

Registration number: 03834802

# Underley Schools Limited

Annual Report and Financial Statements

for the Year Ended 31 August 2022



# **Underley Schools Limited**

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# **Underley Schools Limited**

## **Company Information**

|                             |                     |
|-----------------------------|---------------------|
| <b>Directors</b>            | D J Leatherbarrow   |
|                             | J-L Janet           |
|                             | R J Cooke           |
| <b>Company secretary</b>    | C Duffy             |
| <b>Registered office</b>    | Atria               |
|                             | Spa Road            |
|                             | Bolton              |
|                             | BL1 4AG             |
| <b>Independent Auditors</b> | KPMG LLP            |
|                             | Quayside House      |
|                             | 110 Quayside        |
|                             | Newcastle upon Tyne |
|                             | NE1 3DX             |

## Underley Schools Limited

### Strategic Report for the Year Ended 31 August 2022

The directors present their strategic report for the year ended 31 August 2022.

#### 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's vision is to build incredible futures by empowering vulnerable children and young adults in the UK to be happy and make their way in the world.

#### Fair review of the business

The profit for the year, after taxation amounted to £547,522 (2021: £506,725).

As at 31 August 2022 the company was in a net asset position of £6,889,875 (31 August 2021: £6,342,353).

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

|                        | 2022       | 2021       |
|------------------------|------------|------------|
|                        | £          | £          |
| Turnover               | 13,043,883 | 12,523,806 |
| Profit before taxation | 776,804    | 751,429    |

The company monitors its performance through robust monthly management accounts and a range of indicators across the schools. Further information on non financial key performance indicators can be found in the consolidated group financial statements of SSCP Spring Topco Limited.

#### 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 an 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.

**Strategic Report for the Year Ended 31 August 2022 (continued)**

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.

During the year interest rate risk was managed through the Group finance function using hedging instruments to manage the underlying exposure to fluctuations in interest rate if required. During the year under review the risk has been actively monitored by Group finance and given the strong underlying cash generation of the Group and a large proportion of borrowings at fixed rate, this was considered a low risk with no hedging instrument put in place. This risk will continue to be actively monitored by the Group finance function.

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.

.....  
L.L. Jurek  
Director

24 May 2023

## **Underley Schools Limited**

### **Directors' Report for the Year Ended 31 August 2022**

The directors present their report and the audited financial statements for the year ended 31 August 2022.

#### **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:

D J Leatherbarrow

J-L Janet

R J Cooke

The Company purchased qualifying third party indemnity arrangements for the benefit of all its Directors and which were in force throughout the year and remain in force.

#### **Dividends**

The directors do not recommend the payment of a dividend for the year ended 31 August 2022 (2021: Nil).

#### **Employment of disabled persons**

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practical in the same or an alternative position and to provide appropriate training to achieve this aim.

#### **Employee involvement**

The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year the policy of providing employees with information about the Group has been continued through local newsletters and briefings in which employees have also been encouraged to present their suggestions and views. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

#### **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, conferences 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.

#### **Stakeholder Relations**

A strong emphasis is placed on developing sustainable and strategic relationships with external stakeholders, namely the Group's customers and suppliers and the Group believe this is an integral part of supporting long-term growth.

The board of directors' intention is to behave responsibly towards all stakeholders and ensure that management operates with high standards of business conduct and good governance and in doing so, continue the delivery of high quality, long-term sustainable and reliable growth of our services.

#### **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.

# Underley Schools Limited

## Directors' Report for the Year Ended 31 August 2022 (continued)

### 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 ending 31 August 2022 the Group generated strong cash flows and held a group cash balance of £25.1m at 31 August 2022 and continues to have a positive group cash balance as at 30 April 2023 amounting to £25.5m. 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 this basis, the directors believe it is appropriate to prepare the financial statements on a going concern basis.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

### Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Underley Schools Limited**

### **Directors' Report for the Year Ended 31 August 2022 (continued)**

#### **Directors' confirmations**

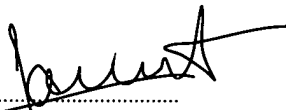
In the case of each director in office at the date the Directors' Report is approved:

- 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 KPMG 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. Jane  
Director

24 May 2023



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNDERLEY SCHOOLS LIMITED**

### **Opinion**

We have audited the financial statements of Underley Schools Limited ("the company") for the year ended 31 August 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statements of Changes in Equity and related notes.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2022 and of the profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Other Matter**

The financial statements of Underley Schools Limited for the year ended 31 August 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 20 May 2022.

