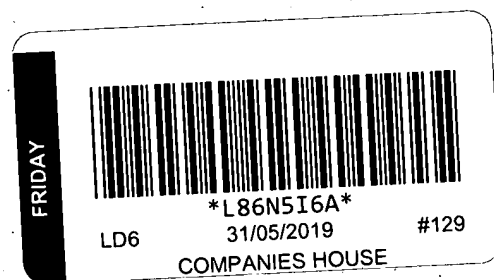


Registration number: 03834802

Underley Schools Limited

Annual Report and Financial Statements

for the Year Ended 31 August 2018



Underley Schools Limited

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Underley Schools Limited

Company Information

Directors	R D Edwards
	D J Leatherbarrow
	J-L Janet
Company secretary	H Lecky
Registered office	1 Merchant's Place River Street Bolton Lancashire BL2 1BX
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Atrium 1 Harefield Road Uxbridge Middlesex UB8 1EX

Underley Schools Limited

Strategic Report for the Year Ended 31 August 2018

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

Principal activities

The company provides education for children and young people with special education needs with placements being referred from a number of local authorities. The company is part of the SSCP Spring Topco Limited Group ("Group"). The Group provides a choice of education and care for young people through a network of schools, residential care homes and a national network of fostering agencies.

The Group Statement of Purpose is to be "Simply the Best" children's services provider. The Group aims to provide outstanding services for children and young people through enthusiasm and commitment.

Fair review of the business

The profit for the year, after taxation amounted to £482,667 (2017: £347,072).

As at 31 August 2018, the company was in a net asset position of £5,043,688 (2017: £4,561,021).

The company's key financial and other performance indicators during the year were as follows:

	Unit	2018	2017
Turnover	£	9,742,662	8,777,420
Profit after tax	£	482,667	347,072

Principal risks and uncertainties

Regulatory and legislative risks

As an education provider, the schools are registered and approved by the Department for Education ("DfE") and are subject to inspection and report by Ofsted. Periodic inspections are carried out for each school.

A Group wide Quality Committee including external members and an independent Chair, has been established to oversee the Group's Quality Assurance activities. The committee provides assurance to the Group board that appropriate governance structure, systems and processes are in place and that services are high quality and safe. The Group retains a fully resourced Quality Assurance team to review, control and rigorously audit the Group's practices and compliance procedures. The Group regularly updates its policies and procedures in order to ensure compliance with required standards.

The Group has an obligation to meet Health and Safety requirements, which it does through internal policies and procedures and through using the services of external specialist advisers where necessary.

Financial risks

The company's principal financial instruments comprise trade and other debtors, cash and cash equivalents, trade and other creditors and amounts owed to/from fellow Group companies.

The main risks associated with these financial assets and liabilities are set out below:

Credit risk

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

Liquidity risk

The company's liquidity risk is managed through the Group finance function. Capital expenditure is approved at Group level. Day to day cash flow flexibility is maintained by retaining surplus cash in readily accessible bank accounts. Working capital requirements are funded primarily through each Group company's resources, although the company does have recourse to additional funding through Group banking facilities.

Interest rate risk

During the year interest rate risk was managed through the Group finance function using hedging instruments. The Group uses interest rate swaps to partially manage exposure to interest rate movements.

Underley Schools Limited

Strategic Report for the Year Ended 31 August 2018 (continued)

Market price risk

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

In the current economic environment however, the Group's customers continue to operate under budget restrictions in addition to their statutory corporate parenting responsibilities. Through its regional management and commercial team, the Group maintains close contact with its customers at a number of levels and endeavours to provide innovative and value for money solutions to assist customers in meeting their desired levels of child focused outcomes whilst working within available budgets.

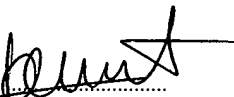
Foreign currency risk

The business has no exposure to foreign currency.

Risk of the United Kingdom leaving the European Union (Brexit)

The Group has conducted an assessment of its risks as a result of Brexit and concluded that on the basis that its turnover is 100% within the United Kingdom the impact of an exit from the European Union, including an unplanned exit, was unlikely to have a significant impact on the Group. The directors are, however, in regular communication with their employees, particularly those from the EU, regarding Brexit to provide appropriate and balanced information and support.

