

CRUCKTON HALL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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CRUCKTON HALL LIMITED

COMPANY INFORMATION

Directors	M Hill A J Murrell
Company secretary	A J Murrell
Registered number	06952821
Registered office	The Old Vicarage High Street Swinderby Lincoln 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

CRUCKTON HALL LIMITED

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CRUCKTON HALL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity

The principal activity of the Company during the year was the provision of education and care to people with severe learning disabilities and challenging behaviour.

Cruckton Hall Limited is part of a group headed by Cedar Project Holdco Limited. The Company operates by providing very specialised care and education to children with severe learning disabilities who have challenging behaviours and who may be on the autistic spectrum. It is a niche business, operating at the highest end of the disability spectrum and is recognised for the high quality services provided, by purchasers and regulatory bodies alike.

Results and dividends

The loss for the year, after taxation, amounted to £399,342 (2016: loss £580,279).

Dividends amounting to £Nil (2016: £Nil) were declared in the year.

Directors

The Directors who served during the year were:

M Hill
R S Perper (resigned 24 July 2017)
J A Khan (resigned 24 July 2017)
V Kumar (resigned 24 July 2017)
A J Murrell
D J Brailer (resigned 24 July 2017)

CRUCKTON HALL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. 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 and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to 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 and other information included in Directors' Reports may differ from legislation in other jurisdictions.

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 the Group together with good relationships with its customers and suppliers. As a result of the above and having net liabilities of £127,381 and net current liabilities of £500,046 at the end of the financial year, the directors have reviewed forecasts for the next two financial years and 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.

CRUCKTON HALL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Principal risks and uncertainties

The management of the business and the nature of the Group's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business. The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

The Company is engaged in regulated activities which are subject to regular inspection and quality monitoring. The board consider that the output of reviews in the year are satisfactory. The Group prioritises the provision of maintaining the standards of care and education within the business via a formal process of detailed review of activities across all aspects of the Company. This process then determines the focus of the Group in maintaining, and where possible enhancing, overall standards.

The market in which the Company operates is competitive and subject to funding primarily by Local Authorities. The group mitigates any risks arising from these characteristics by prioritising the needs of its pupils and adults that are under its care and education and by seeking close relationships with its referring authorities to ensure that they are aware of the activities and development of the Group. In addition the Group has a general desire to work with authorities on a partnership basis.

Financial risk management

The Group uses financial instruments comprising bank borrowings, loan notes and working capital balances that arise directly from its operations. The main risks arising from the Group's financial instruments are liquidity risk and interest rate risk. The directors review and agree policies for managing each of these risks and they are summarised below.

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Primarily this is achieved by securing adequate bank facilities, and the effective management of internally generated cash flow. Liquidity is monitored regularly by reference to forecasts and available facilities.

The Group principally finances its operations through bank borrowing and shareholder loans. The Group's exposure to interest rate fluctuations on its borrowings is managed by the use of a combination of fixed rate loans and bank borrowings where the interest rate is reviewed.

Brexit risk

The Group operates entirely within the UK and employs a small number of EU nationals. Consequently the directors do not believe there are any risks arising from Brexit which should affect the future of the Group.

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.

CRUCKTON HALL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

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
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

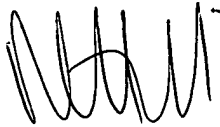
The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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.

This report was approved by the board on **14 MAY 2018** and signed on its behalf.

M Hill
Director





INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRUCKTON HALL LIMITED

Opinion

We have audited the financial statements of Cruckton Hall Limited for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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 2017 and of its loss for the year 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Who we are reporting to

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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRUCKTON HALL LIMITED (CONTINUED)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 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.

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 the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRUCKTON HALL LIMITED (CONTINUED)

Matters on which we are required to report by 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 take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRUCKTON HALL LIMITED (CONTINUED)

Auditors' 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.

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. The description forms part of our Auditor's Report.



Paul Houghton (Senior Statutory Auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Sheffield

Date: 14 May 2018

CRUCKTON HALL LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	4	5,633,080	5,328,735
Cost of sales		(4,231,632)	(3,878,768)
Gross profit		1,401,448	1,449,967
Administrative expenses		(1,892,466)	(1,872,281)
Operating loss	5	(491,018)	(422,314)
Interest receivable and similar income	10	1,249	2,202
Interest payable and expenses	11	-	(167,386)
Loss before tax		(489,769)	(587,498)
Tax on loss	12	90,427	7,219
Loss for the year and total comprehensive income for the year		(399,342)	(580,279)

All activities are classed as continuing activities.

The notes on pages 12 to 27 form part of these financial statements.

