

## **Supply Desk Limited**

**Annual Report  
for the year ended 31 December 2015**

**Registered number: 03725732**



# **Supply Desk Limited**

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## **Supply Desk Limited**

### **Company Information**

#### **Director**

David Evans (appointed 23 November 2015)  
Robyn Johnstone (appointed 27 January 2016)

#### **Secretary and registered office**

K Spedding  
Second Floor  
Sir Wilfrid Newton House  
Thornccliffe Park  
Chapelton  
Sheffield  
South Yorkshire  
S35 2PH

#### **Company number**

03725732

#### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Paul's Place  
121 Norfolk Street  
Sheffield  
S1 2LE

## Supply Desk Limited

### Strategic Report

The directors present their Strategic Report for the Company for the year ended 31 December 2015.

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

#### Review of the business and future developments

The income statement is set out on page 9 and shows the revenue for the year of £21.2m (2014: £20.8m) and an operating profit of £1.9m (2014: £2.0m).

The Company continues to maintain tight controls over working capital, with trade debtors at 18 days.

In spite of selective investment in overheads for future development, the conversion of net fee income (operating profit divided by gross profit) for the period was 28.1% (2014: 30.5%).

The education market continued to experience challenges and changes including the introduction of new curriculum models, performance-related pay, the continued growth of the academies programme and increased floor targets. Ofsted, the schools inspectorate, has continued to focus on under-performing schools and has been very vocal about their intentions to place poor performers with multi-academy trusts. Schools are therefore working hard to ensure that they have a full complement of teachers and that outcomes are being measured correctly. Although school funding has increased, so has the number of children that it is divisible by, and this has put pressure on schools to monitor their finances closely and look for efficient buying partnerships.

The Company operates within the education recruitment market, delivering human capital solutions across all disciplines and to many different school environments. Through innovative delivery models and long term partnerships, the Group expects to deliver improved levels of output with both turnover and gross profit increasing.

Looking forward, the underlying market is expected to remain strong for the foreseeable future. A fall in teacher training numbers, increased workloads, and higher city living costs has been compounded by increasing birth rates and high levels of net migration resulting in an increasing teacher shortage.

Potential issues that can affect the business include teacher strikes, harsh weather, such as snow and flooding, and the ability of the business to source candidates. The Company continues to focus its resources on those specific issues that it can materially affect, and to that end it will improve marketing and overseas candidate resourcing.

#### Key performance indicators (KPI's)

The Company's KPI's are detailed below:	2015	2014
Revenue	£21.247m	£20.837m
Gross profit	£6.906m	£6.612m
Operating profit	£1.942m	£2.016m
Conversion of net fee income	28.1%	30.5%
Debtor days	18 days	18 days

These are discussed in the review of business section above.

## **Supply Desk Limited**

### **Strategic Report**

#### **Principal risks and uncertainties**

The market for the provision of temporary and permanent recruitment services to the public sector remains highly competitive. The competitive risk arises from the activities of our competitors and new entrants and manifests itself in increased competition for staff, candidates and clients, and in pricing pressures. The business has continued to invest in systems, staff and processes with the aim of managing and enhancing its candidate pool to improve its service. Incentive schemes have been put in place to help retain key personnel.

The Company has guaranteed bank borrowings and secured loan notes issued by other group companies. This is explained in more detail within note 17 of the financial statements. Subsequent to the year end the Group has taken out an interest rate hedge to minimise the effect of any rise in interest rates, in respect of these borrowings.

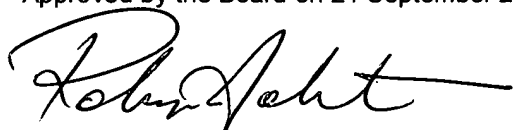
The Company is mainly exposed to credit risk on invoiced sales. An allowance for impairment is made where there is evidence of a likely reduction in the recoverability of the cash flows. Given the nature of its operations the Group's credit risk is concentrated in public sector clients. It is company policy to assess the credit risk of new customers before entering contracts. The Company does not enter into derivatives to manage credit risk.