Approved by the Board and signed on its behalf by:


.....
J-L Janet
Director

- 31
..... May 2019

Underley Schools Limited

Directors' Report for the Year Ended 31 August 2018

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

Directors of the company

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

A Bygrave (appointed 9 March 2018 and resigned 2 July 2018)

R D Edwards (appointed 6 October 2017)

I J Anderson (resigned 1 September 2018)

J-L Janet

The following director was appointed after the year end:

D J Leatherbarrow (appointed 1 September 2018)

The company purchased and maintained throughout the year and at the date of approval of the financial statements, directors' and officers' liability insurance in respect of the company's directors.

Employees and employment policies

The company has a policy of involving employees at all levels and keeping them informed through regular briefing sessions conducted by senior management, an annual conference and a staff engagement survey.

The company follows an employment policy of non-discrimination on the grounds of sex, race or age and gives full consideration to the employment of disabled persons.

The company is committed to all employees and will make every effort to accommodate staff that are disabled or suffer illness during the course of their employment.

Future developments

The company will continue to work closely with its Local Authority customers to ensure it can provide a choice of education for children and young people with special education needs. This will mean continuing investment in the leadership team, the teaching and support teams, educational resources and the physical environment of the schools.

Where existing facilities provide opportunities for on-site expansion and the opening of additional classrooms, these opportunities will be considered if they enhance the range and quality of the current education offering. Alternatively, satellite sites may be acquired and registered as new schools to work in conjunction with the existing sites.

Matters covered in the strategic report

The directors assessment of the company's principal risks and uncertainties and financial risk management is set out in the Strategic Report.

Going concern

The company is a subsidiary of SSCP Spring Topco Limited and its financial resources are managed on a Group basis. For the year ended 31 August 2018 the Group generated strong cash flows and held a group cash balance of £18m at 31 August 2018. During the year, the Group was financed by a mixture of equity funding (ordinary and preference shares), unsecured loan notes, senior banking facilities and operating cash flows from the underlying business of the Group.

The company has received confirmation from its parent undertaking, SSCP Spring Topco Limited, that it will provide such support as is required to allow the company to pay its debts as they fall due for a period of at least one year from the date of signing these financial statements.

On the basis of the above the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Underley Schools Limited

Directors' Report for the Year Ended 31 August 2018 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Reappointment of independent auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:


.....
J.L. Janet
Director

31 May 2019

Underley Schools Limited

Independent Auditors' Report to the Members of Underley Schools Limited

Report on the financial statements

Opinion

In our opinion, Underley Schools Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 August 2018; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements; which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Underley Schools Limited

Independent Auditors' Report to the Members of Underley Schools Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 August 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Underley Schools Limited

Independent Auditors' Report to the Members of Underley Schools Limited (continued)

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

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

Use of this report

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.

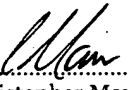
Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.


.....
Christopher Maw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

31 May 2019

Underley Schools Limited

Statement of Comprehensive Income for the Year Ended 31 August 2018

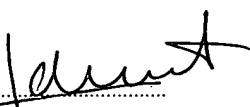
	Note	2018 £	2017 £
Turnover	2	9,742,662	8,777,420
Cost of sales		<u>(5,023,226)</u>	<u>(4,228,328)</u>
Gross profit		4,719,436	4,549,092
Administrative expenses		(4,039,644)	(4,009,413)
Other operating income		<u>-</u>	<u>(324)</u>
Operating profit	4	<u>679,792</u>	<u>539,355</u>
Profit before taxation		679,792	539,355
Tax on profit	6	<u>(197,125)</u>	<u>(192,283)</u>
Profit and Total comprehensive income for the financial year		<u><u>482,667</u></u>	<u><u>347,072</u></u>

Turnover and operating profit derive wholly from continuing operations.

Underley Schools Limited
(Registration number: 03834802)
Balance Sheet as at 31 August 2018

	Note	2018 £	(As restated) 2017 £
Fixed assets			
Tangible assets	7	582,962	377,574
Current assets			
Stocks	8	5,386	5,720
Debtors	9	6,864,099	8,029,406
Cash at bank and in hand		16,879	6,992
		<u>6,886,364</u>	<u>8,042,118</u>
Creditors: amounts falling due within one year	10	<u>(2,425,638)</u>	<u>(3,783,979)</u>
Net current assets		<u>4,460,726</u>	<u>4,258,139</u>
Total assets less current liabilities		5,043,688	4,635,713
Provisions for liabilities	11	-	(74,692)
Net assets		<u>5,043,688</u>	<u>4,561,021</u>
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account		<u>5,043,686</u>	<u>4,561,019</u>
Total equity		<u>5,043,688</u>	<u>4,561,021</u>

