

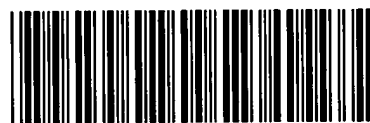
Registered number: 04662922

PAULEY GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

TUESDAY



L84HKC60

LD2

30/04/2019

#103

COMPANIES HOUSE

PAULEY GROUP LIMITED

CONTENTS

	Page
Company Information	1
Group Strategic Report	2 - 3
Directors' Report	4 - 5
Independent Auditors' Report	6 - 8
Consolidated Profit and Loss Account	9
Consolidated Balance Sheet	10 - 11
Company Balance Sheet	12
Consolidated Statement of Changes in Equity	13 - 14
Company Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16 - 17
Notes to the Financial Statements	18 - 39

PAULEY GROUP LIMITED

COMPANY INFORMATION

Directors	H A Pauley P M Pauley N J G Pauley A Pauley
Registered number	04662922
Registered office	School House Tattenhoe Lane Milton Keynes MK3 7EG
Independent auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Equipoise House Grove Place Bedford MK40 3LE

PAULEY GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2018

Introduction

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

Pauley Group Limited is a holding company for a diverse range of businesses. The group operates in the following industry sectors: construction, private education, interactive digital and 3D visualisation solutions.

Business review

The directors are satisfied with the results for the year which show a profit of £423,435 (2017: £671,399). Turnover from continuing operations decreased by £4,478 to £12,340,780 (2017: £12,345,258).

Net assets have increased by £280,435 to £5,756,873 (2017: £5,476,438) as the group continues to make investment in its facilities.

Following the purchase of Broughton Manor House in the prior year, the nursery facilities at the Broughton Manor Preparatory School site have been expanded and enhanced.

During the year, Milton Keynes Preparatory School invested in its existing active and enriching farm programme by building a new environmental studies research room and a craft and crop preparation area.

The external commercial environment is expected to remain competitive in the forthcoming year, however the directors remain confident that they will maintain the current level of performance in the future.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy is subject to a number of risks. Risks are reviewed by the Board of Directors and appropriate processes put in place to monitor and mitigate them. The key business risks for the group are described in more detail below:

Financial capital and credit risk

The group uses various financial instruments. These include loans, cash and various items such as trade receivables and trade payables that arise as a result of the principal activities of the group. The group reviews the recoverability of trade receivables on a regular basis to mitigate credit risk.

Liquidity risk

The group is financed by appropriate long-term and short-term finance to match the needs of the business.

Financial key performance indicators

One of the subsidiaries monitors performance based on pupil numbers and turnover. The key performance indicators for the other main subsidiaries is gross margin on contracts/performance.

Other key performance indicators

One of the subsidiaries monitors performance based on pupil numbers.

PAULEY GROUP LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018**

This report was approved by the board on 29 April 2019 and signed on its behalf.

A handwritten signature in black ink, consisting of several loops and a final horizontal stroke.

P M Pauley
Director

PAULEY GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2018

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

Directors

The directors who served during the year were:

H A Pauley
P M Pauley
N J G Pauley
A Pauley

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £422,842 (2017 - £660,093).

Dividends of £138,000 (2017 - £150,600) were paid during the year.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Future developments

In the opinion of the directors there are no future developments that require disclosure.

Employee involvement

During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

PAULEY GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018**

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions, and to provide training, career development and promotion to disabled employees wherever appropriate.

Post balance sheet events

In the opinion of the Directors there are no post balance sheet events that require disclosure.

Disclosure of information to auditors

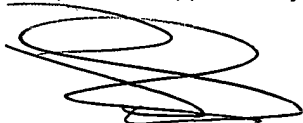
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 April 2019 and signed on its behalf.



P M Pauley
Director

PAULEY GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PAULEY GROUP LIMITED

Qualified opinion

We have audited the financial statements of Pauley Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 July 2018, which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matters explained in the basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 July 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

As explained in the accounting policies, the company has not provided for any depreciation on leasehold improvements as required by the Companies Act 2006 and the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Although we are unable to quantify the financial effect of this non-compliance with company law and accounting standards, the provision of depreciation would reduce both the net assets of the company and the profit for the current and prior financial year.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent 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.