#### **Events after the balance sheet date**

On 5th April 2016 the company acquired the entire business, staff and assets of Synarbor Education Limited, a fellow subsidiary of the Star Topco Limited group. All staff were transferred in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006. All assets and liabilities were transferred at net book value.

#### **Approval**

Approved by the Board on 21 September 2016 and signed on its behalf by:



Robyn Johnstone  
Director

Second Floor, Sir Wilfrid Newton House, Thorncliffe Park, Chapeltown, Sheffield, S35 2PH

## **Supply Desk Limited**

### **Directors' Report**

The directors present their Report and audited financial statements of the Company for the year ended 31 December 2015.

#### **General information**

The company's activities consist of the supply of permanent and temporary teaching staff to schools and nurseries in the UK.

#### **Future developments and events after the balance sheet date**

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 2.

#### **Going concern**

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found within the accounting policies section in the notes to the financial statements.

#### **Financial instruments**

The Company has guaranteed bank borrowings and secured loan notes issued by other group companies. This is explained in more detail within note 17 of the financial statements. Subsequent to the year end the Group has taken out an interest rate hedge to minimise the effect of any rise in interest rates in respect of these borrowings.

The Company has access to the Group's Revolving Credit Facility of £2m, a facility provided by Lloyds Bank PLC.

#### **Dividends**

An interim dividend has not been paid during the year (2014: £1,000,000). The directors do not recommend payment of a final dividend (2014: £nil).

#### **Directors**

The directors, who served throughout the year and up to the date of signing the financial statements were as follows:

David Evans (appointed 23 November 2015)  
Robyn Johnstone (appointed 27 January 2016)  
Dean Kelly (resigned 23 November 2015)  
Daniel Urmson (resigned 2 December 2015)

## **Supply Desk Limited**

### **Directors' Report**

#### **Disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Independent Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the next Annual General Meeting.

#### **Approval**

Approved by the Board on 21 September 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Robyn Johnstone', with a stylized flourish extending to the right.

Robyn Johnstone  
Director

Second Floor, Sir Wilfrid Newton House, Thornccliffe Park, Chapeltown, Sheffield, S35 2PH

## **Supply Desk Limited**

### **Statement of 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **Supply Desk Limited**

### **Independent auditors' report to the members of Supply Desk Limited**

#### **Report on the financial statements**

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##### **Our opinion**

In our opinion, Supply Desk Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 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.

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##### **What we have audited**

The financial statements, included within the Annual Report, comprise:

- the Balance sheet as at 31 December 2015;
- the Income statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, 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.

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#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

## Supply Desk Limited

### Independent auditors' report to the members of Supply Desk Limited

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#### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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### Responsibilities for the financial statements and the audit

#### Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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#### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Nicholas Cook (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Sheffield

21 September 2016

## Supply Desk Limited

### Income statement For the year ended 31 December 2015

	Note	2015 £	2014 £
<b>Revenue</b>	<b>3</b>	<b>21,247,225</b>	20,836,587
Cost of sales		(14,341,630)	(14,224,743)
<b>Gross profit</b>		<b>6,905,595</b>	6,611,844
Administrative expenses		(4,963,526)	(4,595,609)
<b>Operating profit</b>		<b>1,942,069</b>	2,016,235
Finance costs	4	(2,820)	(5,355)
<b>Profit on ordinary activities before taxation</b>	<b>5</b>	<b>1,939,249</b>	2,010,880
Income tax expense on profit on ordinary activities	8	(395,313)	(434,854)
<b>Profit for the financial year</b>		<b>1,543,936</b>	1,576,026

All results are derived from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The Company has no recognised gains or losses other than its profit for the financial years ended 31 December 2015 and 2014, and hence no separate statement of other comprehensive income has been presented.

The notes on pages 12 to 26 form an integral part of these financial statements.