The financial statements on pages 9 to 21, were approved by the Board and signed on its behalf by:



 J-L Janet
 Director

31 May 2019

Underley Schools Limited

Statement of Changes in Equity for the Year Ended 31 August 2018

	Called up share capital £	Profit and loss account £	Total equity £
At 1 September 2016	2	4,213,947	4,213,949
Profit for the year	-	347,072	347,072
Other comprehensive income	-	-	-
Total comprehensive income	-	347,072	347,072
At 31 August 2017	2	4,561,019	4,561,021
	Called up share capital £	Profit and loss account £	Total equity £
At 1 September 2017	2	4,561,019	4,561,021
Profit for the year	-	482,667	482,667
Other comprehensive income	-	-	-
Total comprehensive income	-	482,667	482,667
At 31 August 2018	2	5,043,686	5,043,688

The notes on pages 12 to 21 form an integral part of these financial statements.

Underley Schools Limited

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

1 Accounting policies

Underley Schools Limited ("the company") is a private company limited by shares incorporated in England.

The Registered Office is 1 Merchant's Place, River Street, Bolton, Lancashire, BL2 1BX.

Statement of compliance

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within this note.

The financial statements have been prepared in Sterling, which is the functional currency.

Significant accounting policies

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

Summary of exemptions - Reduced Disclosure Framework

In preparing the separate financial statements of the company, advantage has been taken of the exemption provided by FRS 102 paragraph 1.12 (b) to not prepare a cash flow statement.

In preparing the separate financial statements of the company, advantage has been taken of the exemptions provided by FRS 102 Sections 11 and 12 to provide financial instruments disclosures, including categories of financial instruments, items of income, expense, gains or losses relating to financial instruments, and exposure to and management of financial risks.

In preparing the separate financial statements of the company, advantage has been taken of the exemptions provided by FRS 102 Section 33.7 to provide aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Name of parent of group

These financial statements are consolidated in the financial statements of SSCP Spring Topco Limited.

Going concern

The company is a subsidiary of SSCP Spring Topco Limited and its financial resources are managed on a Group basis. For the year ending 31 August 2018 the Group generated strong cash flows and held a group cash balance of £18m at 31 August 2018 (2017: £22m). During the year, the Group was financed by a mixture of equity funding (ordinary and preference shares), unsecured loan notes, senior banking facilities and operating cash flows from the underlying business of the Group.

The company has received confirmation from its parent undertaking, SSCP Spring Topco Limited, that it will provide such support as is required to allow the company to pay its debts as they fall due for a period of at least one year from the date of signing these financial statements.

On the basis of the above the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Underley Schools Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Restatement of prior year balances

The company had previously overcapitalised tangible assets. The company has adjusted for this error and has recognised a reversal of the overcapitalised tangible assets ("Adjustment"). This was applied retrospectively to the financial statements in accordance with FRS 102 Section 10 requirements. The amounts are as follows:

	2017 £	Adjustment £	2017 (as restated) £
Tangible assets - Cost	1,305,317	(636,386)	668,931
Tangible assets - Accumulated depreciation	(306,150)	14,793	(291,357)
Debtors	7,407,813	621,593	8,029,406

Tangible assets - Cost, Accumulated depreciation on Tangible assets and Debtors balances have been restated for the year ended 31 August 2017.

In addition to the above, the comparative headers for the Statement of Financial Position as well as impacted balance sheet items notes will include the words "(as restated)".

Judgements

Preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements. Items in the financial statements where these judgements and estimates have been made include:

- Indicators of impairment – The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Underley Schools Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty:

- Tangible fixed assets – the annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.
- Taxation – Provisions are based on reasonable estimates based on various factors including experience and interpretation of regulations.

Turnover

Turnover is generated from the provision of education and care for children and young adults with special education needs.

Turnover represents amounts chargeable in respect of services provided during the year. Where invoices are raised and the services to which they relate have not been performed, the extent of the invoice relating to the unperformed service is carried forward as deferred income. All turnover arose within the United Kingdom.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue from the provision of education, is recognised pro-rata (on a straight-line basis) over the relevant period that the student is enrolled. Revenue is measured at the fair value of the consideration received, excluding VAT and discounts.

Current and deferred tax

The tax expense for the period comprises current and deferred tax.

