Registration number: 02573843

Queen Ethelburga's College Limited

Annual Report and Financial Statements

for the Year Ended 31 August 2018

Queen Ethelburga's College Limited

Contents

Queen Ethelburga's College Limited

Strategic Report for the Year Ended 31 August 2018

The directors present their strategic report for the year ended 31 August 2018.

Principal activity
The principal activity of the company is that of the operation of a private school.

Fair review of the business
Queen Ethelburga's College Limited saw an increase in pupil numbers which lead to a 27% increase in turnover. The profit on ordinary activities before taxation was £3,798,958 (2017 - £3,165,311). The Balance Sheet on page 8 of the financial statements shows that the company's financial position, in terms of net assets and cash, has strengthened.

The company's directors believe that further key performance indicators of the company are not necessary or appropriate for an understanding of the development, performance or position of the business, and that the ones identified are the key indicators that are used by the Board to monitor the company's performance.

Both the level of business for the year and the year end financial position are considered satisfactory.

Principal risks and uncertainties
The business' principal financial instrument is bank balances. The main purpose of this instrument is to finance the business' operations.

All the business' cash balances are held in a such a way that achieves a competitive rate of interest.

Competitive pressure in the UK is a continuing risk for the company. The company manages such risks by providing appropriate quality services to its customers.

The company's transactions are all in pound sterling and therefore there is no exposure to a movement in exchange rates.

The company is not exposed to any third party debt.

The company has some credit risk with customers and policies are in place to ensure the credit worthiness of all customers.

Approved by the Board on 22 May 2019 and signed on its behalf by:

....
C J Hall
Director

Queen Ethelburga's College Limited

Directors' Report for the Year Ended 31 August 2018

The directors present their report and the financial statements for the year ended 31 August 2018.

Directors of the company
The directors who held office during the year were as follows:

C J Hall

F D Martin

A K Martin

Disclosure of information to the auditors
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors
The auditors Watson Buckle Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 22 May 2019 and signed on its behalf by:

....
C J Hall
Director

Queen Ethelburga's College Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with 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.

Queen Ethelburga's College Limited

Independent Auditor's Report to the Members of Queen Ethelburga's College Limited

Opinion

We have audited the financial statements of Queen Ethelburga's College Limited (the 'company') for the year ended 31 August 2018, which comprise the Profit and Loss Account and Statement of Retained Earnings, Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2018 and of its profit 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We 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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Queen Ethelburga's College Limited

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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 Strategic Report and the Directors' Report.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 3], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent Auditor's Report to the Members of Queen Ethelburga's College Limited

Use of our report

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

..........Watson Buckle LLP

Christopher Padgett FCA (Senior Statutory Auditor)
For and on behalf of Watson Buckle Limited,
Statutory Auditors & Chartered Accountants
Bradford

22 May 2019

Queen Ethelburga's College Limited

Profit and Loss Account and Statement of Retained Earnings for the Year Ended 31 August 2018

	Note	2018 £	2017 £
Turnover	3	24,113,995	19,007,260
Cost of sales		(9,459,199)	(7,080,395)
Gross profit		14,654,796	11,926,865
Administrative expenses		(11,013,153)	(8,857,136)
Operating profit	4	3,641,643	3,069,729
Other interest receivable and similar income		157,315	140,266
Interest payable and similar charges	5	-	(44,684)
Profit before tax		3,798,958	3,165,311
Taxation	9	(903,951)	(835,530)
Profit for the financial year		2,895,007	2,329,781
Retained earnings brought forward		2,117,456	1,787,675
Dividends paid		(2,500,000)	(2,000,000)
Retained earnings carried forward		2,512,463	2,117,456

The notes on pages 9 to 19 form an integral part of these financial statements.

Queen Ethelburga's College Limited

(Registration number: 02573843)
Balance Sheet as at 31 August 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	10		8,950,298		9,307,978
Current assets					
Debtors	11	8,735,292		10,950,939	
Cash at bank and in hand		6,549,535		3,964,754	
		15,284,827		14,915,693	
Creditors: Amounts falling due within one year	12	(21,172,479)		(21,294,189)	
Net current liabilities			(5,887,652)		(6,378,496)
Total assets less current liabilities			3,062,646		2,929,482
Creditors: Amounts falling due after more than one year	12		(458,383)		(673,726)
Provisions for liabilities	13		(91,700)		(138,200)
Net assets			2,512,563		2,117,556
Capital and reserves					
Called up share capital	15	100		100	
Profit and loss account	16	2,512,463		2,117,456	
Total equity			2,512,563		2,117,556

Approved and authorised by the Board on 22 May 2019 and signed on its behalf by:

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C J Hall
Director

1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is:
Thorpe Underwood Hall
Thorpe Underwood
York
North Yorkshire
YO26 9SZ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation
These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The company's functional and presentation currency is pound sterling.

