DocuSign Envelope ID: F1CD6EB0-EF72-4E02-AB6B-7C0995828A83

Registered number: 13733203

BARBRI GLOBAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

DocuSign Envelope ID: F1CD6EB0-EF72-4E02-AB6B-7C0995828A83

COMPANY INFORMATION

Directors	L Allen S Fredette S L Hutchinson A Mikkelsen M Sims D Wilson
Registered number	13733203
Registered office	Thanet House 231-232 Strand London United Kingdom WC2R 1DA
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 17th Floor 103 Colmore Row Birmingham B3 3AG

DocuSign Envelope ID: F1CD6EB0-EF72-4E02-AB6B-7C0995828A83

CONTENTS

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the period ended 31 December 2022. The company was incorporated on 9 November 2021. These financial statements are for the first period since incorporation to 31 December 2022 ("the period").

Principal activity

The principal activity of the company is to provide legal and professional education services. They provide three main courses namely, Altior, SQE courses and extended U.S. bar courses (EBAR).

Altior has been accredited to deliver the SRA's Professional Skills Course (PSC) and Higher Rights of Audience (HRA) qualifications for 20+ years. PSC is a professional level compulsory course that trainee solicitors are mandated to take as part of their two-year training contract with a law firm. The course consists of 12 days of mandatory skills training including one written assessment which students must complete to 'pass' the PSC course.

The company provides SQE Prep Courses to aspiring English and Welsh solicitors since 2017. Barbri entered the UK market as a provider for QLTS in preparation for the new SQE route to qualification starting in 2021. The strategic purchase of BARBRI Altior (a legal skills training provider) at the end of 2019 also added expertise and faculty for the skills training elements tested in SQE2. The exams are broken down as follows:

1. Multiple Choice Test (SQE1)
2. Objective Structured Clinical Examination (SQE2)

The company provides extended U.S Bar courses to aspiring lawyers internationally. This is a product built on our existing and successful core U.S Bar product sold in the U.S. EBAR Prep offers the support and flexibility foreign qualified or part time students need to pass any U.S. state bar that administers the Uniform Bar Exam, including New York, or the California Bar Exam.

Revenues in the year amounted to £975,079 for Altior, £4,798,980 for SQE and £3,526,637 for EBAR.

Results and dividends

The loss for the period, after taxation, amounted to £182,657.

The company did not pay any interim dividends during the financial year and the directors have not recommended declared or paid any final dividends since the financial year end.

Directors

The directors who served during the period and after the period end were:

L Allen (appointed 20 August 2022)
S Fredette
S L Hutchinson
A Mikkelsen (appointed 20 August 2022)
M Sims
D Wilson (appointed 20 August 2022)
C Wang (appointed 20 August 2022, resigned 31 July 2023)

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’). 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The company’s forecasts and projections, show that the company should be able to operate within the level of its current facilities. The company received a confirmation from its parent company, Barbri Inc. that it will support the company's operations for a period of at least 12 months, if required. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of signing the financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements. The directors have not identified any material uncertainties that may cast significant doubt about the company's ability to adopt the going concern basis of account.

Disclosure of information to auditor

The directors confirm that:

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

DocuSign Envelope ID: F1CD6EB0-EF72-4E02-AB6B-7C0995828A83

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 19 December 2023 and signed on its behalf.

Daniel J. Wilson

D Wilson
Director

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARBRI GLOBAL LIMITED

Opinion

We have audited the financial statements of Barbri Global Limited (the 'company') for the period ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor’s opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis and the impact of the war in Ukraine, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 the company'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 other information comprises the information included in the Directors' Report and financial statements, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Directors' Report and the financial statements. 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.

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 themselves. 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

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 Directors' Report.

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and industry in which it operates through our general commercial and sector experience, discussions with management and review of board minutes. We determined that the following laws and regulations were most significant: FRS 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’, the Companies Act 2006 and the relevant tax compliance regulations in the UK. In addition, we concluded that there are certain laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements such as health and safety and employee matters.
- We enquired of management concerning the company’s policies and procedures relating to:
    - the identification, evaluation and compliance with laws and regulations;
    - the detection and response to the risks of fraud;
    - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the company’s financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
    - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
    - challenging assumptions and judgements made by management in its significant accounting estimates;
    - identifying and testing journal entries, in particular journal entries posted with unusual account combinations involving revenue accounts; and
    - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARBRI GLOBAL LIMITED (CONTINUED)

