Supply Desk Limited

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 03725732

Supply Desk Limited

Company Information

Directors	R J Johnstone G P Clarke
Company secretary	K I Spedding
Registered number	03725732
Registered office	Second Floor Sir Wilfrid Newton House Thorncliffe Park Chapeltown Sheffield South Yorkshire S35 2PH
Independent auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

Supply Desk Limited

Contents

Strategic Report
For the Year Ended 31 December 2022

The Directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2022.

Business review

The Company operates within the education recruitment sector. The end of COVID-19 restrictions meant that 2022 was the first year since 2019 that schools operated for the full year. The market for temporary staff in schools remained buoyant as the education sector recovered from the disruption of the pandemic and benefitted from additional Government funding to schools. Demand for short and long term cover continued to outstrip supply of candidates. Within Supply Desk growth has been achieved from the existing branch network from improved productivity and additional staff, with a number of branches achieving record volumes during the year. Continued investment in staff training and development was made to improve staff retention and lay the foundations for growth into new geographical areas.

As a result of the return to a more traditional demand profile across 2022 and additional Government funding to support post-pandemic 'catch up' learning the Company achieved adjusted EBITDA of £1.2m, an improvement of £0.8m compared to the prior year which included some COVID-19 related closures.

High energy prices and increases in underlying inflation impacted the Company during the year, though this was largely limited to overhead costs. To support our people the Company's staff benefits packages were subject to review and update, and candidates have continued to be paid competitive rates. Careful monitoring of costs is continuing to identify where potential cost savings can be made to ensure the most efficient cost base possible to support the Company's strategic growth plans.

The Statement of Comprehensive Income shows the revenue from continuing operations for the year of £16.3m (2021 – £12.6m), gross profit of £5.3m (2021 - £3.7m), and an operating profit of £5.0m (2021 - £0.2m). Adjusted EBITDA, as detailed below was £1.2m (2021 - £0.4m). The business considers Adjusted EBITDA to be a more appropriate KPI measure than operating profit or profit before tax, as this measure excludes the impact of one-off exceptional items that are not usually incurred or related to normal trading activities, and provides further understanding of the financial performance of the Company.

Adjusted EBITDA

	2022 £'000	2021 £'000
Operating profit	**4,989**	248
Exceptional items (note 6)	**(4,064)**	(154)
Depreciation/amortisation	**289**	288
	1,214	382

The Company maintains tight controls over working capital, with trade debtors at 33 days (2021 - 32 days).

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 arising from the activities of our competitors and new entrants manifests itself in increased competition for our staff, candidates and clients, and in pricing pressures. The business has continued to invest in its front end systems with the aim of better managing and enhancing its candidate pool. To help retain key personnel Supply Desk has invested in employee wellbeing programmes including Investors In People and seeks to offer competitive incentive schemes.

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations.

The Company is mainly exposed to credit risk from credit sales and loans with group undertakings. The Company recognises expected credit losses based on past experience of losses arising, the current position and forward-looking information where it is available. Given the nature of its operations, the Company's credit risk from sales is concentrated in public sector clients. It is company policy to assess the credit risk of new customers before entering into contracts. The Company does not enter into derivatives to manage credit risk.

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The liquidity risk of the Company is managed centrally by the Company's ultimate parent company Education Placement Group Limited. The funding arrangements of Education Placement Group Limited and its subsidiaries are managed centrally, on a group-wide basis. The Group maintains revolving credit facilities which provide the required flexibility to manage working capital. The Group manages liquidity risk by monitoring its cash on a weekly basis and prepares periodic working capital forecasts for the foreseeable future, allowing an assessment of cash requirements. Budgets are set and agreed by the Board annually in advance, enabling the Group's cash requirements to be anticipated.

The Company has guaranteed bank borrowings in other group companies. This is explained in more detail within note 22 of the financial statements.

Data security is a key priority for the Company. There is ongoing staff training on data protection combined with in house legal and compliance function to ensure correct processes are followed.

A formal system of delegated authority over payments and disbursements exists to mitigate financial risk.

