

## **Witherslack Group Limited**

Report and Financial Statements

Year ended

31 August 2020

Company Number 03579104

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# Witherslack Group Limited

## Report and financial statements for the year ended 31 August 2020

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### Directors

P D Jones  
H C Tennant  
J Jones  
K Dyson (resigned 17<sup>th</sup> January 2020)  
J Carter  
J A Taylor  
R J Wilkins

### Secretary and registered office

J Jones, Lupton Tower, Lupton, Carnforth, Lancashire, LA6 2PR

### Company number

03579104

### Auditors

Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds LS11 5QR

# Witherslack Group Limited

## Strategic report for the year ended 31 August 2020

The directors have pleasure in presenting their strategic report and the financial statements of the Company for the year ended 31 August 2020.

This report has been prepared by the directors in accordance with the requirements of Section 414 of the Companies Act 2006. The company's independent auditor is required by law to report on whether the information given in the Strategic Report is consistent with the financial statements. The auditor's report is set out on pages 10 to 12.

### Principal activities

The principal activity of the Company during the year was the provision of education and residential care for children with special needs.

The Company provides education and care for children with special needs, their families and local authorities across the UK through a network of twenty four schools and twenty seven children's homes. The Company leads with its education offer, and provides residential accommodation to school pupils where necessary. All children and young people in the Company's homes attend the Company's schools. The Company aspires to being an exemplar of best practice for the education and care of children and young people with special needs, locally, regionally and nationally. It has a clear view of its purpose and practice and this is articulated in the theoretical and philosophical aspects of its work. Outcomes for children and young people are closely monitored across a variety of metrics.

### Business review

#### *Development and performance of the business:*

The key financial and non-financial performance indicators during the year were as follows:

	2020	2019
Turnover	95,191,820	75,069,319
Profit after tax	18,031,711	9,415,321
Number of schools in operation	24	20
Number of children's homes in operation	27	26

Turnover has increased reflecting the increased capacity of the Company. This increased capacity has arisen from a mixture of development of existing sites and the opening of new sites. The increase in profit is linked with this together with a number of development sites moving towards maturity.

The Company continues to expand successfully with a new school opening in Windsor (Queensmead Primary and Secondary School), Wiltshire (The Eaves) and the North East (Elmbank), and a new home opening in the North East (Fernpark). New school and home openings have been well received and supported by Local Authorities with strong placement numbers in all new establishments.

The Company's Ofsted ratings continue to be extremely positive overall. The Directors believe that the number of Company sites rated 'Outstanding' is the highest of the national providers.

With 2019/20 ending with strong occupancy rates in new sites, and starting pupil numbers for 2020/21 being equally high, the Board is confident of continued improvement in the financial performance of the Company in the coming year.

Staff recruitment and retention has again been a key focus of the Company as it continues to expand. The annual staff engagement survey returned very pleasing results and the Board is committed to reviewing and improving its employee value proposition.

## Witherslack Group Limited

### Strategic report for the year ended 31 August 2020 (*continued*)

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#### **Business review (*continued*)**

The Company's property pipeline is strong with new sites scheduled to open in Yorkshire, Oxfordshire, Wiltshire and the North East in the coming year. These freehold sites have already been acquired. Further new site opportunities are being pursued in a number of other regions.

The Company position is particularly strengthened by its expansion into new geographical areas, much of which has taken place in response to requests by Local Authorities to open in their regions.

#### **Risk management policy**

##### **Regulatory and legislative risks**

As an education provider, the Company's schools are registered and approved by the Department for Education, (DfE) and are subject to inspection and report by Ofsted. The Company's residential care operations are also registered with Ofsted as providers of care. Inspections and reviews are carried out by Ofsted on all establishments.

The Company regularly updates its policies and procedures in order to ensure compliance with required standards.

In addition, the Company has an obligation to meet Health and Safety requirements. The Company employs a highly experienced and qualified health and safety manager who audits and updates internal policies. The Company has been awarded ISO 45001:2019, which reflects the importance we attach to this vital area.

##### **Reputational Risk**

The Company's business activities give rise to certain reputational risks. These are managed through robust policies and procedures which are checked and monitored by the Company's internal Quality Assurance function, led by the Company Quality Assurance Director. The Company also regularly looks to external providers of Risk Management assessment in order to give the directors comfort that the Company continues to operate in a strong control environment.

#### **Financial risk management policy**

The Company's principal financial instruments comprise cash, trade debtors and creditors, loans and borrowings and certain other debtors and accruals. The main risks associated with these financial assets and liabilities are set out below.

##### **Credit risk**

Credit risk arises principally on third party derived revenues. Company policy is aimed at minimising such risk, and collection of debts is actively managed to ensure that payments are received in a timely manner. The Company's customers are Local Authorities and have a good payment history. The directors believe the Company's exposure to bad debts is not significant.

##### **Liquidity risk**

The Company is funded by way of overdrafts and operational cash generation, as well as access to long-term bank loans held by other companies within the Group.

The Company's liquidity risk is managed through the Group finance function, controlled by Wordworth Midco 1 Limited. The Group generates substantial operational cash surpluses. Capital expenditure is approved at board level. Day to day cash flow flexibility is maintained by retaining surplus cash in readily accessible bank accounts. Working capital requirements are funded primarily through each Group company's resources although each Group company does have recourse to additional funding through the ultimate parent company banking facilities.