**Supply Desk Limited**  
**Registered number: 03725732**

**Balance Sheet**  
**As at 31 December 2015**

	Note	2015 £	2015 £	2014 £	2014 £
<b>Fixed assets</b>					
Property, plant and equipment	10		76,310		13,491
<b>Current assets</b>					
Trade and other receivables:					
- due within one year	11	5,609,816		1,984,952	
Cash and cash equivalents		912,306		2,361,844	
		<u>6,522,122</u>		<u>4,346,796</u>	
<b>Creditors: Amounts falling due within one year</b>	12	<u>(2,791,144)</u>		<u>(2,096,935)</u>	
<b>Net current assets</b>			<u>3,730,978</u>		<u>2,249,861</u>
<b>Total assets less current liabilities</b>			<u>3,807,288</u>		<u>2,263,352</u>
<b>Net assets</b>			<u>3,807,288</u>		<u>2,263,352</u>
<b>Equity</b>					
Ordinary shares	14		200		200
Retained earnings			3,807,088		2,263,152
<b>Total shareholders' funds</b>			<u>3,807,288</u>		<u>2,263,352</u>

The notes on pages 12 to 26 form an integral part of these financial statements.

The financial statements on pages 9 to 26 were approved by the board of directors on 21 September 2016 and were signed on its behalf by:



Robyn Johnstone  
Director

## Supply Desk Limited

### Statement of changes in equity For the year ended 31 December 2015

	Share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2014</b>	200	1,687,126	1,687,326
Profit for the financial year	-	1,576,026	1,576,026
Total comprehensive income for the year	-	1,576,026	1,576,026
Dividends	-	(1,000,000)	(1,000,000)
<b>Balance at 31 December 2014</b>	200	2,263,152	2,263,352
Profit for the financial year	-	1,543,936	1,543,936
Total comprehensive income for the year	-	1,543,936	1,543,936
<b>Balance at 31 December 2015</b>	<b>200</b>	<b>3,807,088</b>	<b>3,807,288</b>

The notes on pages 12 to 26 form an integral part of these financial statements.

## **Supply Desk Limited**

### **Notes to the financial statements for the year ended 31 December 2015**

#### **1. Accounting policies**

##### **General information**

Supply Desk Limited's ('the Company') activities consist of the supply of permanent and temporary teaching staff to schools and nurseries in the UK.

The Company is a private company limited by shares, and is incorporated and domiciled in the UK. The address of its registered office is Second Floor, Sir Wilfrid Newton House, Thorncliffe Park, Chapeltown, Sheffield, S35 2PH.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and all the years presented, unless otherwise stated.

##### **Basis of preparation**

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. For more information see note 20.

The financial statements have been prepared on the historical cost basis, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

As permitted by FRS 101, the Company has taken advantage of some of the disclosure exemptions available under that standard. The key exemptions taken are as follows:

IFRS 3 - not to restate business combinations before the date of transition

IAS 1 – information on management of capital

IAS 7 – statement of cash flows

IAS 8 - disclosures in respect of new standards and interpretations that have been issued but are not yet effective

IAS 24 - disclosure of key management compensation and related party disclosures entered into between two or more members of a group;

IAS 1 - the requirement to present roll forward reconciliations in respect of share capital and

IAS 16 - the requirement to present roll forward reconciliations in respect of property, plant and equipment

IFRS 7 – disclosures in respect of financial instruments

Where required, equivalent disclosures are given in the group financial statements of Star Topco Limited. The group financial statements of Star Topco Limited are available to the public and can be obtained as set out in note 19.

## Supply Desk Limited

### Notes to the financial statements for the year ended 31 December 2015

#### 1. Accounting policies (continued)

##### Adoption of new and revised Standards

As explained above, the Company has adopted FRS 101 for the first time in the current year. As part of this adoption, the following new and revised Standards and Interpretations have been adopted in the current year. The application of these specific Standards and Interpretations has not had a material effect on the Company.