Summary of disclosure exemptions
The company has taken advantage of the exemption to disclose certain aspects of financial instruments, transactions with key management personnel and the exemption to prepare Statement of Cash Flows in accordance with Financial Reporting Standard 102 Section 1.12.

The company has taken advantage of the exemption under Financial Reporting Standard 102 Section 33 Related Party Disclosures from disclosing transactions and balances with fellow group undertakings that are wholly owned.

Name of parent of group
These financial statements are consolidated in the financial statements of Care & Recreation Holdings Limited.

The financial statements of Care & Recreation Holdings Limited may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

Going concern
The company has net current liabilities of £5,887,652 (2017 - £6,378,496). However this is due to an adjustment for deferred income and accordingly the directors consider the company to be a going concern and have therefore prepared the accounts on a going concern basis.

Judgements
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

All shared expenses are allocated across related companies via recharges. Recharge split percentages are calculated on an appropriate allocation basis, such as turnover, staff numbers and building usage, according to expense type.

Key sources of estimation uncertainty
The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible assets
The annual depreciation charge for tangible assets and their carrying amount is determined by the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually and amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.
The carrying amount is £8,950,298 (2017 - £9,307,978).

Impairment of debtors
The company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtor, management considers factors which include the current credit rating of the debtor, the ageing profile of debtors and historical experience. The carrying amount is £403,988 (2017 - £337,994).

Revenue recognition
Turnover comprises the fair value of the consideration received or receivable for the provision of services to pupils in the ordinary course of the company's activities.

The company recognises revenue when the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the entity.

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

The current 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 taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets
Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation
Depreciation is charged so as to write off the cost of assets over their estimated useful lives.

If there is an indication that there has been a significant change in estimated useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Depreciation is charged as follows:

Asset class	**Depreciation method and rate**
Short leasehold improvements	4% straight line
Plant and machinery	4% - 25% straight line
Fixtures, fittings and equipment	10% straight line

Leases
Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends
Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Defined benefit pension obligation
The Teachers' Pension Scheme ('TPS') is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Financial instruments
The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets
Basic financial assets, including trade and other receivables, are initially recognised at transaction price, 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 for a similar asset. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 and any subsequent reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities
Basic financial liabilities, including trade and other payables, 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 for a similar debt instrument.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2018 £	2017 £
Rendering of services	24,113,995	19,007,260

No further analysis of turnover is given as the directors consider this would be seriously prejudicial to the company.

4 Operating profit

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	1,472,518	1,476,639

5 Interest payable and similar expenses

	2018 £	2017 £
Other interest payable	-	44,684

Queen Ethelburga's College Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £	2017 £
Wages and salaries	6,594,214	5,554,298
Social security costs	621,000	513,901
Pension costs, defined contribution scheme	6,291	15,668
Pension costs, defined benefit scheme	512,460	423,886
	7,733,965	6,507,753

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Administration and support	37	55
Other departments	205	150
	242	205

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	90,000	80,000
Contributions paid to defined contribution schemes	5,542	14,818
	95,542	94,818

During the year the number of directors who were receiving benefits was as follows:

	2018 No.	2017 No.
Accruing benefits under defined contribution schemes	2	2

8 Auditors' remuneration

	2018 £	2017 £
Audit of the financial statements	12,900	12,500

9 Taxation

Tax charged/(credited) in the income statement

	2018 £	2017 £
Current taxation		
UK corporation tax	940,500	843,700
UK corporation tax adjustment to prior periods	9,951	21,230
	950,451	864,930
Deferred taxation		
Arising from origination and reversal of timing differences	(46,500)	(28,300)
Arising from changes in tax rates and laws	-	(1,100)
Total deferred taxation	(46,500)	(29,400)
Tax expense in the income statement	903,951	835,530

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 19% (2017 - 19%).