##### **Interest rate risk**

The Group's interest rate risk is managed through the Group finance function.

Exposure to interest rate movements is managed at Group level. An interest hedge was in place until November 2020.

## Witherslack Group Limited

### Strategic report for the year ended 31 August 2020 (*continued*)

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#### **Market price risk**

Due to the nature of the principal activity, the directors do not believe the Company is exposed to significant movements in market prices of its services.

#### **Risk Surrounding the UK's exit from the European Union**

It is anticipated the Business will continue to be largely unaffected by the UK decision to leave the European Union. However, Management have considered the impact of Brexit and any uncertainty that may arise from this situation.

Management have concluded that the situation will not impact current funding arrangements in place for Young People or influence the spending patterns of Local Authorities. The potential impact of Brexit has been considered in reference to staff planning for skilled jobs, but review of our ongoing recruitment strategy has concluded there is no significant risk to the business in respect of workforce planning or overhead costs.

#### **Risk Surrounding the impact of Covid-19**

As mentioned in the Directors report, Covid 19 is not expected to have a significant impact on the Group, Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. Whilst there may be some impact in respect of additional associated costs incurred, notably provision of additional PPE, these are not significant and the future of the performance of the business is secure. Demand for our services has been unaffected and we expect this to continue. We will continue to follow the various government policies and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our Young people or Employees.

#### **Section 172(1) Statement**

The following sections serve as our section 172 statement. Section 172 of the Companies Act 2006 recognises that whilst companies are run for the benefit of the shareholders, a business's long-term success and reputation are dependent upon maintaining relationships with stakeholders and an appreciation of the external impact of its activities.

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006 and are keen to ensure proper reflection on stakeholder engagement and issues at Board level, and promote continuous reflection on opportunities for development.

The Board of the Parent Company meets once a month and regularly reviews the company's relationships with principal stakeholders and how we engage with them. The sections below set out a more detailed summary of the Group's relationships with its key stakeholders and how the business engages with those stakeholders.

The Board is comprised of:

J C Huxtable	Independent Chair
P D Jones	Chief Executive Officer
S Bacon	Chief Financial Officer
J Jones	Commercial Director
J A Taylor	Operations Director (Education)
H C Tennant	Operations Director (Care)
J Carter	Human Resources Director
R K Wilkins	Quality Assurance Director
MT Evans	Non-Executive Director
A Holloway	Non-Executive Director

## Witherslack Group Limited

### Strategic report for the year ended 31 August 2020 (continued)

#### Section 172(1) Statement (cont'd)

In addition to a schedule programme of monthly Board meetings, The Board and wider members of the Operations Management Team meet fortnightly to focus on the operation of the business and review feedback from various business areas, with particular focus on specific shareholder groups. The actions and details arising from these meetings are fed back to the wider Board.

The outcome of stakeholder engagement generally, as fed back to the Board via the channels referred to above and below, influences the formulation and ongoing review of the long-term strategy and financial planning to ensure that our approach continues to deliver sustainable returns and promotes reputational reward. The Directors aim to take the needs and priorities of each stakeholder group into account as part of their decision-making processes, recognising that the pertinence of a particular stakeholder group may vary depending upon the matter under discussion

Young People and Local Authorities: A good understanding of the Young Persons needs and the requirements of the Local Authorities, who place the Young person in our provisions, is critical to our long-term success.		
Why?	How we engage? What they tell us?	Our response / outcomes of engagement
Witherslack Group is the leading provider of specialist education and care for children and young people with social, emotional and mental health needs, communication difficulties, ADHD and complex learning needs. The Company provides inspirational education and care to these young people, resulting in life changing experiences and countless stories of success	<p>The Board receives regular updates from Operational Management as to the progress of our Young People – academically, socially and emotionally.</p> <p>The Board engages with the charities and organisations that support the area in which we operate – in particular working closely with the ADHD foundation.</p> <p>The Company runs a number of events aimed at Carers and Professionals to support work with vulnerable young people.</p> <p>The Board receives regular updates from the Commercial Team in respect of feedback from Local Authorities. The Company employs a number of Local Authority Partnership Managers to improve and maintain these relationships. In addition, the Company employs family Liaison Officers in our provisions to promote a positive relationship between the Family, Young Person and the Provision.</p>	<p>The Board and Senior Management are regularly informed of the needs of the Young People and children in our Provisions, and consider these when making decisions. Close interaction with Local Authorities mean the Company is able to respond to the requirements of the Local Authorities and can work with them – for example, looking to open provision in their geographical areas.</p> <p>Our record of accomplishment of success and sector-leading Ofsted judgements has been achieved through an ethos of high aspiration, placement stability through our 'team around the child' approach, unique in-school therapy solutions and our inspiring environments. These all combine to optimise life opportunities for children and young people, give confidence to parents and carers, and deliver unmatched value for local authorities.</p>