<p>Amendments to IAS 1 <i>Presentation of Financial Statements</i></p> <p>(as part of the Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2013)</p>	<p>The Annual Improvements to IFRSs 2009 - 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Company are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.</p> <p>In the current year, the Company has applied a number of new and revised IFRSs (see the discussion above), however this has not resulted in material effects on the information in the statement of financial position as at 1 January 2014, and therefore in accordance with the amendments to IAS 1, the Company has not presented a third statement of financial position as at 1 January 2014.</p>
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##### Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report also describes the financial position of the Company; its cash flows, liquidity position and borrowing facilities; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the financial statements have been prepared on the going concern basis.

## **Supply Desk Limited**

### **Notes to the financial statements for the year ended 31 December 2015**

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

##### **Property, plant and equipment**

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset, less any residual value, on a straight-line basis over its expected useful life, as follows:

Plant and machinery	15% to 33.3% per annum
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Useful lives are reviewed, and adjusted if appropriate, at the end of every reporting period.

##### **Impairment of tangible assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.



## **Supply Desk Limited**

### **Notes to the financial statements for the year ended 31 December 2015**

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

##### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### **Current tax and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## **Supply Desk Limited**

### **Notes to the financial statements for the year ended 31 December 2015**

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

##### **Revenue**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of sales taxes, trade discounts and rebates and estimated customer returns. Revenue is only discounted where the impact of discounting is material.

Revenue from temporary placements is recognised over the period of the placement. Revenue from permanent placements is recognized at the point of acceptance by both parties when the Company's contractual obligations have been fulfilled. Revenue from compliance services is recognised at the point the service is provided.

##### **Dividend and interest income**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

##### **Pension costs**

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### **Foreign currency**

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

##### **Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

## **Supply Desk Limited**

### **Notes to the financial statements for the year ended 31 December 2015**

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

##### **Finance costs**

As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in the income statement within finance costs.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

##### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

##### ***Financial Assets***

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

##### ***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

##### ***Loans and receivables***

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

## **Supply Desk Limited**

### **Notes to the financial statements for the year ended 31 December 2015**

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

##### ***Impairment of financial assets***

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

##### ***Derecognition of financial assets***

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## **Supply Desk Limited**

### **Notes to the financial statements for the year ended 31 December 2015**

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

##### ***Financial liabilities and equity***

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

##### ***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

##### ***Financial liabilities***

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

##### ***Other financial liabilities***

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

##### ***Derecognition of financial liabilities***

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

#### **2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management have considered critical accounting judgements and the key sources of estimation uncertainty within the financial statements. Management have not identified any items requiring separate disclosure.

## Supply Desk Limited

### Notes to the financial statements for the year ended 31 December 2015

#### 3. Revenue

The Company's revenue relates entirely to its principal activity in the UK.

#### 4. Finance costs

	2015 £	2014 £
Bank loans and overdrafts	-	5,355
Interest paid to HMRC	2,820	-
	<u>2,820</u>	<u>5,355</u>

#### 5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of owned tangible fixed assets	11,187	6,897
Operating lease charges – plant & machinery	64,066	63,630
Operating lease charges – land & buildings	117,041	90,937
Impairment of trade receivables (see note 11)	(16,949)	11,336
Staff costs (see note 7)	<u>2,099,541</u>	<u>1,802,711</u>

#### 6. Auditors' remuneration

Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements were £14,400 (2014: £14,400).

Fees payable to the Company's auditor and its associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the ultimate parent company are required to disclose such fees on a consolidated basis.

## Supply Desk Limited

### Notes to the financial statements for the year ended 31 December 2015

#### 7. Staff costs

The average monthly number of employees (including executive directors) was:

	2015 Number	2014 Number
Administration	23	13
Sales	37	36
	<u>60</u>	<u>49</u>

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	1,881,405	1,607,843
Social security costs	203,788	181,973
Other pension costs (see note 16)	14,348	12,895
	<u>2,099,541</u>	<u>1,802,711</u>

No remuneration has been paid to the directors in the current year or the prior year. All directors' emoluments have been borne by Synarbor Limited and Star Bidco Limited. Synarbor Limited is the Company's parent company. Star Bidco Limited is Synarbor Limited's parent company. The directors did not receive any emoluments in respect of their services to the Company (2014: £nil).