Financial key performance indicators

The Company's KPI's are detailed below:

	2022	2021
Revenue	**£16.3m**	£12.6m
Gross profit	**£5.3m**	£3.7m
Adjusted EBITDA	**£1.2m**	£0.4m
Debtor days	**33 days**	32 days

This report was approved by the board on 26 September 2023 and signed on its behalf.

R J Johnstone
Director

Supply Desk Limited

Directors' Report
For the Year Ended 31 December 2022

The Directors present their report together with the audited financial statements for the year ended 31 December 2022.

Principal activity

The Company's activities consist of the supply of permanent and temporary teaching staff to schools and nurseries in the United Kingdom.

Results and dividends

The profit for the year, after taxation, amounted to £4,879,110 (2021 - £233,396).

No interim dividends were paid during the year (2021 - £Nil). The Directors do not recommend payment of a final dividend (2021 - £Nil).

Going concern

The Company's approach to assessing going concern is set out in detail within note 2.3 of the financial statements. Having regard to the post year end trading performance for the Company and updated projections for 2023 and 2024, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have further concluded that there is no material uncertainty over the going concern assumption. Thus the financial statements have been prepared on a going concern basis.

Directors

The Directors who served during the year were:

R J Johnstone
G P Clarke

Financial instruments

The Company has guaranteed bank borrowings. This is explained in more detail in note 23 of the financial statements.

The Company has access to the Group's confidential invoice finance facility from Lloyds Bank plc to manage working capital needs.

The Company's policies to manage risks related to these financial instruments are set out within the Principal Risks and Uncertainties section of the Strategic Report.

Qualifying third party indemnity provisions

The Company has indemnified its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in place during the period and is in force at the date of approving the financial statements.

Matters covered in the strategic report

Disclosures required under 8416(4) of the Companies Act 2006 are commented upon in the Strategic Report in accordance with S414C(11) as the Directors consider them to be of strategic importance to the Company.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed 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 ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

This report was approved by the board on 26 September 2023 on its behalf.

Robin Johnstone

R J Johnstone
Director

Directors' Responsibilities Statement
For the Year Ended 31 December 2022

The Directors are responsible for preparing the Strategic Report, the 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Supply Desk Limited

Opinion on the financial statements

In our opinion on the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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.

We have audited the financial statements of Supply Desk Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statement, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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 the Directors' Report have been prepared in accordance with applicable legal requirements.

IIn 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 the 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, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:
- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be Corporation Tax law and the Companies Act 2006.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, UK Employment law, GDPR, Department of Education, AWE legislation and Recruitment and Employment Confederation.

Our procedures in respect of the above included:
- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:
- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Auditor's responsibilities for the audit of the financial statements (continued)

Fraud (continued)

Based on our risk assessment, we considered the areas most susceptible to fraud to be
- Management override of controls, including potential bias in the calculation of the expected credit loss provision on intercompany receivables;
- Revenue recognition through manual journals;
- Credit card payments and
- Potential for fraud through cheque payments.

and we focused our testing in these areas.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:
Paul Davies
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Paul Davies (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds, UK
26 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Supply Desk Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2022

	Note	2022 £	2021 £
Revenue	4	**16,330,486**	12,644,135
Cost of sales		**(10,985,253)**	(8,930,610)
Gross profit		**5,345,233**	3,713,525
Administrative expenses		**(356,638)**	(3,757,828)
Other operating income	5	**-**	292,112
Operating profit before exceptional items	7	**924,990**	93,604
Exceptional items included within administrative expenses	6	**4,063,605**	154,205
Operating profit	7	**4,988,595**	247,809
Interest receivable and similar income	10	**2,225**	-
Interest payable and similar charges	11	**(68,446)**	(35,035)
Profit before tax		**4,922,374**	212,774
Tax (charge)/credit on profit	12	**(43,264)**	20,622
Profit and total comprehensive income for the financial year		**4,879,110**	233,396

There was no other comprehensive income for 2022 (2021 - £Nil).

The notes on pages 13 to 34 form part of these financial statements.