## Witherslack Group Limited

### Strategic report for the year ended 31 August 2020 (continued)

#### Section 172(1) Statement (cont'd)

Our people: Without talent and committed employees, the Company would be unable to deliver its outstanding provisions		
Why?	How we engage? What they tell us?	Our response / outcomes of engagement
Our people are central to everything we do – the dedicated and passionate teaching, care and therapeutic professionals who combine to create a unique and inspirational environment for every child. Their commitment and ability to genuinely connect with each child allows us to achieve long lasting outcomes and fulfil the ambitions of our young people.	<p>Witherslack carries out an Annual Employee survey. This gives employees at all levels the chance to share their views. We also run smaller pulse surveys throughout the year to collect real-time insights on key issues, for example, the latest survey has been focussed on the impact of COVID-19 on employees and what more Witherslack Group can do to make employees feel safe at work.</p> <p>The Company run an annual Guiding Coalition Conference, which is a meeting of all the Senior leadership from all the provisions in the Company – this is an opportunity to feedback to the Board on both strategic plans but on employee engagement and any areas of concern.</p> <p>Each provision has a regular Home / School Board meeting which is chaired by a Board Member. This is a further opportunity for feedback from Witherslack Employees.</p>	<p>The Board approved a restructure of the Human Resources Department to focus on Learning and Development. This will allow the Company to promote not only the training of employees at induction to ensure they have the right start with the Company, but to continue to develop them and encourage them to grow with the Company. We have also recently started a programme to look at Diversity and Inclusion within the Company.</p> <p>The Company has implemented a number of procedures to support employees safety concerns during this time – temperature scans have been installed, the Company has a robust supply of PPE and is constantly reviewing and adapting working practices to support vulnerable employees.</p>

Our Suppliers: Without being able to source quality goods and services from Suppliers, the Company would be unable to deliver its outstanding provisions		
Why?	How we engage? What they tell us?	Our response / outcomes of engagement
The Company recognises the need for the procurement of quality goods and services from external suppliers.	We maintain ongoing communication with all our Suppliers	The Board received regular reporting on modern slavery and relationships with key suppliers.

## Witherslack Group Limited

### Strategic report for the year ended 31 August 2020 (continued)

#### Greenhouse Gas Emissions

This report has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) regulations 2018, which implement the Government's policy on Streamlined Energy and Carbon Reporting.

The greenhouse gas emissions for Witherslack Group Ltd, reportable under SECR for the period 1<sup>st</sup> September 2019 to 31<sup>st</sup> August 2020 were 2,741 tonnes CO<sub>2</sub>e. This figure includes all material Scope 1 and 2 emissions, plus Scope 3 emissions for employees' own vehicles used for business, as required to be disclosed by the legislation.

In accordance with the legislation an intensity ratio has been calculated, this expresses the business' annual emissions in relation to a quantifiable factor or normaliser. The intensity ratio calculated for Witherslack Group Ltd is 28.73 tonnes CO<sub>2</sub>e per £M turnover, this ratio enables the impact of changes in the estate to be reflected in the reporting.

Emissions source	2019/20	% Share
Fuel combustion: Natural gas	1,191	43%
Fuel combustion: Transport	982	36%
Purchased electricity	568	21%
<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>2,741</b>	<b>100%</b>
Revenue	£95.19M	
Intensity: (tCO <sub>2</sub> e per £M)	28.79	

It is a standard protocol to define greenhouse gas emissions by scope. The scope items included in the calculation of the carbon footprint for Witherslack Group Ltd are listed by scope item:

- Scope 1: direct emissions arising from activities on site - combustion of fuels to heat buildings and the use of fuel in company owned vehicles
- Scope 2: indirect energy emissions - purchased electricity
- Scope 3: indirect emissions - Losses from electricity distribution and transmission, private vehicles used for business travel



## Witherslack Group Limited

### Strategic report for the year ended 31 August 2020 *(continued)*

#### Greenhouse Gas Emissions (cont'd)

The split of emissions by scope is shown in the table below:

Emissions source	2019/20	% Share
Scope 1	2,007	73%
Scope 2	523	19%
Scope 3	211	8%
<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>2,741</b>	<b>100%</b>

The Group's initiatives to mitigate greenhouse gas emissions include:

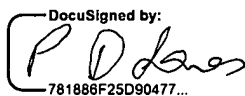
- The reduction in business travel through the use of tele and video conferencing and car sharing
- The offering of electric and hybrid vehicles as company car options
- Implementation of a salary sacrifice scheme for all employees promoting electric and low emission vehicles
- Cycle to Work scheme

#### Future developments

The Company continues to invest significant resource in the development of both the physical infrastructure of the schools as well as in the further development of the education and care services provided by the Company. As mentioned above the Company's property pipeline is strong with a number of new locations being prepared for opening in the next financial year.

#### Approval

This strategic report was approved on behalf of the Board on 4<sup>th</sup> February 2021.

DocuSigned by:  
  
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P Jones  
Director

4<sup>th</sup> February 2021

## **Witherslack Group Limited**

### **Report of the directors for the year ended 31 August 2020**

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The directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 August 2020.

#### **Results**

The Statement of Comprehensive Income is set out on page 13 and shows the profit for the year of £18,031,711 (2019 - £9,415,321). A review of the business can be found within the strategic report.

The directors have not declared a dividend (2019 - £Nil).