PAULEY GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PAULEY GROUP LIMITED (CONTINUED)

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

PAULEY GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PAULEY GROUP LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.



Simon Knibbs MA FCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Equipoise House
Grove Place
Bedford
MK40 3LE

30 April 2019

PAULEY GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2018

		Continuing operations	Discontinued operations	Total	Continuing operations As restated 2017	Discontinued operations As restated 2017	Total As restated 2017
	Note	2018 £	2018 £	2018 £	2017 £	2017 £	2017 £
Turnover	4	12,340,780	-	12,340,780	12,345,258	190,091	12,535,349
Cost of sales		(8,686,703)	-	(8,686,703)	(8,327,672)	(210,404)	(8,538,076)
Gross profit		3,654,077	-	3,654,077	4,017,586	(20,313)	3,997,273
Administrative expenses		(2,855,141)	-	(2,855,141)	(2,926,920)	(38,991)	(2,965,911)
Operating profit		798,936	-	798,936	1,090,666	(59,304)	1,031,362
Loss on disposal of subsidiary		-	-	-	-	(84,929)	(84,929)
Interest receivable and similar income	8	458	-	458	679	-	679
Interest payable and similar expenses	9	(242,004)	-	(242,004)	(212,146)	(1,172)	(213,318)
Profit before tax		557,390	-	557,390	879,199	(145,405)	733,794
Tax on profit	10	(133,955)	-	(133,955)	(64,364)	1,969	(62,395)
Profit for the financial year		423,435	-	423,435	814,835	(143,436)	671,399
Profit for the year attributable to:							
Non-controlling interests		593	-	593	11,306	-	11,306
Owners of the parent		422,842	-	422,842	660,093	-	660,093
		423,435	-	423,435	671,399	-	671,399

The notes on pages 18 to 39 form part of these financial statements.

PAULEY GROUP LIMITED
REGISTERED NUMBER: 04662922

CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2018

	Note	2018 £	As restated 2017 £
Fixed assets			
Tangible assets	13	13,966,383	13,022,081
		<u>13,966,383</u>	<u>13,022,081</u>
Current assets			
Stocks	15	4,127	4,867
Debtors: amounts falling due within one year	16	978,667	1,195,716
Cash at bank and in hand	17	187,746	565,613
		<u>1,170,540</u>	<u>1,766,196</u>
Creditors: amounts falling due within one year	18	(3,783,938)	(3,476,991)
Net current liabilities		<u>(2,613,398)</u>	<u>(1,710,795)</u>
Total assets less current liabilities		<u>11,352,985</u>	<u>11,311,286</u>
Creditors: amounts falling due after more than one year	19	(5,434,352)	(5,734,323)
Provisions for liabilities			
Deferred taxation	23	(161,760)	(100,525)
		<u>(161,760)</u>	<u>(100,525)</u>
Net assets		<u>5,756,873</u>	<u>5,476,438</u>
Capital and reserves			
Called up share capital	24	232,070	232,070
Capital redemption reserve	25	7,177	7,177
Other reserves	25	135,000	135,000
Profit and loss account	25	5,357,046	5,072,204
Equity attributable to owners of the parent Company		<u>5,731,293</u>	<u>5,446,451</u>
Non-controlling interests		25,580	29,987
		<u>5,756,873</u>	<u>5,476,438</u>

PAULEY GROUP LIMITED
REGISTERED NUMBER: 04662922

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2018

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 April 2019.

H A Pauley
Director

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned to the right of the name H A Pauley.

The notes on pages 18 to 39 form part of these financial statements.

PAULEY GROUP LIMITED
REGISTERED NUMBER: 04662922

COMPANY BALANCE SHEET
AS AT 31 JULY 2018

	Note	2018 £	As restated 2017 £
Fixed assets			
Investments	14	239,628	239,628
		<u>239,628</u>	<u>239,628</u>
Current assets			
Debtors: amounts falling due within one year	16	3,260,059	3,250,854
Cash at bank and in hand	17	110,524	47,746
		<u>3,370,583</u>	<u>3,298,600</u>
Creditors: amounts falling due within one year	18	(69,945)	(103,205)
Net current assets		<u>3,300,638</u>	<u>3,195,395</u>
Total assets less current liabilities		<u>3,540,266</u>	<u>3,435,023</u>
Net assets		<u>3,540,266</u>	<u>3,435,023</u>
Capital and reserves			
Called up share capital	24	232,070	232,070
Capital redemption reserve	25	7,177	7,177
Profit and loss account brought forward		3,195,776	3,164,628
Profit for the year		243,243	231,748
Other changes in the profit and loss account		<u>(138,000)</u>	<u>(200,600)</u>
Profit and loss account carried forward		<u>3,301,019</u>	<u>3,195,776</u>
		<u>3,540,266</u>	<u>3,435,023</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 April 2019.

