

COMPANIES HOUSE

Financial Statements Cruckton Hall Limited

For the year ended 31 December 2016

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COMPANIES HOUSE

Registered number: 06952821

Company Information

Directors	M Hill R S Perper J A Khan V Kumar A J Murrell D J Brailer (appointed 30 November 2016)
Company secretary	A J Murrell
Registered number	06952821
Registered office	The Old Vicarage 61 High Street Swinderby Lincolnshire LN6 9LU
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2 Broadfield Court Sheffield S8 0XF
Bankers	National Westminster Bank Plc PO Box 12258 1 Princes Street London EC2R 8PA
Solicitors	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA

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Directors' Report

For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Principal activity

The principal activity of the company during the year was the provision of education and care to boys with a range of difficulties including Deficit Hyperactivity Disorder, Attention Deficit Disorder or Asperger's Syndrome, with associated challenging behaviour.

Results and dividends

The loss for the year, after taxation, amounted to £580,279 (2015 - loss £1,372,149).

Dividends amounting to £nil (2015 - £nil) were declared in the year.

Directors

The directors who served during the year were:

M Hill
R S Perper
J A Khan
V Kumar
A J Murrell
D J Brailer (appointed 30 November 2016)

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 laws, 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 of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

Directors' Report (continued)

For the Year Ended 31 December 2016

Going concern

The company uses liquid resources and working capital balances that arise directly from its operations. The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Liquidity is monitored regularly by reference to forecasts and available facilities.

The company has committed funding arrangements from both its bank and its Group companies, headed by Educo One Limited, together with good relationships with its customers and suppliers. As a result of the above and having reviewed forecasts for the next two financial years, the directors do not believe that there are any material uncertainties which cast significant doubt on the ability of the company to continue as a going concern basis of accounting in preparing the annual financial statements.

Employee involvement

During the period a policy of providing employees with information about the Group has been carried out through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to providing training and career development and promotion to disabled employees wherever appropriate.

Disclosure of information to auditor

The directors confirm that:

- so far as the directors 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.

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.

Cruckton Hall Limited

Directors' Report (continued)

For the Year Ended 31 December 2016

This report was approved by the board on 25 April 2017 and signed on its behalf.

M Hill
Director

A handwritten signature in black ink, appearing to be 'M Hill', written over the printed name and title.

Independent Auditor's Report to the Members of Cruckton Hall Limited

We have audited the financial statements of Cruckton Hall Limited for the year ended 31 December 2016, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.



Independent Auditor's Report to the Members of Cruckton Hall Limited (continued)

Opinion 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 year for which the financial statements are prepared is consistent with those 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 our 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 where 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 take advantage of the small companies' exemption for the requirement to prepare a Strategic Report or in preparing a Directors' Report.

A handwritten signature in black ink, appearing to read "Paul Houghton", written over the printed name.

Paul Houghton (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
SHEFFIELD

26 April 2017

Statement of Comprehensive Income

For the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	5,328,735	6,529,165
Cost of sales		(3,878,768)	(4,138,277)
Gross profit		1,449,967	2,390,888
Administrative expenses		(1,872,281)	(3,632,411)
Operating loss	5	(422,314)	(1,241,523)
Interest receivable and similar income	9	2,202	3,906
Interest payable and expenses	10	(167,386)	(120,278)
Loss before tax		(587,498)	(1,357,895)
Tax on loss	11	7,219	(14,254)
Loss for the year and total comprehensive income for the year		(580,279)	(1,372,149)

The notes on pages 9 to 22 form part of these financial statements.

All activities are classed as continuing activities.

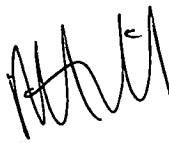
Statement of Financial Position

As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	12	349,554	338,005
		<u>349,554</u>	<u>338,005</u>
Current assets			
Debtors: amounts falling due within one year	13	878,026	527,841
Cash at bank and in hand	14	1,088,595	1,503,119
		<u>1,966,621</u>	<u>2,030,960</u>
Creditors: amounts falling due within one year	15	(2,044,214)	(3,516,725)
Net current liabilities		<u>(77,593)</u>	<u>(1,485,765)</u>
Total assets less current liabilities		<u>271,961</u>	<u>(1,147,760)</u>
Net assets/(liabilities)		<u><u>271,961</u></u>	<u><u>(1,147,760)</u></u>
Capital and reserves			
Called up share capital	18	1,000,001	1
Share premium account	17	1,000,000	-
Profit and loss account	17	(1,728,040)	(1,147,761)
		<u>271,961</u>	<u>(1,147,760)</u>

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 25 April 2017.