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement Partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding of the legal and regulatory requirements specific to the entity including, the provisions of the applicable legislation and the applicable statutory provision.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members. We remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

Grant Thornton UK LLP

Sreekanth Gaddamanugu ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

19 December 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	Period ended 31 December 2022 £
Turnover		**9,300,696**
Cost of sales		**(1,573,025)**
Gross profit		**7,727,671**
Administrative expenses	15	**(7,798,022)**
Exceptional expenses	12	**(121,627)**
Operating loss		**(191,978)**
Interest receivable and similar income		**11,529**
Interest payable and similar expenses		**(5,544)**
Loss before tax		**(185,993)**
Tax on loss	6	**3,336**
Loss for the financial period		**(182,657)**
Total comprehensive income for the period, attributable to the owners of the parent		**(182,657)**

There were no recognised gains and losses for 2022 other than those included in the Statement of Comprehensive Income.

The results above are derived from continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

BARBRI GLOBAL LIMITED
REGISTERED NUMBER:13733203

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note		2022 £
Fixed assets			
Intangible assets	7		**6,497**
Tangible assets	8		**125,783**
			132,280
Current assets			
Debtors: amounts falling due within one year	9	**4,573,508**	
Cash at bank and in hand	10	**223,116**	
		4,796,624	
Creditors: amounts falling due within one year	11	**(5,111,560)**	
Net current liabilities			**(314,936)**
Total assets less current liabilities			**(182,656)**
Net liabilities			**(182,656)**
Capital and reserves			
Called up share capital			**1**
Profit and loss account			**(182,657)**
			(182,656)

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 December 2023.

Daniel J. Wilson

D Wilson
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Comprehensive income for the period			
Loss for the period	**-**	**(182,657)**	**(182,657)**
Total comprehensive income for the period	**-**	**(182,657)**	**(182,657)**
Contributions by and distributions to owners			
Shares issued during the period	**1**	**-**	**1**
At 31 December 2022	**1**	**(182,657)**	**(182,656)**

The notes on pages 12 to 24 form part of these financial statements.

DocuSign Envelope ID: F1CD6EB0-EF72-4E02-AB6B-7C0995828A83

1. General information

Barbri Global Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office is located at Thanet House, 231-232 Strand, London, United Kingdom, WC2R 1DA.

The principal activity of Barbri Global Limited is other business support service activities not elsewhere classified.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The company’s forecasts and projections, show that the company should be able to operate within the level of its current facilities. The company received a confirmation from its parent company, Barbri Inc. that it will support the company's operations for a period of at least 12 months, if required. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of signing the financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements. The directors have not identified any material uncertainties that may cast significant doubt about the company's ability to adopt the going concern basis of account.

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and value added taxes.

The company recognises revenue from the courses it offers over the period of the course on a straight-line basis or at the point the course is offered if it is a one-off course.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

DocuSign Envelope ID: F1CD6EB0-EF72-4E02-AB6B-7C0995828A83

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

2.8 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2. Accounting policies (continued)

2.10 Intangible assets

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer hardware	- 3 years
Furniture and fixtures	- 4 years
Office equipment	- 5 years
Computer software	- 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

DocuSign Envelope ID: F1CD6EB0-EF72-4E02-AB6B-7C0995828A83

2. Accounting policies (continued)

2.14 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Financial instruments

The company has elected to apply the provisions of Section 11 “Basic Financial Instruments” of FRS 102 to all of its financial instruments.

The company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the company's Balance Sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

DocuSign Envelope ID: F1CD6EB0-EF72-4E02-AB6B-7C0995828A83

2. Accounting policies (continued)

2.15 Financial instruments (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instruments any contract that evidences a residual interest in the assets of the company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

2. Accounting policies (continued)

2.15 Financial instruments (continued)

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The company is in the process of rectifying some errors in relation to some VAT filings. There is a difference between the amount the company provided in the financial statements and that claimed by the HMRC (amount provided by the company is higher). Depending on the final settlement, there may be a material impact on the financial statements.

