

Company Registration No. 08991221 (England and Wales)

EMBRACE PROGRESSION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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EMBRACE PROGRESSION LIMITED

COMPANY INFORMATION

Directors	Patricia Lee David Manson
Company number	08991221
Registered office	Two Parklands Business Park Great Park Rubery Birmingham B45 9PZ
Auditor	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH

EMBRACE PROGRESSION LIMITED

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EMBRACE PROGRESSION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

The directors present their annual report and financial statements for the year ended 30 June 2016.

Principal activities

The principal activity of the company continued to be that of a holding company.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Patricia Lee
David Manson

Results and dividends

The results for the year are set out on page 5.

No interim dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



David Manson

Director

6 December 2016

EMBRACE PROGRESSION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

The directors are responsible for preparing the annual 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 applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities). 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 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.

EMBRACE PROGRESSION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EMBRACE PROGRESSION LIMITED

We have audited the financial statements of Embrace Progression Limited for the year ended 30 June 2016 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 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. 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 FRC'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 30 June 2016 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

EMBRACE PROGRESSION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EMBRACE PROGRESSION LIMITED

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Stuart Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP

6 December 2016

Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

EMBRACE PROGRESSION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2016

	2016 £'000	2015 £'000
Profit before taxation	-	-
Taxation	-	-
Profit for the financial year	-	-

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There is no other comprehensive income for the year.

EMBRACE PROGRESSION LIMITED

BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Investments	4	3,026	3,026
Current assets		-	-
Creditors: amounts falling due within one year	6	(3,026)	(3,026)
Net current liabilities		(3,026)	(3,026)
Total assets less current liabilities		-	-
Capital and reserves			
Called up share capital	7	-	-
Profit and loss reserve		-	-
Total equity		-	-

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

The financial statements were approved by the board of directors and authorised for issue on 6 December 2016 and are signed on its behalf by:



David Manson
Director

Company Registration No. 08991221

EMBRACE PROGRESSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

Company information

Embrace Progression Limited is a private company limited by shares incorporated in England and Wales. The registered office is Two Parklands Business Park, Great Park, Rubery, Birmingham, B45 9PZ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 30 June 2016 are the first financial statements of Embrace Progression Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Embrace Group Limited. These consolidated financial statements are available from its registered office, Two Parklands Business Park, Great Park, Rubery, Birmingham B45 9PZ.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Embrace Progression Limited is a wholly owned subsidiary of Embrace Group Limited and the results of Embrace Progression Limited are included in the consolidated financial statements of Embrace Group Limited.

EMBRACE PROGRESSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

1.2 Going concern

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the reasons set out below. The company is a 100% owned subsidiary of Embrace Group Limited (the Group).

The main part of the Group's financing arrangements comprise a bank loan provided by Barclays Bank plc of £32.7 million at the year end and other facilities of £98.0 million at the year-end provided by certain shareholders. The Group also has a facility of £10 million provided by certain shareholders, none of which none is drawn down at year end. Funding arrangements between the Group's sponsoring bank and the Company came into force in March 2015 and will remain in place until 31 March 2020. Of the shareholder loans, £33.0 million are repayable in 2018 (along with the £10.0 million facility noted above) and £65.1 million are repayable in April 2024.

The Directors have prepared trading and cash flow forecasts for a period of at least one year from the date of approval of these financial statements. These forecasts make assumptions in respect of future trading conditions which they believe are reasonable and have been prepared with due consideration to the economic environment and to risks regarding the timing and extent of cash flows. The directors acknowledge that as with any forecasting, there is a degree of uncertainty as to the assumptions underlying the projections. On the basis of these forecasts and the accompanying covenant compliance forecasts the Group is expected to meet its liabilities as they fall due for the foreseeable future and thus be in a position to support the Company should this be necessary. For these reasons the directors consider it appropriate to prepare the financial statements on a going concern basis and have satisfied themselves that the Company will have adequate resources to continue in operational existence for a period of at least 12 months from the date of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.4 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position 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.

EMBRACE PROGRESSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Derecognition of financial liabilities

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

EMBRACE PROGRESSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

2 Auditor's remuneration

Audit fees for the year ended 30 June 2016 of £2,000 (2015: £2,000) have been paid by a fellow subsidiary undertaking, Embrace All Limited. Fees paid to KPMG LLP for non audit services have not been disclosed because Embrace Group Limited is required to disclose such fees on a consolidated basis.

3 Directors' remuneration

The directors received no remuneration for qualifying services in relation to the Company during the year. The directors are paid by Embrace All Limited. Details of their remuneration are disclosed in that company's financial statements.

4 Fixed asset investments

	2016 £'000	2015 £'000
Investments	3,026	3,026

Movements in fixed asset investments

	Shares in group undertakings £'000
Cost or valuation	
At 1 July 2015 & 30 June 2016	3,026
Carrying amount	
At 30 June 2016	3,026
At 30 June 2015	3,026

EMBRACE PROGRESSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

5 Subsidiaries

These financial statements are separate company financial statements for Embrace Progression Limited.

Details of the company's subsidiaries at 30 June 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held
Embrace Realty (Cavendish) Limited	England and Wales Rental of property to other group companies	Ordinary	100
Embrace New Horizon Centre Limited	England and Wales Providing competent and inter-changeable services to disabled children and adults	Ordinary	100
Cynedve Limited	England and Wales Dormant	Ordinary	100
Plas Gwynfa Limited	England and Wales Dormant	Ordinary	100
Paceglobe Limited	England and Wales Dormant	Ordinary	100
Future Life Limited	England and Wales Dormant	Ordinary	100
Tylane Limited	England and Wales Dormant	Ordinary	100
Rectory House Limited	England and Wales Dormant	Ordinary	100
Embrace Wellcare Education Limited	England and Wales Operating a specialist school and resource centre for disabled children and adults	Ordinary	100

The investments in Embrace Realty (Cavendish) Limited and Embrace New Horizon Limited are held directly by Embrace Progression Limited.

6 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts due to parent and fellow subsidiary undertakings	3,026	3,026

7 Called up share capital

	2016 £	2015 £
Allotted, called up and fully paid 1 ordinary share of £1 each	1	1

8 Events after the reporting date

There are no post balance sheet events requiring disclosure under FRS 102.32.

EMBRACE PROGRESSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

9 Parent company

The immediate parent company is Embrace All Limited, a company registered in England and Wales, and the ultimate parent company is Embrace Group Limited, a company registered in England and Wales. Embrace Group Limited is beneficially owned by funds managed by Värde Partners and D.E. Shaw & Co and therefore the directors consider there to be no ultimate controlling party of the group.

10 Transition to FRS 102

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the accounts for the period 30 June 2016, the comparative information presented in these financial statements for the year ended 30 June 2015 and in the preparation of an opening FRS 102 balance sheet at 1 July 2014 (the Company's date of transition).

In preparing its FRS 102 balance sheet, the Company has considered the amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position, financial performance and cash flows is set out below:

Income statement

The transition from UK GAAP to FRS 102 results in no change to the reported profit and loss for the year ended 30 June 2015.

Balance sheet

The transition from UK GAAP to FRS 102 results in no change to the opening balance sheet at 1 July 2014 nor to the comparative balance sheet at 30 June 2015.