### **Going concern**

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

**Fraud and breaches of laws and regulations – ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that the management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments based on risk criteria and comparing the identified entries to supporting documentation. These included revenue/deferred income and cash impacting journal entries posted to unusual accounts, journals posted by unusual users and journals posted to adjust EBITDA.
- For a sample of deferred income balances, re-calculated the balance using the invoices to corroborate whether those items were recorded in the correct accounting period. Vouched a sample of transactions to cash receipts to confirm the accuracy of the balance.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and other management (as required by auditing standards), and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNDERLEY SCHOOLS LIMITED- continued**

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: GDPR compliance, health and safety, anti-bribery, employment law, compliance with industry specific regulators (CQC, Ofsted) and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

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

- 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
- 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; or
- We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 5 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Clare Partridge (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
Quayside House 110  
Newcastle upon Tyne

NE1 3DX

24 May 2023

## Underley Schools Limited

### Statement of Comprehensive Income for the Year Ended 31 August 2022

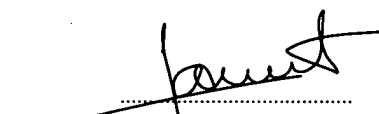
|  | Note | 2022<br>£             | 2021<br>£             |
|--|------|-----------------------|-----------------------|
| Turnover   | 2    | 13,043,883            | 12,523,806            |
| Cost of sales  |      | <u>(6,689,941)</u>    | <u>(6,666,073)</u>    |
| Gross profit   |      | 6,353,942             | 5,857,733             |
| Administrative expenses                                      |      | <u>(5,577,138)</u>    | <u>(5,106,304)</u>    |
| Operating profit   | 3    | <u>776,804</u>        | <u>751,429</u>        |
| Profit before taxation                                       |      | 776,804               | 751,429               |
| Tax on profit  | 5    | <u>(229,282)</u>      | <u>(244,704)</u>      |
| Profit and Total comprehensive income for the financial year |      | <u><u>547,522</u></u> | <u><u>506,725</u></u> |

Turnover and operating profit derive wholly from continuing operations.

**Underley Schools Limited**  
**(Registration number: 03834802)**  
**Balance Sheet as at 31 August 2022**

|   | Note | 2022<br>£          | 2021<br>£          |
|---|------|--------------------|--------------------|
| <b>Fixed assets</b>                                   |      |                    |                    |
| Tangible assets                                       | 6    | 1,074,899          | 874,143            |
| <b>Current assets</b>                                 |      |                    |                    |
| Stocks  | 7    | -                  | 5,386              |
| Debtors   | 8    | 9,567,418          | 7,689,088          |
| Cash at bank and in hand                              |      | <u>32,440</u>      | <u>39,298</u>      |
|   |      | 9,599,858          | 7,733,772          |
| <b>Creditors: amounts falling due within one year</b> | 9    | <u>(3,765,433)</u> | <u>(2,243,456)</u> |
| <b>Net current assets</b>                             |      | <u>5,834,425</u>   | <u>5,490,316</u>   |
| <b>Total assets less current liabilities</b>          |      | 6,909,324          | 6,364,459          |
| <b>Provisions for liabilities</b>                     | 10   | <u>(19,449)</u>    | <u>(22,106)</u>    |
| <b>Net assets</b>                                     |      | <u>6,889,875</u>   | <u>6,342,353</u>   |
| <b>Capital and reserves</b>                           |      |                    |                    |
| Called up share capital                               | 11   | 2                  | 2                  |
| Profit and loss account                               |      | <u>6,889,873</u>   | <u>6,342,351</u>   |
| <b>Total equity</b>                                   |      | <u>6,889,875</u>   | <u>6,342,353</u>   |

The financial statements on pages 11 to 23, were approved by the Board and signed on its behalf by:

  
 .....  
 J-L Janet  
 Director

24 May 2023

## Underley Schools Limited

### Statement of Changes in Equity for the Year Ended 31 August 2022

|                            | Called up share<br>capital<br>£ | Profit and loss<br>account<br>£ | Total equity<br>£       |
|----------------------------|---------------------------------|---------------------------------|-------------------------|
| At 1 September 2020        | <u>2</u>                        | <u>5,835,626</u>                | <u>5,835,628</u>        |
| Profit for the year        | <u>-</u>                        | <u>506,725</u>                  | <u>506,725</u>          |
| Total comprehensive income | <u>-</u>                        | <u>506,725</u>                  | <u>506,725</u>          |
| At 31 August 2021          | <u><u>2</u></u>                 | <u><u>6,342,351</u></u>         | <u><u>6,342,353</u></u> |
|                            | Called up share<br>capital<br>£ | Profit and loss<br>account<br>£ | Total equity<br>£       |
| At 1 September 2021        | <u>2</u>                        | <u>6,342,351</u>                | <u>6,342,353</u>        |
| Profit for the year        | <u>-</u>                        | <u>547,522</u>                  | <u>547,522</u>          |
| Total comprehensive income | <u>-</u>                        | <u>547,522</u>                  | <u>547,522</u>          |
| <b>At 31 August 2022</b>   | <u><u>2</u></u>                 | <u><u>6,889,873</u></u>         | <u><u>6,889,875</u></u> |

## **Underley Schools Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2022**

#### **1 Accounting policies**

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

The Registered Office is Atria, Spa Road, Bolton, , BL1 4AG.