Supply Desk Limited
Registered number: 03725732

Statement of Financial Position
As at 31 December 2022

	Note	2022 £	2022 £	As restated 2021 £	As restated 2021 £
Fixed assets					
Intangible assets	13		**8,786**		8,429
Tangible assets	14		**999,167**		1,029,966
			1,007,953		1,038,395
Current assets					
Debtors: amounts falling due after more than one year	15	**4,089,102**		983,998	
Debtors: amounts falling due within one year	15	**1,634,740**		8,387,397	
Cash at bank and in hand		**66,928**		100,198	
		5,790,770		9,471,593	
Current liabilities					
Creditors: amounts falling due within one year	16	**(10,744,935)**		(19,323,466)	
Net current liabilities			**(4,954,165)**		(9,851,873)
Total assets less current liabilities			**(3,946,212)**		(8,813,478)
Non-current liabilities					
Creditors: amounts falling due after more than one year	17		**(792,162)**		(804,006)
Net liabilities			**(4,738,374)**		(9,617,484)
Capital and reserves					
Called up share capital	20		**200**		200
Profit and loss account	21		**(4,738,574)**		(9,617,684)
Total deficit			**(4,738,374)**		(9,617,484)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2023.

R J Johnstone
Director

The notes on pages 13 to 34 form part of these financial statements.

Supply Desk Limited

Statement of Changes in Equity
For the Year Ended 31 December 2022

	Called up share capital	Profit and loss account	Total deficit
	£	£	£
At 1 January 2021	200	(9,851,080)	(9,850,880)
Comprehensive income for the year			
Profit for the year	-	233,396	233,396
Total comprehensive income for the year	-	233,396	233,396
At 31 December 2021 and 1 January 2022	200	(9,617,684)	(9,617,484)
Comprehensive income for the year			
Profit for the year	-	4,879,110	4,879,110
Total comprehensive income for the year	-	4,879,110	4,879,110
At 31 December 2022	200	(4,738,574)	(4,738,374)

The notes on pages 13 to 34 form part of these financial statements.

1. General information

Supply Desk Limited is a private company, limited by shares, and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activities are set out in the Directors' Report and Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

In preparing these financial statements the Company has taken advantage of certain disclosure exemptions conferred by FRS 101. These financial statements do not include:

- Disclosures in relation to the following paragraphs of IAS 1:
  - Statement of Cash Flows as per paragraphs 10(d) and 111.
  - Statement of compliance with all IFRS as per paragraph 16.
  - Requirement for minimum of two primary statements including statements of cash flows as per paragraph 38A.
  - Additional comparative information as per paragraphs 38B-D.
  - Certain disclosures regarding the Company capital management as per paragraphs 134-136.
- Presentation of the Statement of Cash Flows as per IAS 7 Statement of Cash Flows.
- The effect of future accounting standards not yet adopted as per IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors paragraphs 30 and 31.
- The disclosure of the remuneration of key management personnel as per paragraph 17 of IAS 24 Related Party Disclosures.
- Disclosure of related party transactions with two or more wholly owned members of the Group headed by Education Placement Group Limited as per IAS 24 Related Party Disclosures.

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied on the basis that equivalent disclosures are included in the consolidated financial statements of Education Placement Group Limited. These financial statements do not include certain disclosures in respect of:

- Financial Instrument disclosures as required by IFRS 7 Financial Instruments: Disclosures.

2. Accounting policies (continued)

2.3 Going concern

The Company's business activities are included in the Director's Report and Strategic Report.

The Company's ultimate parent company, Education Placement Group Limited, has provided confirmation that it will continue to fund the financial liabilities of the Company for a period of at least 12 months from the date of signing these financial statements, and therefore, the validity of the going concern assumption depends on Education Placement Group Limited ("the Group") being able to manage its finances within its own available funding.

The business activities of the Group are involved exclusively in the education sector in the United Kingdom, including the provision of temporary and permanent teaching staff to schools and initial teacher training. The funding arrangements of Education Placement Group Limited and its subsidiaries are managed centrally, on a group-wide basis.