#### 8. Income tax

Tax expense included in profit:

	2015 £	2014 £
<b>Current tax</b>		
UK corporation tax on profits for the year	395,819	431,669
Adjustments in respect of prior years	1,124	2,190
<b>Total current tax</b>	<u>396,943</u>	<u>433,859</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(2,265)	995
Effect of changes in tax rates	635	-
<b>Total deferred tax (see note 13)</b>	<u>(1,630)</u>	<u>995</u>
<b>Total tax on profit on ordinary activities</b>	<u>395,313</u>	<u>434,854</u>

## Supply Desk Limited

### Notes to the financial statements for the year ended 31 December 2015

#### 8. Income tax (continued)

The charge for the year can be reconciled to the standard rate of corporation tax in the UK applied to the profit on ordinary activities before taxation as follows:

	2015 £	2014 £
<b>Profit on ordinary activities before taxation</b>	<b>1,939,249</b>	<b>2,010,880</b>
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.25% (2014: 21.49%)	<b>392,698</b>	<b>432,201</b>
Effects of:		
Expenses not deductible for tax purposes	<b>856</b>	<b>463</b>
Tax rate changes	<b>635</b>	<b>-</b>
Adjustments in respect of prior years	<b>1,124</b>	<b>2,190</b>
<b>Total tax charge for year</b>	<b>395,313</b>	<b>434,854</b>

During the year, the UK corporation tax rate was reduced from 21% to 20%, with effect from 1 April 2015.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 on 26 October 2015. These include reductions to the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates are reflected in these financial statements.

#### 9. Dividends on equity shares

Amounts recognised as distributions to equity holders in the year:

	2015 £	2014 £
Final dividend for the year ended 31 December 2015 of £nil (2014: £nil) per ordinary share	-	-
Interim dividend for the year ended 31 December 2015 of £nil (2014: £5,000) per ordinary share	-	1,000,000
	<b>-</b>	<b>1,000,000</b>



## Supply Desk Limited

### Notes to the financial statements for the year ended 31 December 2015

#### 10. Property, plant and equipment

	Plant and machinery £
<b>Cost</b>	
At 1 January 2015	27,445
Additions	74,006
Disposals	(7,307)
At 31 December 2015	<u>94,144</u>
<b>Accumulated depreciation</b>	
At 1 January 2015	13,954
Depreciation	11,187
Disposals	(7,307)
At 31 December 2015	<u>17,834</u>
<b>Net book value</b>	
At 31 December 2015	<u>76,310</u>
At 31 December 2014	<u>13,491</u>

#### 11. Trade and other receivables

	2015 £	2014 £
Trade receivables	1,640,340	1,733,647
Amounts owed by group undertakings	3,856,800	56,804
Other receivables	27,980	20,872
Prepayments and accrued income	79,239	169,802
Deferred taxation (note 13)	5,457	3,827
	<u>5,609,816</u>	<u>1,984,952</u>

Trade receivables are stated after provision for impairment of £nil (2014: £16,949). The provision for impairment of £16,949 recorded at 31 December 2014 has been released during the year, resulting in a credit to the income statement for the year ended 31 December 2015.

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

All amounts shown under trade and other receivables fall due for payment within one year.