#### **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 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.



# **Underley Schools Limited**

## **Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)**

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

#### **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 2022 the Group generated strong cash flows and held a group cash balance of £25.1m at 31 August 2022 and continues to have a positive group cash balance as at 30 April 2023 amounting to £25.5m. 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 this basis, the directors believe it is appropriate to prepare the financial statements on a going concern basis.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### **Critical judgements and estimates**

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.

#### **Judgements**

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.
- Recoverability of amounts owed by group undertakings - The company makes an estimate of the recoverable value of amounts owed from group companies. When assessing the recoverable value, management considers the financial position and underlying performance of related undertakings within the group.

#### **Estimates**

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.

## Underley Schools Limited

### Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

#### 1 Accounting policies (continued)

##### 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. Where services are performed during the year but the invoices relating to these services have not yet been raised, accrued income is recognised as an asset. 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.

##### 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 |
|----------------------------------|------------------------------|
| Freehold land and buildings      | 2% straight line             |
| 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.

## **Underley Schools Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)**

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

##### **Basic financial instruments**

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of 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.

##### **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.

## Underley Schools Limited

### Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

#### 2 Turnover

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

|                       | 2022<br>£         | 2021<br>£         |
|-----------------------|-------------------|-------------------|
| Rendering of services | <u>13,043,883</u> | <u>12,523,806</u> |

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

#### 3 Operating profit

Operating profit is stated after charging/(crediting)

|                                     | 2022<br>£    | 2021<br>£ |
|-------------------------------------|--------------|-----------|
| Depreciation expense                | 277,137      | 233,033   |
| Operating lease expense             | 7,930        | 18,172    |
| Loss on disposal of tangible assets | <u>9,000</u> | <u>-</u>  |

Audit fees for 2022 (£7,915) and 2021 (£7,097) were borne by another Group company without recharge.

#### 4 Staff costs

The aggregate payroll costs were as follows:

|                       | 2022<br>£        | 2021<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 6,439,878        | 6,381,706        |
| Social security costs | 603,159          | 571,887          |
| Other pension costs   | <u>221,069</u>   | <u>214,727</u>   |
|                       | <u>7,264,106</u> | <u>7,168,320</u> |

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

|                                  | 2022<br>No. | 2021<br>No. |
|----------------------------------|-------------|-------------|
| Teaching, care and support staff | <u>265</u>  | <u>279</u>  |

The directors did not receive any remuneration from the company during the year ended 31 August 2022 (2021: 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 2022 (continued)

#### 5 Tax on profit

Tax charged in the statement of comprehensive income

|   | 2022<br>£      | 2021<br>£      |
|---|----------------|----------------|
| <b>Current taxation</b>                                     |                |                |
| UK corporation tax  | 231,939        | 233,076        |
| <b>Deferred taxation</b>                                    |                |                |
| Arising from origination and reversal of timing differences | (6,252)        | (3,850)        |
| Arising from changes in tax rates and laws                  | (1,975)        | 5,305          |
| Adjustments in respect of prior periods                     | 5,570          | 10,173         |
| Total deferred taxation                                     | (2,657)        | 11,628         |
| Tax expense in the statement of comprehensive income        | <u>229,282</u> | <u>244,704</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 (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

|   | 2022<br>£      | 2021<br>£      |
|---|----------------|----------------|
| Profit before tax   | <u>776,804</u> | <u>751,429</u> |
| Corporation tax at standard rate                              | 147,593        | 142,771        |
| Adjustments in respect of prior periods                       | 5,570          | 10,173         |
| Effect of super-deductions exempt from taxation               | (7,493)        | (4,638)        |
| Deferred tax expense relating to changes in tax rates or laws | (1,975)        | 5,305          |
| Tax increase from transfer pricing adjustments                | 85,587         | 91,093         |
| Total tax charge  | <u>229,282</u> | <u>244,704</u> |

#### Factors that may affect future tax changes

Deferred tax has been calculated at 25%, reflecting the enacted rate applicable at the balance sheet date.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. At the balance sheet date, the proposal to increase the rate to 25% had been substantively enacted, which occurred on 24 May 2021, therefore, its effects are included in these financial statements.