In their consideration of going concern, the Directors have taken account of the financial forecasts for the next 12 months. In particular, they have considered both the sufficiency and continued availability of the Group's current banking facilities (which comprise an invoice finance facility and a secured term loan) and its ability to meet the banking covenants associated with these facilities. Post year end, these banking facilities were renewed and extended to 30 September 2024. As a result of this review, the Directors consider that the facilities available are adequate and that compliance with covenants will be achieved. Whilst outside the 12-month going concern assessment period, the Directors note that the Group's existing bank loan facilities mature at the end of September 2024 and have considered the implications for the future financial structure, noting the facilities will require further extension or repayment at that time. The Directors have considered the options available, prepared a prudent set of financial forecasts and have explored the funding market. Based on the forecast EBITDA run-rate and reduced funding requirement from ongoing amortisation of the existing terms loans, the Directors have every expectation, based on projected leverage, of being able to secure new banking facilities for the Group, as required.

Based on the above assessments, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and have further concluded that there is no material uncertainty over the going concern assumption. Thus the financial statements have been prepared on a going concern basis.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The financial statements are presented in GBP which is the Company's functional currency and rounded to the nearest pound.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

2.4 Foreign currency translation (continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

2.5 Revenue from contracts with customers

The Company is required to apportion revenue earned from customers to performance obligations and determine the appropriate timing method of revenue recognition using the 5 step model. Under IFRS 15 revenue is recognised once control of the promised service is transferred to the customer and when the performance obligations have been satisfied.

Revenue, which excludes value added tax and is shown net of any discounts allowed, represents the value of services provided by the Group from its principal activity, being the provision of recruitment services to the education sector. The revenue from these services include:

- Temporary Placements

  Revenue from temporary placements, which relates to the provision of services of temporary staff, is recognised at the point in time when the service has been provided. Where revenue from temporary placements is billed in advance but placement not yet made, revenue is deferred until such time as a placement is made. The performance obligation is satisfied when the service has been provided.

- Permanent Placements

  Revenue from permanent placements, which relates to fees earned for introduction of candidates that result in engagement of a candidate by the client. is recognised at the point in time an offer is accepted by a candidate. The performance obligation is satisfied when an introduction results in the placement of a candidate.

2. Accounting policies (continued)

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 5 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Government grants

Payments received from the government for furloughed employees are a form of grant. This grant money is receivable as compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in income in the period in which it becomes receivable and the related expense is incurred.

2.9 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.10 Interest income

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

2.11 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.14 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Development expenditure	-	20% to 33.3% per annum

2. Accounting policies (continued)

2.15 Leases

Identifying Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) there is an identified asset;
(b) the Company obtains substantially all the economic benefits from use of the asset; and
(c) the Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise from the use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

2. Accounting policies (continued)

2.15 Leases (continued)

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in the Statement of Comprehensive Income. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

2. Accounting policies (continued)

2.16 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 20% to 33.3% per annum
Right of use assets	- 10% to 33.3% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.17 Impairment of tangible and intangible fixed assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible 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 the Statement of Comprehensive Income, 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 the Statement of Comprehensive Income, 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.

2. Accounting policies (continued)

2.18 Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets include the following items:

- Trade receivables, amounts owed by group undertakings and other short-term receivables, which are initially recognised at fair value and subsequently carried at amortised cost.
- Cash and cash equivalents.

Initial measurement

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs directly attributable to its acquisition or issue. Trade receivables without a significant financing component are initially recognised at their transaction amount.

Subsequent measurement

Assets classified as at amortised cost are subsequently measured using the effective interest method. The effective interest rate is the rate that exactly discounts the future cash receipts through the life of the instrument to the net carrying amount on initial recognition. Interest income is recognised in the Statement of Comprehensive Income.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL) for trade receivables, with ECL being losses that arise from possible default events over the expected life of the financial instrument. ECLs are a probability weighted estimate of credit losses, measured as the present value of cash shortfalls, discounted at the effective interest rate of the financial asset. Lifetime ECLs are the ECLs from all possible default events over the expected life of the financial instrument and are based on quantitative and qualitative information, based on historical experience and forward-looking information. ECL losses are recognised through profit or loss within the Statement of Comprehensive Income.

Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership are transferred, or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

2. Accounting policies (continued)

2.18 Financial instruments (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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2 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.

Judgements

Management have considered critical accounting judgements within the financial statements. The critical judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Judgements (continued)

Determination of lease terms

Management calculated the lease term for each lease to be from the date of initial application (being 1 January 2019) as modified retrospective transition approach taken or the lease commencement date for leases signed after 1 January 2019, to the agreed lease expiration date as stated within the signed lease agreements. Management are not reasonably certain that the leases will be extended past these dates.

Estimates and assumptions

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 the key sources of estimation uncertainty within the financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Expected credit losses

The Company estimates expected credit losses on receivables held at amortised cost by considering the historic losses suffered from comparable counterparties, adjusted to reflect the impact arising from future possible changes. Further details are disclosed in note 15.

Determination of the incremental borrowing rate used to measure lease liabilities

Management have concluded that the interest rate implicit in the leases cannot not be readily determined therefore the leases held have been discounted by the incremental borrowing rate (IBR), being the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain assets of a similar value to the right-of-use assets in a similar economic environment.

4. Revenue

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

Contract assets are included within debtors on the face of the Statement of Financial Position.

5. Other operating income

	2022 £	2021 £
Furlough income	-	292,112

6. Exceptional items

	2022 £	2021 £
Impairment credit on balances due from group undertakings (note 15)	**4,063,605**	154,205

7. Operating profit

The operating profit is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of property, plant and equipment	**21,662**	18,271
Depreciation of right-of-use assets	**259,827**	244,067
Amortisation of intangible assets, including goodwill	**7,853**	25,869
Impairment credit on balances due from group undertakings (note 15)	**(4,063,605)**	(154,205)

8. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**31,142**	24,443

9. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	**2,560,277**	2,128,728
Short term benefits	**37,191**	41,029
Social security costs	**283,896**	210,803
Cost of defined contribution scheme (note 24)	**81,096**	69,158
	2,962,460	2,449,718

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

	2022 No.	2021 No.
Administration	**16**	10
Sales	**37**	38
	53	48

No remuneration has been paid to the Directors in the year (2021 - £Nil). Directors' emoluments have been borne by the Company's ultimate parent Education Placement Group Limited. The Directors did not receive any emoluments in respect of their services to the Company.

10. Interest receivable and similar income

	2022 £	2021 £
Other interest receivable	**2,225**	-

11. Interest payable and similar expenses

	2022 £	2021 £
Interest on invoice discounting facility	**22,048**	7,786
Interest on lease liabilities	**46,372**	27,226
Other interest payable	**26**	23
	68,446	35,035

12. Taxation

	2022 £	2021 £
Corporation tax		
Adjustments in respect of prior periods	-	(19,687)
Total current tax	-	(19,687)
Deferred tax		
Origination and reversal of timing differences	**57,954**	13,590
Effect of changes in tax rate	**1,597**	(8,769)
Adjustment in respect of prior periods	**(16,287)**	(5,756)
Total deferred tax	**43,264**	(935)
Taxation charge/(credit) on profit	**43,264**	(20,622)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit before tax	**4,922,374**	212,774
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**935,251**	40,427
Effects of:		
Expenses not deductible for tax purposes	**2,445**	2,462
Gains not taxable for tax purposes	**(773,651)**	(29,299)
Tax rate changes	**1,597**	(8,769)
Adjustments in respect of prior periods	**(16,287)**	(25,443)
Group relief claimed for nil consideration	**(106,091)**	-
Total tax charge/(credit) for the year	**43,264**	(20,622)

Factors that may affect future tax charges

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced at the budget on 3 March 2021, and substantively enacted on 24 May 2021. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

13. Intangible assets

	Development expenditure £
Cost	
At 1 January 2022	**515,238**
Additions - internal	**8,210**
At 31 December 2022	**523,448**
Amortisation	
At 1 January 2022	**506,809**
Charge for the year	**7,853**
At 31 December 2022	**514,662**
Net book value	
At 31 December 2022	**8,786**
At 31 December 2021	8,429