#### **Disabled employees**

The Company 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 Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

#### **Employee involvement**

During the year, the policy of providing employees with information about the Company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. The Company has in place an annual staff engagement survey which gives all employees the opportunity to feedback to the Board. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

#### **Impact of COVID-19**

The Board and Senior Management Team continue to work with all stakeholders during these unprecedented times of social and economic uncertainty. Their main priority has been to safeguard employees while continuing to support our Young People who remain vulnerable at this time. The Witherslack provisions remained open throughout the first wave and the Department for Education clearly stated that all High Needs Funding should continue to be paid, as any variation from this would be in breach of the Conditions of Grant for the Dedicated Schools Grant. Section 30 of the guidance on Vulnerable Children in Education and Childcare settings also makes it clear that Local Authorities must continue to fund schools, regardless of whether they are open or closed or specific children are attending.

There has been significant focus on operating our provisions effectively and safely, and the Company has sourced a secure supply of Personal Protection Equipment and has installed temperature scanning equipment at the majority of our locations. The Company sickness policy has been revised to protect employees who have been asked to shield as well as to ensure that no employee is disadvantaged financially by having to isolate during this time. The Company has had no issues sourcing the necessary supplies to continue to run our operation effectively and the Board recognises that the one thing that has remained consistent through this period has been the inspiring work and commitment of the Witherslack staff to keep our young people educated and safe.

#### **Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company 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.

## Witherslack Group Limited

### Report of the directors for the year ended 31 August 2020 (continued)

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the financial statements, 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;
- 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.

#### Going concern

An assessment of the Company was undertaken to determine the suitability of the going concern basis of preparation.

At the balance sheet date, the Company had net current liabilities of £15,747,696 (2019 - £19,334,812) and profit after tax of £18,031,711 (2019 - £9,415,321). The nature of the Company's business activities comprises education and residential care for children under contracts in place with Local Authorities. In assessing the Company's ability to continue as a going concern, the Directors have considered a wide range of information relating to present and future conditions, including future forecasts of profitability, cash flow and covenant compliance, and available capital resources. This included consideration of a base case and a series of severe but plausible downsides incorporating reduction in education income. This included a remote scenario where revenues were decreased by up to 25% from the next Academic term. No reduction was made to the cost base to reflect the reduced income. The Directors then considered potential mitigations within their control; should it be required, capital expenditure would be constricted to mitigate any shortfall in liquid funds. Based on actual performance in the period since pandemic began, the Directors consider this scenario to be remote.

After conducting the financial projections exercise and making all appropriate enquiries, the Directors have a reasonable expectation that the Company has access to adequate resources to enable it to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Company's financial statements.

#### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Ernst & Young LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

#### On behalf of the Board

DocuSigned by:  
  
78188EF25D90477...  
P Jones  
Director

4<sup>th</sup> February 2021

## **Witherslack Group Limited**

### **Independent auditor's report**

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#### **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF WITHERSLACK GROUP LIMITED**

##### **Opinion**

We have audited the financial statements of Witherslack Group Limited for the year ended 31 August 2020 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 28, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the Affairs as at 31 August 2020 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 below. 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.

## **Witherslack Group Limited**

### **Independent auditor's report (continued)**

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#### **Other information**

The other information comprises the information included in the annual report set out on pages 1-9 other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the 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 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 strategic report or directors' report.

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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on pages 8-9, 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.

## Witherslack Group Limited

### Independent auditor's report (continued)

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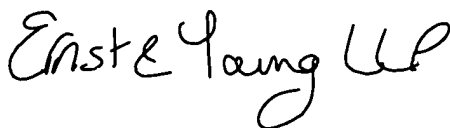
#### **Auditor's responsibilities for the audit of the financial statements**

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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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



Kate Jarman (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Leeds  
4<sup>th</sup> February 2021

## Witherslack Group Limited

### Statement of comprehensive income for the year ended 31 August 2020

	Note	2020 £	2019 £
<b>Turnover</b>	3	<b>95,191,820</b>	75,069,319
Administrative expenses		<b>(75,586,773)</b>	(64,472,043)
Other operating income	6	<b>128,511</b>	77,701
		<hr/>	<hr/>
<b>Operating profit</b>	7, 8	<b>19,733,558</b>	10,674,977
Interest payable and similar charges	9	<b>(52,818)</b>	(48,932)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>19,680,740</b>	10,626,045
Tax on profit on ordinary activities	10	<b>(1,649,029)</b>	(1,210,724)
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>18,031,711</b>	9,415,321
Other comprehensive income		-	-
		<hr/>	<hr/>
<b>Total comprehensive profit for the year</b>		<b>18,031,711</b>	9,415,321
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.

The notes on pages 16 to 30 form part of these financial statements.

# Witherslack Group Limited

## Statement of financial position at 31 August 2020

<b>Company number 03579104</b>	<b>Note</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Intangible assets	12		-		-
Tangible assets	13		86,872,505		72,210,237
Investments	14		6,875,900		6,875,900
			<u>93,748,405</u>		<u>79,086,137</u>
<b>Current assets</b>					
Stocks	15	25,313		23,416	
Debtors	16	21,459,995		10,642,922	
Cash at bank		6,455,053		6,080,282	
		<u>27,940,361</u>		<u>16,746,620</u>	
<b>Creditors: amounts falling due within one year</b>	17	43,688,057		36,081,432	
		<u></u>		<u></u>	
<b>Net current liabilities</b>			(15,747,696)		(19,334,812)
<b>Total assets less current liabilities</b>			<u>78,000,709</u>		<u>59,751,325</u>
<b>Creditors: amounts falling due after more than one year</b>	18		600,193		662,809
<b>Provision for liabilities</b>					
Deferred taxation	19		1,580,580		1,300,291
			<u></u>		<u></u>
<b>Net assets</b>			<u>75,819,936</u>		<u>57,788,225</u>
			<u></u>		<u></u>
Called up equity share capital	20		1,059		1,059
Share premium account	21		99,935		99,935
Revaluation reserve	21		446,859		446,859
Capital contribution reserve	21		11,941,322		11,941,322
Profit and loss account	21		63,330,761		45,299,050
			<u></u>		<u></u>
<b>Shareholders' funds</b>			<u>75,819,936</u>		<u>57,788,225</u>
			<u></u>		<u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 4<sup>th</sup> February 2021.