CRUCKTON HALL LIMITED
REGISTERED NUMBER:06952821

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	372,665	349,554
		<u>372,665</u>	<u>349,554</u>
Current assets			
Debtors: amounts falling due within one year	14	582,302	878,026
Cash at bank and in hand	15	1,194,817	1,088,595
		<u>1,777,119</u>	<u>1,966,621</u>
Creditors: amounts falling due within one year	16	(2,277,165)	(2,044,214)
Net current liabilities		<u>(500,046)</u>	<u>(77,593)</u>
Total assets less current liabilities		<u>(127,381)</u>	<u>271,961</u>
Net (liabilities)/assets		<u><u>(127,381)</u></u>	<u><u>271,961</u></u>
Capital and reserves			
Called up share capital	19	1,000,001	1,000,001
Share premium account	18	1,000,000	1,000,000
Profit and loss account	18	(2,127,382)	(1,728,040)
		<u>(127,381)</u>	<u>271,961</u>

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

14 MAY 2018.

M Hill
Director



The notes on pages 12 to 27 form part of these financial statements.

CRUCKTON HALL LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
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 1 January 2017	1,000,001	1,000,000	(1,728,040)	271,961
Loss for the year	-	-	(399,342)	(399,342)
At 31 December 2017	1,000,001	1,000,000	(2,127,382)	(127,381)

CRUCKTON HALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Cruckton Hall Limited provides education and care to people with severe learning disabilities and challenging behaviour.

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 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 pound sterling. The Company's functional currency is the pound sterling.

The preparation of financial statements in compliance with FRS102 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 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Cedar Project Holdco Limited as at 31 December 2017 and these financial statements may be obtained from The Old Vicarage, 61 High Street, Swinderby, Lincolnshire, LN6 9LU.

CRUCKTON HALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.3 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 wider group companies together with good relationships with its customers and suppliers. As a result of the above and having net liabilities of £127,381 and net current liabilities of £500,046 at the end of the financial year, the directors have reviewed forecasts for the next two financial years and 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.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Fee income

Turnover represents the amounts excluding Value Added Tax receivable during the year for the provision of care and accommodation. Where fees are received in advance, that amount is apportioned over the period to which it relates.

2.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price, 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.

CRUCKTON HALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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.

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.

CRUCKTON HALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

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.

Investments in ordinary shares are measured:
- At cost less impairment.

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. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

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.

2.11 Interest income

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

CRUCKTON HALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.12 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.

2.13 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 judgements 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 7.

2.14 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.

CRUCKTON HALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

Key judgements made by the directors in the preparation of these financial statements (and related areas of estimation uncertainty) are:

Impairment of debtors

The Company 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 14 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 13 for the carrying amount of tangible fixed assets, and note 2.5 for the useful economic lives for each class of assets.

CRUCKTON HALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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:

	2017 £	2016 £
Depreciation of tangible fixed assets	182,471	158,630
Defined contribution pension cost	155,385	170,037
	<u> </u>	<u> </u>

In addition to the costs disclosed above, the Company incurred rental charges from its parent company of £692,655 (2016: £670,587) in respect of its use of land and buildings.

6. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	9,900	9,900
	<u> </u>	<u> </u>
	9,900	9,900
	<u> </u>	<u> </u>
Fees payable to the Company's auditor and its associates in respect of:		
All other services	2,100	2,300
	<u> </u>	<u> </u>
	2,100	2,300
	<u> </u>	<u> </u>

CRUCKTON HALL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Employees

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	3,172,726	3,040,599
Social security costs	272,842	262,617
Cost of defined contribution scheme	155,385	170,037
	<u>3,600,953</u>	<u>3,473,253</u>

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

	2017 No.	2016 No.
Care, education, establishment and housing staff	137	132
Administrative staff	12	12
	<u>149</u>	<u>144</u>

8. Directors' remuneration

The directors receive their remuneration through Kisimul Group Limited, a wholly owned subsidiary of the parent company, Kisimul School Holdings Limited.

	2017 £	2016 £
Directors' emoluments	315,980	267,098
Directors' pension costs - defined contribution pension schemes	27,651	23,393
	<u>343,631</u>	<u>290,491</u>

During the year retirement benefits were accruing to 2 (2016 - 2) directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £172,667 (2016 - £140,309).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £19,570 (2016 - £16,263).

CRUCKTON HALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

9. 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 TPS website at the following location:

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

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NOTES TO THE FINANCIAL STATEMENTS
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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 £155,385 (2016: £170,037).