14. Tangible fixed assets

	Plant and machinery £	Right of use assets £	Total £
Cost			
At 1 January 2022	160,868	1,451,566	1,612,434
Additions	46,180	15,281	61,461
Disposals	-	(93,100)	(93,100)
Effect of modification to lease terms	-	190,924	190,924
At 31 December 2022	207,048	1,564,671	1,771,719
Depreciation			
At 1 January 2022	137,200	445,268	582,468
Charge for the year on owned assets	21,662	-	21,662
Charge for the year on right-of-use assets	-	259,827	259,827
Disposals	-	(93,100)	(93,100)
Effect of modification to lease terms	-	1,695	1,695
At 31 December 2022	158,862	613,690	772,552
Net book value			
At 31 December 2022	48,186	950,981	999,167
At 31 December 2021	23,668	1,006,298	1,029,966

15. Debtors

	2022 £	As restated 2021 £
Due after more than one year		
Amounts owed by group undertakings	**4,089,102**	983,998

	2022 £	As restated 2021 £
Due within one year		
Trade debtors	**1,468,538**	1,100,024
Amounts owed by group undertakings	**45,500**	7,049,848
Other debtors	**14,414**	14,446
Prepayments and accrued income	**79,325**	65,137
Tax recoverable	**-**	87,715
Deferred taxation (note 19)	**26,963**	70,227
	1,634,740	8,387,397

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

The Company applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates for trade receivables are based on the Company's historical credit losses experienced over the two year period prior to the year end. The historical loss rates are the adjusted for current and forward-looking information on factors affecting the Company's customers. The Company has identified the key factors as school closures and transfer of school ownership.

15. Debtors (continued)

Trade receivables and contract assets relate to public sector based customers with minimal default history. At 31 December 2022, the lifetime expected loss provision for trade receivables and contract assets was as follows:

	Gross Carrying Amount 2022 £	Loss Provision 2022 £	Gross Carrying Amount 2021 £	Loss Provision 2021 £
Current	945,080	-	729,215	-
Up to 3 months past due	533,673	(11,734)	386,215	-
3 to 6 months past due	11,093	(9,574)	4,626	(11,088)
Over 6 months past due	-	-	(8,944)	-
	1,489,846	(21,308)	1,111,112	(11,088)

For amounts owed by group undertakings, the Company measures expected credit losses (ECL) using a 12 month expected credit loss provision or a lifetime expected credit loss provision dependent on the assessment of the change in credit risk. The ECL provision is based on an assessment, on a company by company basis, of the likelihood that the group undertaking will be able to settle the debt. For balances assessed to be in stage 1, being where credit risk has not increased significantly since initial recognition, the assessment takes into account the Company's net asset position, and financial forecasts for the next 12 months. For balances assessed to be in stage 2 or stage 3, being where credit risk has increased significantly since initial recognition or where the financial asset is credit impaired, the assessment takes into account a range of possible outcomes based on a weighted average probability that the outcomes will succeed or not.

The expected credit loss provision in respect of the total amounts owed by group undertakings, including amounts falling due within one year and amounts falling due after more than one year, was as follows:

	Gross Carrying Amount 2022 £	Loss Provision 2022 £	Gross Carrying Amount 2021 £	Loss Provision 2021 £
Stage 1	1,723	-	337,136	(7)
Stage 2	16,689,808	(12,751,288)	21,564,096	(16,840,824)
Stage 3	220,297	(25,938)	2,973,445	-
	16,911,828	(12,777,226)	24,874,677	(16,840,831)

Amounts owed by group undertakings have no fixed repayment date, and therefore an overdue ageing profile has not been provided.

The prior year adjustment is set out in detail within note 22.

16. Creditors: amounts falling due within one year

	2022 £	2021 £
Invoice discount facility	**514,347**	96,329
Trade creditors	**54,001**	86,538
Amounts owed to group undertakings	**9,040,851**	17,434,029
Other taxation and social security	**701,201**	1,229,946
Lease liabilities (note 18)	**211,847**	224,385
Other creditors	**95,648**	82,008
Accruals and deferred income	**127,040**	170,231
	10,744,935	19,323,466

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

17. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Lease liabilities (note 18)	**792,162**	804,006

18. Leases

In the capacity as lessee

The Company leases a number of properties in the jurisdictions from which it operates. In these jurisdictions the periodic rent is fixed over the lease term, with inflationary increases incorporated into the fixed payments stipulated in the lease agreements.