## Underley Schools Limited

### Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

#### 5 Tax on profit (continued)

##### Deferred tax

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

|   | Liability<br>£ |
|---|----------------|
| At 1 September 2020                     | 22,106         |
| Movement in the year                    | (8,227)        |
| Adjustments in respect of prior periods | 5,570          |
| At 31 August 2022                       | <u>19,449</u>  |

The analysis of deferred tax assets and liabilities are as follows:

|                                | (Asset)/Liability<br>£ |
|--------------------------------|------------------------|
| <b>2022</b>                    |                        |
| Short term timing differences  | (12,688)               |
| Accelerated capital allowances | 32,137                 |
|                                | <u>19,449</u>          |

|                                | (Asset)/Liability<br>£ |
|--------------------------------|------------------------|
| <b>2021</b>                    |                        |
| Short term timing differences  | (16,884)               |
| Accelerated capital allowances | 38,990                 |
|                                | <u>22,106</u>          |

# Underley Schools Limited

## Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

### 6 Tangible assets

|                                 | Freehold land<br>and buildings<br>£ | Plant and<br>machinery<br>£ | Fixtures,<br>fittings and<br>equipment<br>£ | Motor vehicles<br>£ | Total<br>£ |
|---------------------------------|-------------------------------------|-----------------------------|---|---------------------|------------|
| <b>Cost</b>                     |                                     |                             |   |                     |            |
| At 1 September 2021             | -                                   | 74,315                      | 1,357,312                                   | 422,242             | 1,853,869  |
| Additions                       | 162,612                             | -                           | 334,158                                     | (18,877)            | 477,893    |
| At 31 August 2022               | 162,612                             | 74,315                      | 1,691,470                                   | 403,365             | 2,331,762  |
| <b>Accumulated depreciation</b> |                                     |                             |   |                     |            |
| At 1 September 2021             | -                                   | 74,315                      | 596,697                                     | 308,714             | 979,726    |
| Charge for the year             | 967                                 | -                           | 227,378                                     | 48,792              | 277,137    |
| At 31 August 2022               | 967                                 | 74,315                      | 824,075                                     | 357,506             | 1,256,863  |
| <b>Carrying amount</b>          |                                     |                             |   |                     |            |
| At 31 August 2022               | 161,645                             | -                           | 867,395                                     | 45,859              | 1,074,899  |
| At 31 August 2021               | -                                   | -                           | 760,615                                     | 113,528             | 874,143    |

### 7 Stocks

|            | 2022<br>£ | 2021<br>£ |
|------------|-----------|-----------|
| Fuel stock | -         | 5,386     |

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

### 8 Debtors

|                                       | 2022<br>£ | 2021<br>£ |
|---------------------------------------|-----------|-----------|
| Trade debtors                         | 1,695,316 | 1,030,680 |
| Amounts owed by group undertakings    | 7,377,279 | 6,603,061 |
| Other debtors                         | 4,982     | (84)      |
| Prepayments and accrued income        | 489,841   | 55,431    |
| Total current trade and other debtors | 9,567,418 | 7,689,088 |

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

Trade debtors are stated after provisions for impairment of £8,186 (2021: £Nil).

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

# Underley Schools Limited

## Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

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

|  | 2022<br>£        | 2021<br>£        |
|--|------------------|------------------|
| Trade creditors                                | 244,103          | 173,969          |
| Amounts owed to group undertakings             | 1,293,347        | 1,129,516        |
| Taxation and social security                   | 152,851          | 139,676          |
| Outstanding defined contribution pension costs | 50,750           | 40,321           |
| Other creditors                                | 31,738           | 14,457           |
| Accruals and deferred income                   | <u>1,992,644</u> | <u>745,517</u>   |
|  | <u>3,765,433</u> | <u>2,243,456</u> |

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

### 10 Provisions for liabilities

|                     | Deferred tax<br>£ | Total<br>£     |
|---------------------|-------------------|----------------|
| At 1 September 2021 | 22,106            | 22,106         |
| Provisions used     | <u>(2,657)</u>    | <u>(2,657)</u> |
| At 31 August 2022   | <u>19,449</u>     | <u>19,449</u>  |

### 11 Called up share capital

#### Allotted, called up and fully paid shares

|                                       | 2022     |          | 2021     |          |
|---------------------------------------|----------|----------|----------|----------|
|                                       | No.      | £        | No.      | £        |
| Ordinary shares of £1 (2021: £1) each | <u>2</u> | <u>2</u> | <u>2</u> | <u>2</u> |

### 12 Commitments

#### Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the schemes and amounted to £221,069 (2021: £214,727). Commitments provided for in the financial statements amounted to £50,750 (2021: £40,321).



## **Underley Schools Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)**

#### **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 (formerly known as Outcomes First Group 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 (formerly known as Outcomes First Group Limited) at 31 August 2022 was £581.7m (2021: £581.8m).

#### **14 Controlling party**

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 83.51% (2021: 83.51%) 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 group to consolidate these financial statements is SSCP Spring Midco 2 Limited and the largest group to consolidate these financial statements is SSCP Spring Topco Limited. These consolidated financial statements are publicly available upon request from Atria, Spa Road, Bolton, BL1 4AG.