M Hill
Director

The notes on pages 9 to 22 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2016

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2015	1	-	224,388	224,389
Loss for the year	-	-	(1,372,149)	(1,372,149)
At 1 January 2016	1	-	(1,147,761)	(1,147,760)
Loss for the year	-	-	(580,279)	(580,279)
Shares issued during the year	1,000,000	1,000,000	-	2,000,000
At 31 December 2016	1,000,001	1,000,000	(1,728,040)	271,961

Notes to the Financial Statements

For the Year Ended 31 December 2016

1. General information

Cruckton Hall Limited is a limited liability company incorporated in England and Wales. Its registered head office is located at The Old Vicarage, 61 High Street, Swinderby, Lincolnshire, LN6 9LU.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note).

The company's financial statements are presented in Pound sterling. The company's functional currency is the Pound sterling.

The following principal accounting policies have been applied:

2.2 Going concern

The company uses liquid resources and working capital balances that arise directly from its operations. The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Liquidity is monitored regularly by reference to forecasts and available facilities.

The company has committed funding arrangements from both its bank and its group companies together with good relationships with its customers and suppliers. As a result of the above and having reviewed forecasts for the next two financial years, the directors do not believe that there are any material uncertainties which cast significant doubt on the ability of the company to continue as a going concern basis of accounting in preparing the annual financial statements.

2.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- (i) from preparing a cash flow statement, on the basis that it is a qualifying entity and the consolidated statement of cashflows, included in the group financial statements, includes the company's cash flows;
- (ii) from disclosing the company's key management personnel compensation, as required by FRS 102 paragraph 33.7;
- (iii) from the financial instrument disclosures required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.4 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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:

Plant & machinery	-	33% to 100%
Motor vehicles	-	20%
Fixtures & fittings	-	15% to 100%
Computer equipment	-	25%

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 the Statement of Comprehensive Income.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.6 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.

2.7 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.

2.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

2.9 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.

2.10 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.11 Leased assets: the company as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.12 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 the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

Certain employees participate in a multi-employer defined benefit pension scheme with other companies in the country. In the judgement of the directors, the company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets.

Therefore the scheme is accounted for as a defined contribution scheme, see note .

2.13 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.14 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 Statement of Financial Position 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 reporting date.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance. The following are the the key estimates made in preparing these financial statements:

Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of the debtors and historical experience. See note 13 for the net carrying amount of the debtors and the associated impairment provision.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of tangible fixed assets, and note 2.5 for the useful economic lives for each class of assets.

Notes to the Financial Statements

For the Year Ended 31 December 2016

4. Turnover

All turnover arose within the United Kingdom.

The whole of the turnover is attributable to the one principal activity of the company.

5. Operating loss

The operating loss is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets	158,630	138,059
Defined contribution pension cost	170,037	164,757
	<u>170,037</u>	<u>164,757</u>

During the year, no director received any emoluments (2015 - Nil).

In addition to the costs disclosed above, the company incurred rental charges from its parent company of £670,587 (2015 - £2,424,469) in respect of its use of land and buildings.

6. Auditor's remuneration

	2016	2015
	£	£
Fees payable to the company's auditor and its associates for the audit of the Company's annual financial statements	9,900	9,700
Fees payable to the Company's auditor and its associates for tax compliance services	2,300	2,300
	<u>12,200</u>	<u>12,000</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

7. Employees

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	3,040,599	3,357,226
Social security costs	262,617	271,943
Cost of defined contribution scheme	170,037	164,757
	<u>3,473,253</u>	<u>3,793,926</u>

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

	2016 No.	2015 No.
Care, education, establishment and housing staff	132	145
Administrative staff	12	15
	<u>144</u>	<u>160</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

8. Teachers' Pension Scheme

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS was implemented from September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Notes to the Financial Statements

For the Year Ended 31 December 2016

Teachers' Pension Scheme (continued)

Scheme changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £194,103 (2015 - £181,600).