Where rental agreements include market rate escalations, the lease liability is re-measured when the change in cash payments takes effect.

At 31 December 2022 the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses because it was considered reasonably certain that the Group would not exercise any right to break the lease. Total lease payments of £589,084 (2021 - £556,429) are potentially avoidable were the Group to exercise break clauses at the earliest opportunity.

18. Leases (continued)

In the capacity as lessee (continued)

Lease liabilities are due as follows:

	2022 £	2021 £
Not later than one year	**211,847**	224,385
Between one year and five years	**490,883**	486,772
Later than five years	**301,279**	317,234
	1,004,009	1,028,391

The following amounts in respect of leases, where the Company is a lessee, have been recognised in the Statement of Comprehensive Income:

	2022 £	2021 £
Interest expense on lease liabilities	**46,372**	27,226
Expenses relating to short-term leases	**51**	391
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**-**	242

The total cash outflow for leases during the year was £276,959 (2021 - £283,169).

19. Deferred taxation

	2022 £	2021 £
At beginning of year	**70,227**	69,292
(Charged)/credited to profit or loss	**(43,264)**	935
At end of year	**26,963**	70,227

The deferred tax asset is made up as follows:

	2022 £	2021 £
Decelerated capital allowances	**15,725**	26,826
Short term timing differences	**11,238**	9,713
Tax losses	**-**	33,688
	26,963	70,227

20. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
200 (2021 - 200) Ordinary shares of £1.00 each	**200**	200

Ordinary shares have attached to them full voting, dividend and capital distribution rights, they do not confer any rights of redemption.

21. Reserves

The Company's capital and reserves are as follows:

Called up share capital

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

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

22. Prior year adjustment

The Directors have identified an error in respect of the previous presentation of the amounts owed by group undertakings. In the prior period financial statements, the balance was presented entirely within debtors: amounts falling due within one year, whereas an element of the balance should have been presented within debtors: amounts falling due after one year.

Correction of this error at 31 December 2021 results in a reduction in debtors: amounts falling due in less than one year of £983,998, and a corresponding increase in debtors: amounts falling due in more than one year. The Statement of Financial Position and supporting notes have been restated for these adjustments. There is no effect on profit, taxation, or net assets in either period presented.

23. Contingent liabilities

The Company has guaranteed bank borrowings from Lloyds Bank Plc on behalf of Star Bidco Limited, another group company. At 31 December 2022 the amounts outstanding in respect of these bank borrowings were £7,957,857 (2021 - £8,201,883).

In the Directors' opinion, no outflow will occur in respect of this guarantee.

24. Pension commitments

The Company's parent company Education Placement Group Limited operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of Education Placement Group 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 Education Placement Group Limited are reduced by the amount of forfeited contributions. Education Placement Group Limited recharges costs incurred in respect of the Company's employees to the Company. Pension contributions are also made into the NEST pension scheme.

The total cost charged to the Statement of Comprehensive Income of £81,096 (2021 - £69,158) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 December 2022, contributions of £23,643 (2021 - £17,762) due in respect of the current reporting year had not been paid over to the schemes.

25. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Synarbor Limited.

The Company's ultimate parent undertaking is Education Placement Group Limited, a company incorporated in the United Kingdom.

The registered office of Synarbor Limited and Education Placement Group Limited is Second Floor, Sir Wilfrid Newton House, Thorncliffe Park, Chapeltown, Sheffield, South Yorkshire, United Kingdom, S35 2PH.

The Company's ultimate controlling parties are R J Johnstone, G P Clarke, J E Harley, D M Jones and D G L Hargrave. R J Johnstone and G P Clarke are also Directors of the Company.

Education Placement Group Limited is the smallest and largest group to consolidate these financial statements.

Copies of the Education Placement Group Limited group financial statements are publicly available and can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.