fixed assets. When assessing impairment of the assets, management considers factors including the historic performance, approved budgets and future cash flow projections as well as any operational aspects affecting the recoverable value.

Useful economic life

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives based on the future economic benefit of the asset. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and other sales factors. See intangible assets note for the carrying amount and for the useful economic lives for each class of assets.

Expected credit loss

Trade receivables and contract assets 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 and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

Right of use asset

As noted above, the Company has certain lease agreements which include provisions for the waiver of payment until specific conditions are met. The company therefore makes an estimation as to when conditions to make payments for the lease will start. This requires management to use judgement to determine when it is likely those conditions will be met.

AAP Education Limited
Notes to the Financial Statements
For the Year Ended 31 July 2025

3. Income

	2025	2024
	£'000	£'000
Fee income for taught awards	7,834	6,446
Fee income from non-qualifying courses	575	929
Grant income from the OfS	315	312
	<u>8,724</u>	<u>7,687</u>

	2025	2024
Educational services	<u>8,724</u>	<u>7,687</u>

Income by geographical market is as follows:

	2025	2024
UK	<u>8,724</u>	<u>7,687</u>

Assets and liabilities relating to contracts with customers:

	2025	2024
Contract liabilities - Deferred income	<u>(361)</u>	<u>(146)</u>

Revenue recognised that was included in contract liabilities in the prior year

	2025	2024
Fee income for taught awards (exclusive of VAT)	<u>146</u>	<u>109</u>

The principal activity of the company continues to be that of integrated educational services. The directors view this as one class of business.

4. Operating deficit

	2025	2024
	£'000	£'000
Operating deficit is stated after charging/(crediting):		
Staff costs	5,929	7,525
Depreciation	1,310	728
Finance costs	598	352
Other income	(118)	(63)

Auditors' remuneration for the year ended 31 July 2025 amounted to £33k inclusive of VAT (2024: £33k).

Rent paid for the year ended 31 July 2025 amounted to £606k (2024: £299k).

Companies Act 2006 Profit and Loss Account items

Income includes revenue from fee income of £8,409k (2024: £7,375k) and grant income of £315k (2024: £312k).

AAP Education Limited
Notes to the Financial Statements
For the Year Ended 31 July 2025

4. Operating deficit (Cont.)

Access and participation expenditure

	2025	2024
	£'000	£'000
Access investment	83	92
Financial support provided to students	244	175
Support for disabled students	42	133
Research and evaluation related to access and participation activities	19	40
	<u>388</u>	<u>440</u>

Included above are amounts totalling £83k (2024: £210k) relating to staff costs which are intrinsic to the delivery of the access and participation activities. These costs are already included in the overall staff costs figures included in note 5.

The company's published access and participation plans covering academic years 2020/21 to 2024/25, which was approved by the Office for Students in January 2023, and most recently covering academic years 2025/26 to 2028/29 can be found at: <https://www.escapestudios.ac.uk/collaborate/access-and-participation/>

5. Staff costs

	2025	2024
	£'000	£'000
Wages and salaries	4,791	6,533
Social security costs	553	594
Other pension costs	585	398
	<u>5,929</u>	<u>7,525</u>

Average monthly number of persons employed	2025	2024
Production	67	96
Selling and distribution	33	36
Administration	26	29
	<u>126</u>	<u>161</u>

The number of staff with a basic salary of over £100k per annum (calculated on FTE basis) has been included below:

	2025	2024
£100,000 - £104,999	-	1
£105,000 - £109,999	1	-
£125,000 - £129,999	-	2
£135,000 - £139,999	1	1
£140,000 - £144,999	1	-
£150,000 - £154,999	1	-
	<u>4</u>	<u>4</u>

AAP Education Limited
Notes to the Financial Statements
For the Year Ended 31 July 2025

6. Directors' remuneration

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company. Staff costs include compensation paid to key management personnel.