DocuSigned by:  
  
 P. Jones

Director

The notes on pages 16 to 30 form part of these financial statements.



## Witherslack Group Limited

### Statement of changes in equity for the year ended 31 August 2020

	Share capital £	Share premium £	Revaluation reserve £	Capital contribution reserve £	Retained earnings £	Total equity £
Balance at 1 September 2018	1,059	99,935	446,859	11,941,322	35,883,729	48,372,904
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	9,415,321	9,415,321
<b>Total comprehensive income for the year</b>	-	-	-	-	9,415,321	9,415,321
<b>Balance at 31 August 2019</b>	1,059	99,935	446,859	11,941,322	45,299,050	57,788,225

	Share capital £	Share premium £	Revaluation reserve £	Capital contribution reserve £	Retained earnings £	Total equity £
Balance at 1 September 2019	1,059	99,935	446,859	11,941,322	45,299,050	57,788,225
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	18,031,711	18,031,711
<b>Total comprehensive income for the year</b>	-	-	-	-	18,031,711	18,031,711
<b>Balance at 31 August 2020</b>	1,059	99,935	446,859	11,941,322	63,330,761	75,819,936

The notes on pages 16 to 30 form part of these financial statements.

# Witherslack Group Limited

## Notes forming part of the financial statements for the year ended 31 August 2020 (*continued*)

### 1 Accounting policies

Witherslack Group Limited is a private company limited by shares incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic report. The registered number is 03579104. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Company's accounting policies.

The following accounting policies have been applied:

#### *Basis of preparation*

An assessment of the Company was undertaken to determine the suitability of the going concern basis of preparation.

At the balance sheet date, the Company had net current liabilities of £15,747,696 (2019 - £19,334,812) and profit after tax of £18,031,711 (2019 - £9,415,321). The nature of the Company's business activities comprises education and residential care for children under contracts in place with Local Authorities. In assessing the Company's ability to continue as a going concern, the Directors have considered a wide range of information relating to present and future conditions, including future forecasts of profitability, cash flow and covenant compliance, and available capital resources. This included consideration of a base case and a series of severe but plausible downsides incorporating reduction in education income. This included a remote scenario where revenues were decreased by up to 25% from the next Academic term. No reduction was made to the cost base to reflect the reduced income. The Directors then considered potential mitigations within their control; should it be required, capital expenditure would be constricted to mitigate any shortfall in liquid funds. Based on actual performance in the period since pandemic began, the Directors consider this scenario to be remote.

After conducting the financial projections exercise and making all appropriate enquiries, the Directors have a reasonable expectation that the Company has access to adequate resources to enable it to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Company's financial statements.

#### *Turnover*

The turnover shown in the Statement of Comprehensive Income represents amounts invoiced during the year. Turnover is recognised on the provision of educational and care services, once the service has been delivered and the right to consideration has been achieved. The majority of termly fees are billed in advance and booked to deferred revenue in current liabilities (see note 17). Turnover is then recognised in the appropriate accounting period.

#### *Goodwill*

Goodwill represents the excess of the cost of a business combination over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of the acquisition. Goodwill on acquisitions is included in 'intangible assets'. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight line method to its estimated useful life, which is considered to be 10 years based on the anticipated cash flows attributable to the acquisition. Goodwill is assessed for impairment when there are indicators present and any impairment is charged to the Statement of Comprehensive Income.

# Witherslack Group Limited

## Notes forming part of the financial statements for the year ended 31 August 2020 (*continued*)

### 1 Accounting policies (*continued*)

#### *Development Costs*

Amortisation is calculated on development costs so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Development costs - 5 - 20% straight line

#### *Fixed assets*

All fixed assets are initially recorded and held at cost with the exception of the freehold children homes.

#### *Depreciation*

Depreciation is calculated so as to write off the cost or valuation of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	-	2% straight line
Leasehold property	-	5 - 10% straight line or the life of the lease if less
Fixtures and fittings	-	15% reducing balance
Motor vehicles	-	25% reducing balance
Assets under construction	-	0%

#### *Freehold children's homes*

On transition to FRS 102, the Company took the option of using the valuation carried out at 31 August 2014 to carry forward as the deemed cost for freehold children's homes. These properties will subsequently be measured at cost less depreciation.

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### *Leasing and hire purchase commitments*

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the Statement of Financial Position and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the Statement of Financial Position.

The interest elements of the rental obligations are charged in the Statement of Comprehensive Income over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the Statement of Comprehensive Income on a straight line basis over the lease term.