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in respect of all timing differences at the reporting date. Deferred income tax is determined on an undiscounted basis using the rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable benefits.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation.

At each reporting date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit and loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

Underley Schools Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1. Accounting policies (continued)

Depreciation

Depreciation is provided on all tangible assets at the following rates calculated to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter. Freehold land is not depreciated.

Asset class	Depreciation method and rate
Plant and machinery	15% straight line
Fixtures, fittings and equipment	15-33% straight line
Motor vehicles	25% straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Stocks

Stocks are stated at the lower of cost and net realisable value.

At each reporting date, stocks are assessed for impairment. If impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit and loss.

Provisions for liabilities

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost payable for the period of absence.

Leases

Payments made under operating leases are charged to profit and loss on a straight line basis over the period of the lease. Lease incentives are recognised over the lease term on a straight line basis.

Basic financial instruments

Basic financial assets, including trade and other debtors, cash and cash equivalents, are initially recognised at transaction price. Such assets are subsequently measured at amortised cost using the effective interest rate, less provision for impairment.

Basic financial liabilities, including trade and other payables, bank loans, loan notes, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts discounted at a market rate of interest. Such liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit or loss.

Underley Schools Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Pensions

A defined contribution scheme is operated for employees. The company pays fixed contributions to a separate entity and once contributions have been paid, the company has no further payment obligations. The contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme. The assets of the plans are held separately from the company in independently administered funds.

Pension contributions are made in respect of certain eligible teaching staff to the Teachers Pension Scheme which is a "Multi-Employer" pension scheme. Based on consultations the directors are unable to identify the company's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Consequently, the company treats the scheme as a defined contribution scheme with contributions charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Share capital

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

2 Turnover

Analysis of turnover for the year from continuing operations is as follows:

	2018 £	2017 £
Rendering of services	<u>9,742,662</u>	<u>8,777,420</u>

Turnover is derived from the principal activity of the company wholly undertaken in the United Kingdom.

3 Other gains and losses

	2018 £	2017 £
(Loss)/gain on disposal of property, plant and equipment	<u>(125)</u>	<u>1,000</u>

Underley Schools Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

4 Operating profit

Operating profit is stated after charging/(crediting)

	2018 £	2017 £
Depreciation expense	101,411	76,238
Operating lease expense - plant and machinery	9,607	6,011
Loss/(profit) on disposal of tangible assets	125	(1,000)
(Release)/establishment of sleep-in provision	<u>(74,692)</u>	<u>74,692</u>

Audit fees for 2018 (£6,412) and 2017 (£5,292) were borne by another Group company without recharge.

5 Staff costs

The aggregate payroll costs were as follows:

	2018 £	2017 £
Wages and salaries	4,484,036	3,950,779
Social security costs	384,665	350,684
Defined contribution pension scheme costs	<u>108,774</u>	<u>70,335</u>
	<u>4,977,475</u>	<u>4,371,798</u>

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

	2018 No.	2017 No.
Teaching, care and support staff	<u>216</u>	<u>179</u>

The directors did not receive any remuneration from the company during the year ended 31 August 2018 (2017: nil) for their services to the company. The directors were employed and their remuneration costs borne by another group company. No charge has been made to the company as in the opinion of the directors it is not possible to determine with reasonable accuracy the split by company.

Underley Schools Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

6 Taxation

Tax charged in the statement of comprehensive income

	2018 £	2017 £
Current taxation		
Group relief	206,488	198,088
Deferred taxation		
Arising from origination and reversal of timing differences	(7,778)	(3)
Arising from changes in tax rates and laws	819	1,325
Adjustments in respect of prior periods	(2,404)	(7,127)
Total deferred taxation	(9,363)	(5,805)
Tax expense in the statement of comprehensive income	<u>197,125</u>	<u>192,283</u>

Factors affecting total tax charge

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 19.58%).