H A Pauley
Director



The notes on pages 18 to 39 form part of these financial statements.

PAULEY GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2018**

	Called up share capital	Capital redemption reserve	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 August 2017	232,070	7,177	135,000	5,072,204	5,446,451	29,987	5,476,438
Comprehensive income for the year							
Profit for the year	-	-	-	422,842	422,842	593	423,435
Dividends paid to non-controlling interests	-	-	-	-	-	(5,000)	(5,000)
Total comprehensive income for the year	-	-	-	422,842	422,842	(4,407)	418,435
Dividends: Equity capital	-	-	-	(138,000)	(138,000)	-	(138,000)
Total transactions with owners	-	-	-	(138,000)	(138,000)	-	(138,000)
At 31 July 2018	232,070	7,177	135,000	5,357,046	5,731,293	25,580	5,756,873

The notes on pages 18 to 39 form part of these financial statements.

PAULEY GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2017

	Called up share capital	Capital redemption reserve	Other reserves	Profit and loss account As restated	Equity attributable to owners of parent Company As restated	Non- controlling interests	Total equity As restated
	£	£	£	£	£	£	£
At 1 August 2016	233,865	5,382	135,000	4,612,711	4,986,958	23,681	5,010,639
Comprehensive income for the year							
Profit for the year	-	-	-	660,093	660,093	11,306	671,399
Dividends paid to non-controlling interests	-	-	-	-	-	(5,000)	(5,000)
Total comprehensive income for the year	-	-	-	660,093	660,093	6,306	666,399
Dividends: Equity capital	-	-	-	(150,600)	(150,600)	-	(150,600)
Purchase of own shares	-	1,795	-	(50,000)	(48,205)	-	(48,205)
Shares cancelled during the year	(1,795)	-	-	-	(1,795)	-	(1,795)
Total transactions with owners	(1,795)	1,795	-	(200,600)	(200,600)	-	(200,600)
At 31 July 2017	232,070	7,177	135,000	5,072,204	5,446,451	29,987	5,476,438

The notes on pages 18 to 39 form part of these financial statements.

PAULEY GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2018**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 August 2017	232,070	7,177	3,195,776	3,435,023
Profit for the year	-	-	243,243	243,243
Dividends: Equity capital	-	-	(138,000)	(138,000)
At 31 July 2018	232,070	7,177	3,301,019	3,540,266

The notes on pages 18 to 39 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2017**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 August 2016	233,865	5,382	3,164,628	3,403,875
Profit for the year	-	-	231,748	231,748
Dividends: Equity capital	-	-	(150,600)	(150,600)
Purchase of own shares	-	1,795	(50,000)	(48,205)
Shares cancelled during the year	(1,795)	-	-	(1,795)
At 31 July 2017	232,070	7,177	3,195,776	3,435,023

The notes on pages 18 to 39 form part of these financial statements.

PAULEY GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2018**

	2018 £	As restated 2017 £
Cash flows from operating activities		
Profit for the financial year	423,435	671,399
Adjustments for:		
Amortisation of intangible assets	-	25,607
Depreciation of tangible assets	152,468	184,301
Loss on disposal of tangible assets	-	(7,205)
Interest paid	242,004	213,318
Interest received	(458)	(679)
Taxation charge	133,955	62,395
Decrease in stocks	740	111
Decrease/(increase) in debtors	185,005	(8,006)
Increase/(decrease) in creditors	310,017	(24,349)
Corporation tax paid	(190,432)	(230,730)
Loss on disposal of subsidiary undertakings	-	84,929
Net cash generated from operating activities	<u>1,256,734</u>	<u>971,091</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,096,770)	(3,071,107)
Sale of tangible fixed assets	-	9,250
Net cash outflow on sale of subsidiary	-	(51,314)
Interest received	458	679
HP interest paid	(20,820)	(37,633)
Net cash from investing activities	<u>(1,117,132)</u>	<u>(3,150,125)</u>
Cash flows from financing activities		
Purchase of own shares	-	(50,000)
Repayment of loans	(365,453)	975,969
Repayment of HP agreements	(17,365)	(42,630)
Dividends paid	(143,000)	(155,600)
Interest paid	(221,184)	(175,685)
Net cash used in financing activities	<u>(747,002)</u>	<u>552,054</u>