## Witherslack Group Limited

### Notes forming part of the financial statements for the year ended 31 August 2020 (*continued*)

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#### 1 Accounting policies (*continued*)

##### *Pension costs*

Retirement benefits to employees of the Company are provided by the Teachers' Pension scheme ('TPS') which is a defined benefit scheme and the assets are held separately to those of the Company. In addition, the company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the Statement of Comprehensive Income in the period to which they relate. These contributions are invested separately from the company's assets.

The 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 quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

##### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date. Timing differences are differences between taxable profits and the results as stated in the financial statements which arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

##### *Financial instruments*

###### *Investments*

Investments held as fixed assets are stated at cost less any provision for impairment.

###### *Trade and other debtors*

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

###### *Cash and cash equivalents*

Cash and cash equivalents are included in the Statement of Financial Position at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

###### *Liquid resources*

Liquid resources comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

###### *Interest-bearing loans and borrowings*

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when liabilities are derecognised or impaired, as well as through the amortisation process.

## Witherslack Group Limited

### Notes forming part of the financial statements for the year ended 31 August 2020 (*continued*)

#### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

**Leases** – Determined whether leases entered into by the Company either as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty:

**Tangible fixed assets** (see note 13) - Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

#### 3 Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company. All turnover arises in the United Kingdom.

#### 4 Employees

	2020 £	2019 £
The aggregate payroll costs were:		
Wages and salaries	45,277,604	38,917,879
Social security costs	4,420,095	3,969,413
Other pension costs	4,788,120	2,440,364
	<hr/>	<hr/>
	54,485,819	45,327,656
	<hr/>	<hr/>

## Witherslack Group Limited

### Notes forming part of the financial statements for the year ended 31 August 2020 (continued)

#### 4 Employees (continued)

	2020 Number	2019 Number
The average number of FTE staff employed by the Company during the financial year amounted to:		
Teachers and assistants	573	496
Care workers	571	507
Ancillary staff	92	80
Administration and other staff	242	203
Directors	7	7
	<u>1,485</u>	<u>1,293</u>

The average number of staff employed by the Company amounted to:

Teachers and assistants	591	507
Care workers	578	512
Ancillary staff	123	112
Administration and other staff	270	225
Directors	7	7
	<u>1,569</u>	<u>1,363</u>

#### 5 Directors

	2020 £	2019 £
The directors' remuneration consist of:		
Directors' emoluments	954,812	958,923
Compensation for loss of office	69,500	-
Value of company pension contributions to money purchase schemes	69,208	51,765
	<u>1,093,520</u>	<u>1,010,688</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	Number	Number
Money purchase schemes	<u>7</u>	<u>6</u>

The total amount payable to the highest paid director in respect of emoluments was £171,721 (2019 - £171,724), with pension contributions amounting to £8,500 (2019 - £8,500).

#### 6 Other operating income

	2020 £	2019 £
Sundry income	<u>128,511</u>	<u>77,701</u>

# Witherslack Group Limited

## Notes forming part of the financial statements for the year ended 31 August 2020 (*continued*)

<b>7</b>	<b>Operating profit</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	This has been arrived at after charging/(crediting):		
	Amortisation of government grants relating to fixed assets	-	(50,729)
	Amortisation of intangible assets	-	254,704
	Depreciation of owned fixed assets	3,371,643	2,811,307
	Depreciation of assets held under hire purchase agreements	563,058	509,288
	Operating lease expense	843,505	730,027
	Fees payable to the company's auditor, or an associate of the company's auditor for the auditing of the company's annual accounts.	126,800	120,000
	Fees payable to the company's auditor or associate of the company's auditor for other services: - taxation compliance services, taxation advisory services	48,000	48,000
		<u></u>	<u></u>
<b>8</b>	<b>Loss on disposal of fixed assets</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	Proceeds from sale of fixed assets	163,383	191,941
	NBV of disposed assets	(217,675)	(244,533)
		<u></u>	<u></u>
	Loss on disposal of fixed assets	54,292	52,592
		<u></u>	<u></u>
<b>9</b>	<b>Interest payable and similar charges</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	Finance charges	52,818	48,932
		<u></u>	<u></u>
<b>10</b>	<b>Taxation on profit on ordinary activities</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	<i>Analysis of charge in the period</i>		
	<i>Current tax</i>		
	UK corporation tax based on the results for the year at 19% (2019 - 19%)	1,960,291	921,655
	Over provision in the prior year	(591,551)	1,770
		<u></u>	<u></u>
	Total current tax	1,368,740	923,425
	<i>Deferred tax</i>		
	Origination and reversal of timing differences (note 19)	280,289	287,299
		<u></u>	<u></u>
	Tax on profit on ordinary activities	1,649,029	1,210,724
		<u></u>	<u></u>

## Witherslack Group Limited

### Notes forming part of the financial statements for the year ended 31 August 2020 (continued)

#### 10 Taxation on profit on ordinary activities (continued)

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2019 - 19%).

##### *Factors affecting total tax charge*

	2020 £	2019 £
Profit on ordinary activities before taxation	19,680,740	10,626,045
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019 – 19%)	3,739,341	2,018,949
Effects of:		
Group relief received for which no payment has been made	(1,988,975)	(1,389,902)
Non-deductible expenses	11,780	11,400
Non-qualifying depreciation	478,434	568,507
Over provision for prior years	(591,551)	1,770
Total taxation charge	1,649,029	1,210,724

#### 11 Dividends

During the year the company paid dividends of £Nil (2019 - £Nil) to its shareholders.