The differences are reconciled below:

	2018 £	2017 £
Profit before tax	3,798,958	3,165,311
Corporation tax at standard rate	721,802	601,409
Effect of expense not deductible for tax purposes	25,753	15,255
Changes in tax rates	-	24,522
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	-	(1,100)
Over provision in prior year	9,951	21,230
Effect of capital allowances and depreciation	29	23
Depreciation on fixed assets not qualifying for capital allowances	146,489	174,231
Effect of group relief	(73)	(40)
Total tax charge	903,951	835,530

Deferred tax

Deferred tax assets and liabilities

2018	Liability £
Accelerated capital allowances	91,700

2017	Liability £
Accelerated capital allowances	138,200

The amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting period is £(33,300) (2017 - £(11,600)).

10 Tangible assets

	Short leasehold improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost or valuation				
At 1 September 2017	1,163,984	3,525,422	12,003,608	16,693,014
Additions	-	47,597	1,067,241	1,114,838
At 31 August 2018	1,163,984	3,573,019	13,070,849	17,807,852
Depreciation				
At 1 September 2017	171,650	1,804,152	5,409,234	7,385,036
Charge for the year	46,560	227,591	1,198,367	1,472,518
At 31 August 2018	218,210	2,031,743	6,607,601	8,857,554
Carrying amount				
At 31 August 2018	945,774	1,541,276	6,463,248	8,950,298
At 31 August 2017	992,334	1,721,270	6,594,374	9,307,978

11 Debtors

	2018 £	2017 £
Trade debtors	403,988	337,994
Amounts due from group undertakings	8,203,741	10,538,630
Other debtors	127,563	74,315
	8,735,292	10,950,939

12 Creditors

	2018 £	2017 £
Due within one year		
Other creditors	1,192,500	1,071,000
Accruals expenses and deferred income	19,201,527	19,615,952
Corporation tax liability	778,452	607,237
	21,172,479	21,294,189
Due after one year		
Deferred income	458,383	673,726

Included in deferred income are amounts due after more than five years not by instalments of £17,332 (2017 - £34,255).

Deferred income relates to advance fee payments received. There is no minimum or maximum period to which advance fees can be paid.

13 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 September 2017	138,200	138,200
Increase (decrease) in existing provisions	(46,500)	(46,500)
At 31 August 2018	91,700	91,700

14 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £6,291 (2017 - £15,668).

Defined benefit pension scheme
Teachers' pension scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, multi-employer defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in schools and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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. Retirement and other pension benefits are paid by public funds provided by Parliament.

Multi-employer plans

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The school has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The pension cost paid to the TPS in the period amounted to £512,460 (2017 - £423,886).

The school has set out below the information available on the scheme.

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation 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 on 9 June 2014. The key elements of the valuation and subsequent consultation are:

• employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge) from 1 September 2015;

• total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million;

• an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and

• the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.48% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate will rise from 16.48% to 23.68% in September 2019. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

The 31 March 2016 actuarial valuation has not been published at the date of signing of the accounts. A copy of the previous valuation report at 31 March 2012 and supporting documentation is on the Teachers' Pension website.

15 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

Rights, preferences and restrictions
Ordinary shares have the following rights, preferences and restrictions:
All shares rank pari passu for income, capital and voting rights.

16 Reserves

Share capital
Represents the nominal value of issued shares.

Profit and loss account
Includes all current and prior periods distributable profits and losses.

17 Obligations under leases and hire purchase contracts

Operating leases
The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	2,003,249	1,582,291
Later than one year and not later than five years	7,848,292	6,240,451
Later than five years	11,543,168	10,741,397
	21,394,709	18,564,139

The amount of non-cancellable operating lease payments recognised as an expense during the year was £3,520,860 (2017 - £2,869,973).

18 Commitments

Other financial commitments
The company is committed to make employer contributions into The Teachers Pension Scheme at a rate of 16.48% from 1 September 2015. Contributions will be payable during the implementation period until the next valuation date of 31 March 2016, however this valuation has not yet been published. The employer contribution rate will rise from 16.48% to 23.68% in September 2019.
The total amount of other financial commitments not provided in the financial statements was £Nil (2017 - £Nil).

19 Related party transactions

Summary of transactions with other related parties
The directors have control over other related parties.

Expenditure with and payables to related parties

2018	**Other related parties £**
Receipt of services	3,454,250

2017	**Other related parties £**
Receipt of services	2,788,610

20 Parent and ultimate parent undertaking

The company's immediate parent is The Collegiate Formation Limited, incorporated in England & Wales.

The company's ultimate parent company is Foxlow Limited, a company registered in the British Virgin Islands. The ultimate controlling party is not known.

The most senior parent entity producing publicly available financial statements is Care & Recreation Holdings Limited. These financial statements are available upon request from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.