## Supply Desk Limited

### Notes to the financial statements for the year ended 31 December 2015

#### 12. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	600,535	620,306
Amounts owed to group undertakings	1,194,443	142,802
Corporation tax	1,124	290,078
Other taxation and social security	484,817	508,235
Other creditors	87,552	91,453
Accruals and deferred income	422,673	444,061
	<u>2,791,144</u>	<u>2,096,935</u>

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

#### 13. Deferred Tax

The analysis of deferred tax assets is as follows:

	2015 £	2014 £
Deferred tax assets due within 12 months	<u>5,457</u>	<u>3,827</u>

The movement in deferred tax is as follows:

	Decelerated tax depreciation £	Short term timing differences £	Total £
At 1 January 2014	4,822	-	4,822
(Charged)/credited to income statement	(1,457)	462	(995)
At 31 December 2014	<u>3,365</u>	<u>462</u>	<u>3,827</u>
(Charged)/credited to income statement	2,265	-	2,265
Effect of change in tax rate	(590)	(45)	(635)
At 31 December 2015	<u>5,040</u>	<u>417</u>	<u>5,457</u>

## Supply Desk Limited

### Notes to the financial statements for the year ended 31 December 2015

#### 14. Share capital

	2015 £	2014 £
<b>Allotted and fully paid</b>		
200 (2014: 200) ordinary share of £1 each	<u>200</u>	<u>200</u>

#### 15. Financial commitments

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2015 £	Land and buildings 2014 £	Other 2015 £	Other 2014 £
Within one year	100,943	43,292	45,300	51,856
Between two and five years	<u>66,208</u>	<u>48,708</u>	<u>28,328</u>	<u>29,746</u>
	<u>167,151</u>	<u>92,000</u>	<u>73,628</u>	<u>81,602</u>

#### 16. Retirement benefit schemes

##### Defined contribution schemes

The Company's parent company Synarbor Limited operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of Synarbor Limited in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Synarbor Limited are reduced by the amount of forfeited contributions. Synarbor Limited recharges costs incurred in respect of the Company's employees to the Company.

The total cost charged to the income statement of £14,348 (2014: £12,895) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 December 2015, contributions of £2,807 (2014: £2,557) due in respect of the current reporting period had not been paid over to the schemes.

## **Supply Desk Limited**

### **Notes to the financial statements for the year ended 31 December 2015**

#### **17. Contingent liabilities**

The Company has guaranteed bank borrowings from Lloyds Bank Plc on behalf of Star Bidco Limited, another group company. At 31 December 2015 the amounts outstanding in respect of these bank borrowings were £9,000,000. In the prior year the Company had guaranteed bank borrowings of other group companies in respect of a separate borrowing facility, which has since been settled. At 31 December 2014 amounts outstanding in respect of those borrowings were £3,850,101.

The Company has also guaranteed secured loan notes issued to Sovereign Capital IV Limited Partnership by Star Midco 1 Limited, another group company. At 31 December 2015 the amounts outstanding in respect of these loan notes were £14,079,085 (2014: £nil).

In the directors' opinion, no outflow will occur in respect of either of these guarantees.

#### **18. Subsequent events**

On 5th April 2016 the company acquired the entire business, staff and assets of Synarbor Education Limited, a fellow subsidiary of the Star Topco Limited group. All staff were transferred in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006. All assets and liabilities were transferred at net bookvalue.

#### **19. Controlling party**

The Company's immediate parent undertaking is Synarbor Limited.

The Company's ultimate parent undertaking is Star Topco Limited, a company incorporated in the UK.

The Company's ultimate controlling party is Sovereign Capital IV Limited Partnership. The registered office of Sovereign Capital IV Limited Partnership is 25 Victoria Street, London, SW1H 0EX.

Star Topco Limited is the smallest and largest group to consolidate these financial statements.

Copies of the Star Topco Limited group financial statements are publicly available and can be obtained from Star Topco Limited, Sir Wilfrid House, Thorncliffe Park, Chapeltown, Sheffield, S35 2PH.

#### **20. Explanation of transition to FRS 101**

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (UK GAAP) were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2014.

There is no change in equity reported at 1 January 2014 or 31 December 2014 or in the profit reported for the year ended 31 December 2014, as a result of this transition.