#### 12 Intangible assets

	Goodwill £	Development costs £	Total £
<i>Cost</i>			
At 1 September 2019 and 31 August 2020	1,056,757	24,138	1,080,895
<i>Amortisation</i>			
At 1 September 2019 and 31 August 2020	1,056,757	24,138	1,08,0895
<i>Net book value</i>			
At 31 August 2019 and 31 August 2020	-	-	-

Goodwill amortisation is calculated by applying the straight line method to its estimated useful life, which is considered to be 10 years based on the anticipated cash flows attributable to the acquisition.



## Witherslack Group Limited

Notes forming part of the financial statements  
for the year ended 31 August 2020 *(continued)*

### 13 Tangible fixed assets *(continued)*

	Freehold schools £	Freehold Children's homes £	Leasehold land and buildings £	Fixtures and fittings £	Assets under construction £	Motor vehicles £	Total £
<i>Cost</i>							
At 1 September 2019	28,702,219	31,096,080	9,580,121	13,647,841	109,013	4,014,788	87,150,062
Reclassification	28,521	39,720	-	-	(68,241)	-	-
Additions	3,106,606	5,037,054	332,089	3,009,947	5,996,882	1,332,066	18,814,644
Disposals	-	-	-	-	-	(650,269)	(650,269)
At 31 August 2020	<b>31,837,346</b>	<b>36,172,854</b>	<b>9,912,210</b>	<b>16,657,788</b>	<b>6,037,654</b>	<b>4,696,585</b>	<b>105,314,437</b>
<i>Depreciation</i>							
At 1 September 2019	2,327,537	2,725,213	2,337,201	5,973,371	-	1,576,503	14,939,825
Charge for the year	700,661	669,682	446,086	1,352,676	-	765,596	3,934,701
Disposals	-	-	-	-	-	(432,594)	(432,594)
At 31 August 2020	<b>3,028,198</b>	<b>3,394,895</b>	<b>2,783,287</b>	<b>7,326,047</b>	<b>-</b>	<b>1,909,505</b>	<b>18,441,932</b>
<i>Net book value</i>							
At 31 August 2020	<b>28,809,148</b>	<b>32,777,959</b>	<b>7,128,923</b>	<b>9,331,741</b>	<b>6,037,654</b>	<b>2,787,080</b>	<b>86,872,505</b>
At 31 August 2019	26,374,682	28,370,867	7,242,920	7,674,470	109,013	2,438,285	72,210,237

Included within the net book value of £2,787,080 for motor vehicles is £2,019,833 (2019 - £2,024,541) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £563,058 (2019 - £509,288).

## Witherslack Group Limited

**Notes forming part of the financial statements  
for the year ended 31 August 2020 (*continued*)**

### 13 Tangible fixed assets (*continued*)

#### **Assets Under Construction**

Assets under construction consist of Schools and Children's Homes which are not yet complete at year end and which are not licenced to operate.

### 14 Investments

	<b>Subsidiaries £</b>
<i>Cost</i>	
At 1 September 2019	6,875,900
Additions	127,132
	<hr/>
At 31 August 2020	<b>6,875,900</b>
	<hr/>
<i>Impairment</i>	
At 1 September 2019	-
Charged in the year	127,132
	<hr/>
At 31 August 2020	<b>127,132</b>
	<hr/>
<i>Net book value</i>	
At 31 August 2020	<b>6,875,900</b>
	<hr/>
At 31 August 2019	6,875,900
	<hr/>

## Witherslack Group Limited

**Notes forming part of the financial statements  
for the year ended 31 August 2020 (continued)**

### 14 Investments (cont'd)

*Subsidiary undertakings, associated undertakings and other investments.*

The undertakings in which the company has an interest are as follows:

<b>Subsidiary Undertakings</b>	<b>Country of incorporation or registration</b>	<b>Proportion of voting rights and ordinary share capital held</b>	<b>Nature of business</b>
Belle Vue House Assessment Centre Limited	UK	100%	Assessment and development centre for individuals with communication difficulties.
Witherslack Training and Development Limited	UK	100%	Training and development of adults engaged in the education and care sectors.
Witherslack Care Limited	UK	100%	Dormant
Cedar House School and Lowgate house Limited	UK	100%	Dormant
Witherslack Hall School Limited	UK	100%	Dormant
Pontville School Limited	UK	100%	Dormant
Lakeside School Limited	UK	100%	Dormant
Chilworth Schools Limited	UK	100%	Dormant
Cumberland and Westmorland Schools Limited	UK	100%	Dormant
Witherslack Group of Schools Limited	UK	100%	Dormant
Queensmead Property Limited	UK	100%	Property company – non trading
Witherslack Wiltshire Limited	UK	100%	Provision of education and residential care for children with special needs.

The registered office of the above companies is the same as Witherslack Group Limited.

## Witherslack Group Limited

Notes forming part of the financial statements  
for the year ended 31 August 2020 (continued)

### 15 Stocks

	2020 £	2019 £
Food consumables	25,313	23,416
	<u>          </u>	<u>          </u>

### 16 Debtors

	2020 £	2019 £
Trade debtors	19,513,358	9,788,200
Amounts owed by Group undertakings	955,264	70,000
Other debtors	88,183	36,388
Prepayments and accrued income	903,190	748,334
	<u>          </u>	<u>          </u>
	21,459,995	10,642,922
	<u>          </u>	<u>          </u>

All amounts shown above are due within one year.