The company's 'key management personnel' consist of the following people:

- Dan Lawson (COO)
- Anne Catherine Morrison
- Ruth Farwell
- John Latham
- Ian Palmer (Principal)
- Robin Price
- Patricia Pais
- Teila Smith
- Simon Fenton (from 1 February 2025)

	2025	2024
Aggregate emoluments	765	898
Pension contributions	95	44
Loss of office	-	152
	<u>860</u>	<u>1,094</u>

Share based remuneration to the directors in 2025 was £Nil (2024: £32k). Non-Executive key management personnel received £183 in expenses (2024: nil).

Total remuneration of the Principal

	2025	2024
Basic salary	148	139
Pension contributions	36	27
	<u>184</u>	<u>166</u>

In respect of the year ended 2025:

- i. The head of the provider's basic salary is 3.30 times the median pay of staff (2024: 2.80 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.
- ii. The head of the provider's total remuneration is 3.80 times the median total remuneration of staff (2024: 3.40 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

The Remuneration Committee is chaired by the Deputy Chair of the Governing Body and consists of the non-executive members of the Governing Body. The Committee's responsibilities include setting and reviewing progress against the annual objectives and determining the remuneration packages for the Principal and the Chief Operating Officer. This involves considering the objectives for the executive of Escape Studios and progress against them, as well as keeping an overview of the remuneration packages for the executive of Escape Studios. The Principal and Chief Operating Officer attend the Committee, but not for the item where their remuneration is considered, and they make recommendations for the executive's remuneration.

AAP Education Limited
Notes to the Financial Statements
For the Year Ended 31 July 2025

6. Directors' remuneration (cont.)

The Remuneration Committee meets twice yearly to review the performance of the Principal and Chief Operating Officer, and includes the performance of the executive as a whole. This process is informed by detailed written evaluation against the agreed objectives for all executive members and reports from the Chair on their performance review meetings with the Principal and Chief Operating Officer.

The package for the Principal on their appointment in December 2022 took into account the context of Escape Studios at the time, their remuneration in their former role and an awareness of sector benchmarks. Since then, with the change of ownership, the complete package was reviewed and is based on the value of Escape Studios and an awareness of the remuneration of heads of institution of similar sized higher education providers. The credibility the Principal has within the industry which Escape Studios serves was, and continues to be, relevant when determining the value of the package. The Principal's total remuneration is reviewed annually by the Remuneration Committee and any increases informed by the appraisal of the Principal's performance as described above and the financial performance of Escape Studios.

7. Tax on deficit

UK corporation tax on deficit and deferred tax are £nil for both the years ended 2025 and 2024.

UK standard effective rate of corporation tax %	25.0	25.0
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The tax credit for the year can be reconciled to the deficit for the financial year in the income and expenditure account as follows:

	2025 £'000	2024 £'000
Deficit before tax	(2,320)	(4,420)
Tax on deficit before tax at standard UK corporation tax rate	(580)	(1,105)
Effects of: Movements in unrecognised deferred tax asset	580	1,105
Total tax credit for the year	-	-

A deferred tax asset has not been recognised as at 31 July 2025. The movement in unrecognised deferred tax relates to tax losses. No tax adjustments have been recognised directly in equity.

The current rate of corporation tax is 25% which has been effective since 1 April 2023.

8. Intangible assets

	Programme Development Costs £'000	TOTAL Intangibles £'000
Cost and Net book value		
at 1 Aug 2024	-	-
Additions	118	118
at 31 July 2025	118	118

These assets are under construction and therefore not amortised.

9. Property, plant and equipment

	Furniture & Fittings	Leasehold improvements	Right of use asset	IT Equipment	Capital Work in Progress	TOTAL
		£'000	£'000	£'000	£'000	£'000
Cost						
at 1 Aug	-	1,317	6,427	153	261	8,158
Additions	5	505	527	161	-	1,198
Remeasurement	-	(87)	(1,131)	-	-	(1,218)
Transfer	-	261	-	-	(261)	-
at 31 July	5	1,996	5,823	314	-	8,138
Amortisation						
at 1 Aug	-	166	538	35	-	739
Additions	1	282	968	59	-	1,310
Remeasurement	-	(5)	(157)	-	-	(162)
at 31 July	1	443	1,349	94	-	1,887
Net book value						
at 31 July 2024	-	1,151	5,889	118	261	7,419
at 31 July 2025	4	1,553	4,474	220	-	6,251

Right of use asset

The right of use assets represent three leases for Floor 6, 10 and 11 of 6 Mitre Passage, London, as well as three equipment leases entered into during the year ended 31 July 2025.