10. Interest receivable

	2017 £	2016 £
Interest receivable from group companies	1,249	-
Other interest receivable	-	2,202
	<u>1,249</u>	<u>2,202</u>

11. Interest payable and similar charges

	2017 £	2016 £
Interest payable to group companies	-	167,386
	<u>-</u>	<u>167,386</u>

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NOTES TO THE FINANCIAL STATEMENTS
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12. Taxation

	2017 £	2016 £
Current tax on profits for the year	-	-
	-	-
Group taxation relief	(90,176)	-
	(90,176)	-
Total current tax credit	(90,176)	-
Deferred tax		
Origination and reversal of timing differences	(251)	(7,219)
Total deferred tax credit	(251)	(7,219)
Taxation on loss on ordinary activities	(90,427)	(7,219)

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NOTES TO THE FINANCIAL STATEMENTS
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12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19.25% (2016 : 20.00%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	<u>(489,769)</u>	<u>(587,498)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	(94,264)	(117,499)
Effects of:		
Expenses not deductible for tax purposes	-	47
Deferred tax not recognised	-	95
Fixed asset differences	3,820	2,987
Adjust closing deferred tax to average rate of 19.25%	9,271	12,336
Adjust opening deferred tax to average rate of 19.25%	(9,238)	(6,954)
Group relief surrendered/(claimed)	-	101,769
Other	(16)	-
Total tax charge for the year	<u>(90,427)</u>	<u>(7,219)</u>

CRUCKTON HALL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2017	169,009	22,477	888,748	189,654	1,269,888
Additions	49,083	19,200	110,445	28,622	207,350
Disposals	(2,426)	-	-	(1,171)	(3,597)
At 31 December 2017	<u>215,666</u>	<u>41,677</u>	<u>999,193</u>	<u>217,105</u>	<u>1,473,641</u>
Depreciation					
At 1 January 2017	144,569	7,148	632,209	136,408	920,334
Charge for the year on owned assets	26,341	5,147	126,564	24,419	182,471
Disposals	(1,414)	-	-	(415)	(1,829)
At 31 December 2017	<u>169,496</u>	<u>12,295</u>	<u>758,773</u>	<u>160,412</u>	<u>1,100,976</u>
Net book value					
At 31 December 2017	<u><u>46,170</u></u>	<u><u>29,382</u></u>	<u><u>240,420</u></u>	<u><u>56,693</u></u>	<u><u>372,665</u></u>
At 31 December 2016	<u><u>24,440</u></u>	<u><u>15,329</u></u>	<u><u>256,539</u></u>	<u><u>53,246</u></u>	<u><u>349,554</u></u>

14. Debtors

	2017 £	2016 £
Trade debtors	439,091	383,195
Amounts owed by group undertakings	-	341,240
Other debtors	-	13,084
Prepayments and accrued income	73,056	70,603
Deferred taxation	70,155	69,904
	<u><u>582,302</u></u>	<u><u>878,026</u></u>

A bad debt provision of £30,567 (2016: £30,728) was offset against the trade debtors and the cost recognised within administrative expenses.

CRUCKTON HALL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

15. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>1,194,817</u>	<u>1,088,595</u>

16. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	66,045	151,051
Amounts owed to group undertakings	259,990	-
Other taxation and social security	71,853	63,757
Other creditors	287,655	288,837
Accruals and deferred income	1,591,622	1,540,569
	<u>2,277,165</u>	<u>2,044,214</u>

Amounts owed to group undertakings are unsecured, interest bearing at a rate of 8%, have no fixed date of repayment and are repayable on demand.

17. Deferred taxation

	2017 £
At beginning of year	69,904
Charged to profit or loss	251
At end of year	<u>70,155</u>

The deferred tax asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	55,515	48,837
Other timing differences	14,640	21,067
	<u>70,155</u>	<u>69,904</u>

CRUCKTON HALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

18. Reserves

Share premium account

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.

19. Share capital

	2017 £	2016 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
1,000,001 Ordinary shares of £1 each	<u>1,000,001</u>	<u>1,000,001</u>

20. Contingent liabilities

The bank has a charge over a cash deposit balance of £52,000 (2016 - £52,000) in relation to any default in payments to the Teachers' Pension Scheme.

21. Pension commitments

Pension commitments as at the year end amounted to £12,776 (2016 - £12,517).

22. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	760,678	738,291
Later than 1 year and not later than 5 years	1,460,799	137,166
	<u>2,221,477</u>	<u>875,457</u>

23. Related party transactions

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

CRUCKTON HALL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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24. Ultimate parent undertaking and controlling party

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

Cedar Project Holdco 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 Cedar Luxco S.a.r.l, a company registered in Luxembourg.