4. Auditor's remuneration

	Period ended 31 December 2022 £
Fees payable to the company's auditor for the audit of the company's financial statements	30,675
Fees payable to the company's auditor and its associates in respect of:	
Tax advisory services	20,600
Other services	3,090

5. Employees

	Period ended 31 December 2022 £
Wages and salaries	2,052,608
Social security costs	221,141
Cost of defined contribution scheme	13,516
	2,287,265

The average monthly number of employees, including the directors, during the period was as follows:

	Period ended 31 December 2022 No.
Administrative	15
Sales	14
Course delivery	27
	56

6. Taxation

	Period ended 31 December 2022 £
Total current tax	-
Origination and reversal of timing differences	**(3,336)**
Taxation on (loss)/profit on ordinary activities	**(3,336)**

Factors that may affect future tax charges

In the Finance Bill 2021, the UK Government announced that from 1 April 2023, the corporation tax rate would increase to 25%. This new law was substantively enacted on 24 May 2021. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax to 25% from April 2023 will go ahead.

7. Intangible assets

	Trademarks £
Cost	
Transfers (Note 12)	**7,024**
At 31 December 2022	**7,024**
Amortisation	
Charge in the period	**527**
At 31 December 2022	**527**
Net book value	
At 31 December 2022	**6,497**

Amortisation on intangible assets is charged to admin expenses.

DocuSign Envelope ID: F1CD6EB0-EF72-4E02-AB6B-7C0995828A83

8. Tangible fixed assets

	Furniture and fixtures £	Office equipment £	Computer equipment £	Computer software £	Total £
Cost or valuation					
Additions	-	-	44,954	-	44,954
Transfers (Note 12)	19,213	53,666	86,366	90,705	249,950
At 31 December 2022	19,213	53,666	131,320	90,705	294,904
Depreciation					
Charge in the period	3,867	1,869	25,252	14,306	45,294
Transfers (Note 12)	7,647	47,060	38,048	31,072	123,827
At 31 December 2022	11,514	48,929	63,300	45,378	169,121
Net book value					
At 31 December 2022	7,699	4,737	68,020	45,327	125,783

9. Debtors

	2022 £
Trade debtors	615,467
Other assets	231,537
Amounts owed by group undertakings	3,723,168
Deferred taxation (Note 13)	3,336
	4,573,508

Amounts owed by group undertakings are interest free and repayable on demand.

10. Cash and cash equivalents

	2022 £
Cash at bank and in hand	**223,116**

11. Creditors: Amounts falling due within one year

	2022 £
Trade creditors	**3,813**
Other taxation and social security	**762,130**
Accruals	**577,394**
Deferred income	**3,768,210**
Other payables	**13**
	5,111,560

12. Exceptional costs

	Period ended 31 December 2022 £
Exceptional costs	**121,627**

In 2021, Barbri International Limited (BIL) and Barbri Global Limited (BGL) entered into a transfer agreement where all assets, liabilities, employees, and customers of BIL were transferred to BGL. Effective 1st April 2022, BIL's assets, contracts, and obligations were transferred to BGL and BIL is in the process of being wound up according to Irish law and regulation. Referencing the agreement, BGL is responsible to pay, satisfy or discharge all debts, liabilities and obligations incurred in connection with the operation of the business. During the year 2022, BGL paid for an Irish Corporate tax bill which amounted to €137,322.00 (£121,627). This has been charged to transaction costs associated with the transfer from BIL to BGL.

DocuSign Envelope ID: F1CD6EB0-EF72-4E02-AB6B-7C0995828A83

13. Deferred taxation

	2022 £
Charged to profit or loss	**3,336**
At end of year	**3,336**

The deferred tax asset is made up as follows:

	2022 £
Fixed asset timing differences	**(29,101)**
Losses and other deductions	**32,437**
	3,336

14. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £13,516. Contributions totalling £Nil were payable to the fund at the Balance sheet date and are included in creditors.

15. Related party transactions

The Company has entered into a cost transfer price with the Parent company at arm's length commercial rates. Under this agreement, a targeted operating profit was agreed upon and the excess was transferred to the Parent company. This amounted to £3,407,244, which is presented as part of Administrative expenses in the statement of comprehensive income. Please refer to Note 9 for the intercompany balances in the financial statements with Barbri Inc. As a wholly owned subsidiary of Barbri Inc., the company is exempt from the requirements of FRS 102 section 33 Related Party Disclosures to disclose transactions with other members of the group.

16. Controlling party

The company is a wholly owned subsidiary of Barbri Inc. a company incorporated in the United States of America. The Parent company is the immediate and controlling party of the company. The company's financial statements are consolidated within the financial statements of the Parent company as at 31 December 2022. The Parent company's registered office is at 12222 Merit Drive, Suite 1340, Dallas, Texas 75251, United States of America.