Right-of use asset	No of right-of use assets leased	Average remaining lease term	No of leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to an index	No of leases with termination options
Property leases	3	5.42 years	None	None	None	3
Equipment leases	3	2.33 years	None	None	None	3

The leases for the 10th and 11th floor both have waivers of rent payments until the company reaches a profitable position. Management have used budgets and projections to estimate this date in calculating the asset value.

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10. Trade and other receivables

	2025	2024
	£'000	£'000
Trade receivables	141	313
Accrued income	-	-
Prepayments	815	691
Other debtors current	257	251
Other debtors – non-current	257	502
	<u>1,470</u>	<u>1,757</u>

The carrying value of the company's trade and other receivables approximates its fair value (see note 15 for further details). Trade receivables are stated net of provisions for expected credit losses.

11. Trade and other payables

	2025	2024
	£'000	£'000
Trade payables	597	753
Other tax and social security	180	198
Accruals	797	875
Deferred income	361	146
Lease liabilities	229	333
	<u>2,164</u>	<u>2,305</u>

The carrying value of the company's trade and other liabilities approximates its fair value (see note 15 for further details). The movement in deferred income reflects the timing of billing and activity during 2025 which straddles the period end.

12. Long term liabilities

	2025	2024
	£'000	£'000
Lease liabilities (non-current)	5,441	6,332
Loan payable	1,958	-
	<u>7,399</u>	<u>6,332</u>

In the year ended 31 July 2025, the company's immediate parent, AAP Education Group Limited, loaned the company £1.8m to ensure it has sufficient cashflows. The loan period is 3 years at an interest rate of 10% and the closing balance as at 31 July 2025 includes interest of £158k (2024: nil). Furthermore, AAP Education Group Limited agreed to make a revolving loan facility available to AAP Education Limited for £500k.

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13. Called up share capital

	2025	2024
	£'000	£'000
Total share capital	8	8
	<u> </u>	<u> </u>
Ordinary shares £1 each	2025	2024
Allotted, called up and fully paid	8	8
	<u> </u>	<u> </u>

14. Retirement benefit schemes

AAP Education Limited operates a defined contribution scheme and staff were enrolled on the scheme on the 1 June 2024. The assets of the pension scheme are held separately from those of the company in an independently administered fund. During the year contributions of £586k were made (2024: £398k).

15. Financial instruments

	Note	2025	2025	2024	2024
		Carrying	Fair value	Carrying	Fair value
		value	£'000	value	£'000
		£'000	£'000	£'000	£'000
Financial assets					
Cash and cash equivalents		1,239	1,239	1,296	1,296
Trade receivables	10	141	141	313	313
Other receivables	10	514	514	753	753
		<u>1,894</u>	<u>1,894</u>	<u>2,362</u>	<u>2,362</u>
Financial liabilities					
Trade payables	11	597	597	753	753
Accruals	11	797	797	875	875
Lease liabilities	11, 12	5,670	5,670	6,665	6,665
Loan payable	12	1,958	1,958	-	-
		<u>9,022</u>	<u>9,022</u>	<u>8,293</u>	<u>8,293</u>

The accounting classification of each class of the company's financial assets and financial liabilities, and their carrying values, is as follows:

Fair value measurement

IFRS 7 requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the value measurements:

Level 1: inputs are quoted prices in active markets

Level 2: a valuation that uses observable inputs for the asset or liability other than quoted prices in active markets

Level 3: a valuation using unobservable inputs, i.e., a valuation technique

There were no transfers between levels throughout the periods under review.

The fair values of financial instruments closely approximate their carrying values and are categorised as Level 2.