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

### 17 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	4,805,230	2,162,185
Hire purchase agreements (see note 25)	780,509	745,872
Corporation tax	2,325,090	1,165,867
Tax and social security	1,567,563	1,381,485
Other creditors	559,149	577,751
Accruals and deferred income	3,705,421	1,456,220
Deferred Income	26,465,848	22,829,671
Amounts owed to Group undertakings	3,479,247	5,762,381
	<u>          </u>	<u>          </u>
	43,688,057	36,081,432
	<u>          </u>	<u>          </u>

Amounts owed to Group undertakings were interest free and repayable on demand.

## Witherslack Group Limited

Notes forming part of the financial statements  
for the year ended 31 August 2020 (*continued*)

### 18 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Hire purchase agreements (see note 25)	600,193	662,809
	<u>600,193</u>	<u>662,809</u>

### 19 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2020 £	2019 £
Provision brought forward	1,300,291	1,012,992
Charge to the Statement of Comprehensive Income	280,289	287,299
	<u>1,580,580</u>	<u>1,300,291</u>
Provision carried forward	1,580,580	1,300,291

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2020 £	2019 £
Excess of taxation allowances over depreciation on fixed assets	1,580,580	1,300,291
	<u>1,580,580</u>	<u>1,012,992</u>

The Company expects deferred tax liabilities of £295,000 to reverse as capital allowances reduce.

## Witherslack Group Limited

**Notes forming part of the financial statements  
for the year ended 31 August 2020 (continued)**

### 20 Share capital

	Allotted, called up and fully paid			
	2020 Number	2019 Number	2020 £	2019 £
Ordinary shares of £0.01 each	105,882	105,882	1,059	1,059

### 21 Reserves

The Company's capital and reserves are as follows:

#### Share capital

Called up share capital represents the nominal value of the shares issued.

#### Share premium

The share premium account includes the premium on issue of equity shares, net of any issue costs.

#### Revaluation Reserve

Revaluation reserve represents the surplus or deficit arising on the revaluation of Land and Buildings.

#### Capital Contribution Reserve

The Capital Contribution Reserve represents debt waived by the parent company.

#### Retained earnings

Retained earnings represents cumulative profit or losses, net of any dividends paid and other adjustments.

## Witherslack Group Limited

### Notes forming part of the financial statements for the year ended 31 August 2020 (continued)

#### 22 Pensions

The Company makes contributions to employee personal pension plans. Contributions payable during the year amounted to £4,788,120 (2019 - £2,440,364). Unpaid contributions at 31 August 2020 amounted to £468,482 (2019 - £343,982).

#### 23 Financial risk management objectives and policies

The Company holds or issues financial instruments in order to achieve two main objectives, being:

- (a) to finance its operations; and
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance;

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the Company's operations.

Transactions in financial instruments result in the Company assuming or transferring to another party one or more of the financial risks described below.

##### *Credit risk*

The Company monitors credit risk closely and considers that its current policy of credit checks meets its objectives of managing exposure to credit risk.

The Company has no significant concentrations of credit risk. Amounts shown in the Statement of Financial Position best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

#### 24 Commitments under operating leases

As at 31 August 2020, the Company had minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings 2020 £	Other 2020 £	Land and Buildings 2019 £	Other 2019 £
<b>Company</b>				
Operating leases which expire:				
Not later than 1 year	839,073	33,716	670,787	33,716
Later than 1 year and not later than 5 years	2,608,560	69,661	1,904,582	103,028
Later than 5 years	4,609,506	-	2,433,155	350
	<u>8,057,139</u>	<u>103,377</u>	<u>5,008,524</u>	<u>137,094</u>

## Witherslack Group Limited

### Notes forming part of the financial statements for the year ended 31 August 2020 *(continued)*

#### 25 Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2020 £	2019 £
Amounts payable within one year	823,702	785,655
Amounts payable between one and two years	491,636	533,585
Amounts payable between two and five years	143,576	189,893
	<hr/>	<hr/>
	1,458,914	1,509,133
Less: Interest and finance charges relating to future periods	(78,212)	(100,452)
	<hr/>	<hr/>
	1,380,702	1,408,681
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#### 26 Contingencies

The Company together with other Group members has entered into a composite accounting agreement with its bankers whereby each participating company has provided a guarantee to the bank to support the total Group bank borrowings and group overdraft facility. As at the 31 August 2020, the total Group bank borrowings totalled £109,800,946 (2019 - £102,465,308). The Banking Facilities are with Wordsworth Bidco Limited, but the cross guarantee includes Witherslack Group Limited

#### 27 Controlling party

The Company's ultimate parent company is Wordsworth Topco Limited, a company registered in Jersey.

The ultimate controlling party is considered to be the directors of Wordsworth Topco Limited, acting in concert.

#### 28 Related party disclosures

The Company have taken advantage of the exemption confirmed by section 33 of FRS 102 not to disclose transactions with members of the group headed by Wordsworth Topco Limited on the grounds that 100% of the voting rights in the company are controlled within that group.