9. Interest receivable

	2016	2015
	£	£
Other interest receivable	2,202	3,906

10. Interest payable and similar charges

	2016	2015
	£	£
Bank interest payable	167,386	120,278

Notes to the Financial Statements

For the Year Ended 31 December 2016

11. Taxation

	2016 £	2015 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(7,219)	14,254
Total deferred tax	(7,219)	14,254
Taxation on (loss)/profit on ordinary activities	(7,219)	14,254

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	(587,498)	(1,357,895)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%)	(117,499)	(274,927)
Effects of:		
Expenses not deductible for tax purposes	47	254
Deferred tax not recognised	95	9,214
Fixed asset differences	2,987	4,672
Adjust closing deferred tax to average rate of 20.00%	12,336	7,824
Adjust opening deferred tax to average rate of 20.00%	(6,954)	(835)
Group relief surrendered/(claimed)	101,769	273,819
Other	-	(5,767)
Total tax charge for the year	(7,219)	14,254

Notes to the Financial Statements

For the Year Ended 31 December 2016

12. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2016	151,292	6,341	786,571	155,505	1,099,709
Additions	17,717	16,136	102,177	34,149	170,179
At 31 December 2016	169,009	22,477	888,748	189,654	1,269,888
Depreciation					
At 1 January 2016	128,099	6,341	514,532	112,732	761,704
Charge for the period	16,470	807	117,677	23,676	158,630
At 31 December 2016	144,569	7,148	632,209	136,408	920,334
Net book value					
At 31 December 2016	24,440	15,329	256,539	53,246	349,554
At 31 December 2015	23,193	-	272,039	42,773	338,005

13. Debtors

	2016 £	2015 £
Trade debtors	383,195	395,961
Amounts owed by group undertakings	341,240	-
Other debtors	13,084	1,408
Prepayments and accrued income	70,603	67,787
Deferred taxation	69,904	62,685
	878,026	527,841

A bad debt provision of £30,728 (2015 - £39,980) was offset against the trade debtors and the cost recognised within administrative expenses.

Amounts owed by group undertakings are unsecured, interest bearing, have no fixed date of repayment and are repayable on demand.

Notes to the Financial Statements

For the Year Ended 31 December 2016

14. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	<u>1,088,595</u>	<u>1,503,119</u>

15. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	151,051	136,308
Amounts owed to group undertakings	-	1,513,194
Other taxation and social security	63,757	68,869
Other creditors	288,837	286,543
Accruals and deferred income	<u>1,540,569</u>	<u>1,511,811</u>
	<u>2,044,214</u>	<u>3,516,725</u>

Amounts owed to group undertakings are unsecured, interest bearing, have no fixed date of repayment and are repayable on demand.

16. Deferred taxation

	2016 £
At beginning of year	62,685
Charged to profit and loss	7,219
At end of year	<u><u>69,904</u></u>

The deferred tax asset is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	48,837	46,813
Other timing differences	<u>21,067</u>	<u>15,872</u>
	<u>69,904</u>	<u>62,685</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

17. Reserves

Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares is deducted from share premium.

Profit & loss account

Includes all current and prior period retained earnings.

18. Share capital

	2016 £	2015 £
Shares classified as equity		
Authorised		
1,000,001 (2015 - 1,000) Ordinary shares of £1 each	<u>1,000,001</u>	<u>1,000</u>
Allotted, called up and fully paid		
1,000,001 (2015 - 1) Ordinary shares of £1 each	<u>1,000,001</u>	<u>1</u>

During the period, the Company issued 1 million ordinary shares for consideration of £2 per share to its parent, Kisimul School Holdings Limited.

19. Contingent liabilities

The company is bound by an unlimited multilateral cross guarantee with an intermediate parent undertaking, Educo Three Limited in respect of bank borrowings. The maximum amount for which the company would become liable for at 31 December 2016 as a result of this arrangement was £91,198,799 (2015 - £53,817,877). These borrowings are secured by fixed and floating charges over the assets and undertaking of the company.

The bank has a charge over a cash deposit balance of £52,000 in relation to any default in payments to the Teachers' Pension Scheme.

20. Commitments under operating leases

At 31 December 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	738,291	2,420,159
Later than 1 year and not later than 5 years	<u>137,166</u>	<u>2,423,293</u>
	<u>875,457</u>	<u>4,843,452</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

21. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 102.

22. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Kisimul School Holdings Limited, incorporated in England and Wales.

Educo One Limited, incorporated in England and Wales, is the parent undertaking of the largest group of undertakings for which group financial statements are produced and of which the company is a member. The consolidated financial statements can be obtained from, The Old Vicarage, 61 High Street, Swinderby, Lincolnshire, LN6 9LU.

The ultimate parent undertaking and controlling related party is F A Quartet Investments II S.C.A., a company registered in Luxembourg.