Cash and cash equivalents comprise cash at bank and in hand and have fair values that approximate their carrying amounts due to their short-term nature.

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15. Financial instruments (cont.)

Financial risk management

The company is exposed to liquidity risk and credit risk. The directors oversee the management of these risks. The policies for managing each of these risks are summarised below:

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the directors. The directors manage liquidity risk by continuously monitoring forecast and actual cash flows and by maintaining adequate cash reserves.

The table below summarises the maturity profile of the company's financial liabilities:

	As at 31 July 2025				Total Total £'000
	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Mor than 5 years £'000	
Trade and other payables	1,394	-	-	-	1,394
Lease liabilities	229	665	2,254	2,522	5,670
Loan payable	-	1,958	-	-	1,958
	As at 31 July 2024				Total Total £'000
	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Mor than 5 years £'000	
Trade and other payables	1,628	-	-	-	1,628
Lease liabilities	333	183	2,616	3,533	6,665

Credit risk

The company's principal financial assets are cash and cash equivalents, trade receivables, accrued income and amounts owed by group undertakings. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over many counterparties and customers. Cash balances are held in current, savings and short-term money market deposit accounts of a reputable bank, currently not attracting interest, with Fitch AA rating and so the credit risk is minimal.

For trade receivables and accrued income, the company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, risk associated with the industry and country in which customers operate may also influence the credit risk. A default on a trade receivable is when the counterparty fails to make contractual payments within the stated payment terms. Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. The carrying amounts of financial assets, trade receivables and accrued income represent the maximum credit exposure.

Capital risk management

The company's objective when managing capital is to maintain a flexible capital structure that optimises the cost and availability of capital at acceptable risk. In the management of capital and in its definition, we include issued capital and cash.

The company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the business.

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16. Contingent liabilities Bank guarantees

University of Kent

Since 2016, degrees delivered by the company were awarded by the University of Kent as the company does not have its own degree-awarding powers. In 2023, the company and the University of Kent agreed to exit their validation agreement meaning that degrees for students from the 2024/25 academic year and beyond will not be validated by the University of Kent. The University of Kent will continue to validate degrees for students who have enrolled prior to the 2024/25 academic year until those students have completed. Students enrolling on degree courses from 2024/25 onwards will, instead, be validated by Coventry University under a new validation agreement. To protect the interests of students enrolled on University of Kent degrees in the unlikely event of the company ceasing to operate, the exit agreement with the University of Kent makes provision for an Escrowed sum of £750k to meet the full costs of any teach out. This Escrow acts as a guarantee in case the Company will not be able to deliver its teaching. The Company expects that it is unlikely that this escrow will be used as the company is a going concern and intends to increase the business in the future. Therefore, no provision has been made in the financial statement for the above agreement.

17. Post balance sheet events

There were no material post balance sheet events noted.

18. Related party transactions

Transactions with other related parties:

In the year ended 31 July 2025, the company's immediate parent, AAP Education Group Limited, loaned the company £1.8m to ensure it has sufficient cashflows. Furthermore, AAP Education Group Limited agreed to make a revolving loan facility available to AAP Education Limited for £500k.

In the year ended 31 July 2025, the company made payments totalling £1,243k (2024: £1,257k) to Coventry University for rent, service charge, utilities and facilities management in relation to our premises sub-leasing arrangement. In 2024, the total payments mostly related to the fitout of the 10th and 11th floors.

Outstanding balances with other related parties:

The outstanding balances with other related parties as at 31 July 2025 was the loan payable of £1,958k (2024: nil) and a trade payable of £133k (2024: £8k).

Key management personnel

Key management personnel are deemed to be the directors and executive body of the company. The Board of Directors was updated following acquisition, details of which are disclosed in the Director's Report and Statement of Corporate Governance. See note 6 for details.

19. Ultimate parent undertaking

The immediate parent of the company is AAP Education Group Limited, incorporated in England in February 2024. The ultimate parent is AAP Education US Holdings LLC, a company incorporated in Delaware, USA in February 2024.