The differences are reconciled below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>679,792</u>	<u>539,355</u>
Corporation tax at standard rate	129,160	105,606
Adjustment in respect of prior periods	(2,404)	(7,127)
Effect of expense not deductible in determining taxable profit	1,893	5,873
Deferred tax expense relating to changes in tax rates or laws	819	1,325
Tax increase from transfer pricing adjustments	<u>67,657</u>	<u>86,606</u>
Total tax charge	<u>197,125</u>	<u>192,283</u>

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Deferred tax

The movement in the deferred tax asset in the year is as follows:

	Asset £
At 01 September 2017	22,518
Movement in the period	6,959
Adjustment in respect of prior years	<u>2,404</u>
At 31 August 2018	<u>31,881</u>

The analysis of deferred tax assets is as follows:

Underley Schools Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

6 Taxation (continued)

2018	Asset £
Accelerated capital allowances	29,656
Short term timing differences	2,225
	<u>31,881</u>
2017	Asset £
Accelerated capital allowances	22,518
Short term timing differences	-
	<u>22,518</u>

7 Tangible assets

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 September 2017 (as restated)	74,315	365,454	229,162	668,931
Additions	-	274,454	41,970	316,424
Disposals	-	-	(10,500)	(10,500)
At 31 August 2018	<u>74,315</u>	<u>639,908</u>	<u>260,632</u>	<u>974,855</u>
Accumulated depreciation				
At 1 September 2017 (as restated)	74,315	47,526	169,516	291,357
Charge for the year	-	69,244	32,167	101,411
Eliminated on disposal	-	-	(875)	(875)
At 31 August 2018	<u>74,315</u>	<u>116,770</u>	<u>200,808</u>	<u>391,893</u>
Carrying amount				
At 31 August 2018	<u>-</u>	<u>523,138</u>	<u>59,824</u>	<u>582,962</u>
At 31 August 2017 (As restated)	<u>-</u>	<u>317,928</u>	<u>59,646</u>	<u>377,574</u>

8 Stocks

	2018 £	2017 £
Fuel stock	<u>5,386</u>	<u>5,720</u>

The difference between purchase price and replacement cost is not material.

Underley Schools Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

9 Debtors

	Note	2018 £	(As restated) 2017 £
Trade debtors		657,382	2,290,224
Amounts owed by group undertakings		6,123,570	5,674,913
Other debtors		1	537
Deferred tax assets	6	31,881	22,518
Prepayments and accrued income		51,265	36,707
Accrued income		-	4,507
Total current trade and other debtors		<u>6,864,099</u>	<u>8,029,406</u>

With the exception of deferred tax all amounts fall due within one year.

Trade debtors are stated after provisions for impairment of £1,743 (2017: £15,311).

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

10 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	347,889	86,269
Amounts owed to group undertakings	1,144,973	937,598
Taxation and social security	101,249	92,070
Outstanding defined contribution pension costs	18,124	9,328
Other creditors	42,602	36,460
Accruals and deferred income	<u>770,801</u>	<u>2,622,254</u>
	<u>2,425,638</u>	<u>3,783,979</u>

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

11 Provisions for liabilities

	Total £
At 1 September 2017	74,692
Provisions used	<u>(74,692)</u>
At 31 August 2018	<u>-</u>

Underley Schools Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

11 Provisions for liabilities (continued)

In January 2018, the company joined the HMRC Social Care Compliance Scheme in relation to historic National Minimum Wage underpayments as a result of sleep-in shifts. As part of the scheme the company has until 20 December 2018 to calculate and declare underpayments to HMRC before making payment before 31 March 2019. During the year under review HMRC issued revised guidance following the outcome by the Court of Appeal which resulted in no payment required to HMRC and therefore the provision has been reversed in the year under review.

12 Called up share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

13 Contingent liabilities

The company has given security by way of unlimited fixed and floating charges over all of its assets to the finance parties providing banking facilities to SSCP Spring Bidco Limited, a fellow subsidiary undertaking of the SSCP Spring Topco Limited Group.

The amount outstanding to the finance parties providing the banking facilities to SSCP Spring Bidco Limited at 31 August 2018 was £288.3m (2017: £290.4m).

14 Parent and ultimate parent undertaking

The company's immediate parent is Acorn Care and Education Limited, a company incorporated in England and Wales. SSCP Spring Topco Limited, a company incorporated in England and Wales, is an intermediate parent company. SSCP Spring Holdings SCA, a company incorporated in Luxembourg, owns 80.97% (2017: 84.34%) of SSCP Spring Topco Limited's equity share capital and is deemed to be the ultimate parent undertaking.

The directors consider funds managed by Stirling Square Capital Partners Jersey AIFM Limited to be the ultimate controlling parties.

The smallest and largest group to consolidate these financial statements is SSCP Spring Topco Limited. These consolidated financial statements are publicly available upon request from Frays Court, 71 Cowley Road, Uxbridge, Middlesex, UB8 2AE.