PAULEY GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018

	2018 £	As restated 2017 £
Cash and cash equivalents at beginning of year	(1,104,292)	522,688
Cash and cash equivalents at the end of year	(1,711,692)	(1,104,292)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	187,746	565,613
Bank overdrafts	(1,899,438)	(1,669,905)
	(1,711,692)	(1,104,292)

The notes on pages 18 to 39 form part of these financial statements.

PAULEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

1. General information

Pauley Group Limited is a private company limited by shares incorporated in England. The Company's registered office and principal place of business is Tattenhoe Lane, Bletchley, Milton Keynes, MK3 7EG.

The principal activity of the company during the year was that of a holding company.

The financial statements are presented in Sterling, which is also the functional currency of the Company. The level of rounding used in these statements is £1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 August 2014.

2.3 Going concern

The Group had net assets of £5,759,772 at 31 July 2018 and is dependent on the continued support of its bankers. The company's bankers have indicated to the directors that they are not aware of any reason why the current facilities should not continue to be made available for a period of at least 12 months from the date on which these financial statements are signed by the directors. The directors have considered the trading and cash flow forecasts for the next 12 months and are confident that the Group can continue trading within the facilities granted by their bankers and continue in operational existence for the foreseeable future. Consequently the directors are of the opinion that it is appropriate that the accounts are prepared on a going concern basis.

PAULEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Tangible fixed assets

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

Two of the Group's subsidiaries do not provide depreciation on freehold buildings and leasehold improvements as the Group's policy is to maintain its property to a high standard. This is not compliant with "The Small Companies and Group (Accounts and Directors Report) Regulations 2008" schedule 1 paragraph 18 or Financial Reporting Standard 102. The directors believe this still gives true and fair view of the financial statements as at 31 July 2018.

Another subsidiary of the Group does provide depreciation on leasehold improvements.

PAULEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Plant and machinery	- 3 to 10 years
Fixtures and fittings	- 1 to 6 years
Office equipment	- 3 to 5 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated profit and loss account.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

PAULEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

2. Accounting policies (continued)

2.10 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Finance costs

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

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.14 Operating leases

Rentals paid under operating leases are charged to the consolidated profit and loss account on a straight line basis over the lease term.

2.15 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the consolidated profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

PAULEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the consolidated profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Retirement benefits are provided by the Teachers' Pension Scheme ('TPS'), in respect of the company's teaching staff. This defined benefit scheme, is contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the company. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi employer scheme and the company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The company also pays pension contributions to personal pension plans of certain management staff. The annual contributions payable are charged to the profit and loss account. The assets of these schemes are held separately to those of the company.

Subject to meeting certain eligibility criteria, employees of the schools within the Group are auto enrolled into a workplace pension scheme administered by Standard Life. The annual contributions payable are charged to the profit and loss account. The assets of this scheme are held separately to those of the company.

2.17 Interest income

Interest income is recognised in the consolidated profit and loss account using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the consolidated profit and loss account in the year in which they are incurred.

PAULEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Profit and Loss Account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.20 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

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

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

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

On application of the Group's accounting policies, management have been required to make judgements, estimates and assumptions. These estimates which relate to the carrying value of assets and liabilities, where not readily available from other sources, are based on underlying assumptions and experience. Actual results may differ from these estimates. These estimates and assumptions are reviewed on an on-going basis.

The key estimates are depreciation and provisions for doubtful debts. There are no key judgments.

PAULEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	As restated 2017 £
Operation of preparatory schools	10,696,552	10,534,234
Building contracts	1,400,774	1,591,239
3D visualisation and digital content	243,454	246,108
Graphic design,digital media and brand management	-	163,768
	<u>12,340,780</u>	<u>12,535,349</u>

All turnover arose within the United Kingdom.

5. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	<u>20,000</u>	<u>19,750</u>

Fees payable to the Group's auditor in respect of:

Taxation compliance services	7,750	7,500
All other services	12,250	12,000
	<u>20,000</u>	<u>19,500</u>

Fees payable to the Group's auditor for the audit of the Company annual financial statements were £1,100 (2017 - £1,100).

PAULEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	6,514,965	6,214,357	-	-
Social security costs	511,777	444,136	-	-
Cost of defined contribution scheme	481,561	408,521	-	-
	<u>7,508,303</u>	<u>7,067,014</u>	<u>-</u>	<u>-</u>

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

	2018 No.	2017 No.
Staff	<u>246</u>	<u>253</u>

The Company has no employees other than the directors, who did not receive any remuneration (2017 - £NIL)

7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	662,243	652,741
Company contributions to defined contribution pension schemes	41,750	41,750
	<u>703,993</u>	<u>694,491</u>

During the year retirement benefits were accruing to 3 directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £212,971 (2017 - £209,316).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2017 - £NIL).

In the opinion of the Directors the key management personnel are the Directors.

PAULEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

8. Interest receivable

	2018 £	2017 £
Other interest receivable	458	679

9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	220,581	172,676
Finance leases and hire purchase contracts	20,820	37,633
Other interest payable	603	3,009
	<u>242,004</u>	<u>213,318</u>

10. Taxation

	2018 £	As restated 2017 £
Corporation tax		
Current tax on profits for the year	102,905	133,727
Adjustments in respect of previous periods	(30,185)	(20,131)
Total current tax	<u>72,720</u>	<u>113,596</u>
Deferred tax		
Origination and reversal of timing differences	61,235	(51,201)
Total deferred tax	<u>61,235</u>	<u>(51,201)</u>
Taxation on profit on ordinary activities	<u>133,955</u>	<u>62,395</u>

PAULEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.7%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	557,390	733,794
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.7%)	105,904	144,557
Effects of:		
Expenses not deductible for tax purposes	8,459	9,176
Capital allowances for year in excess of depreciation	(15,004)	(25,643)
Utilisation of tax losses	957	-
Adjustment in relation to unrealised profit outside the Group	2,686	22,366
Adjustments to tax charge in respect of prior periods	(30,185)	(20,131)
Other timing differences leading to an increase in taxation	-	5,944
Adjustment in research and development tax credit leading to a decrease in the tax charge	-	(21,138)
Book profit on chargeable assets	-	(1,418)
Changes in provisions leading to an increase in the tax charge	-	248
Non trade loss	-	(365)
Deferred tax	61,235	(51,201)
Other differences leading to a decrease in the tax charge	(97)	-
Total tax charge for the year	133,955	62,395

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

PAULEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

11. Dividends

	2018	2017
	£	£
Dividends paid on "A" ordinary shares	48,000	60,600
Dividends paid on "B" ordinary shares	90,000	90,000
	138,000	150,600

12. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit after tax of the parent Company for the year was £243,243 (2017 - £231,748).

PAULEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

13. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 August 2017 (as previously stated)	12,001,229	737,573	18,764	423,911	1,167,796	14,349,273
Prior Year Adjustment	52,562	-	-	-	-	52,562
At 1 August 2017 (as restated)	12,053,791	737,573	18,764	423,911	1,167,796	14,401,835
Additions	899,398	53,276	374	3,982	139,740	1,096,770
Disposals	-	-	-	-	(24,319)	(24,319)
At 31 July 2018	12,953,189	790,849	19,138	427,893	1,283,217	15,474,286
Depreciation						
At 1 August 2017	-	52,298	16,816	403,498	907,142	1,379,754
Charge for the year on owned assets	-	-	-	10,432	50,966	61,398
Charge for the year on financed assets	-	-	1,288	-	89,782	91,070
Disposals	-	-	-	-	(24,319)	(24,319)
At 31 July 2018	-	52,298	18,104	413,930	1,023,571	1,507,903
Net book value						
At 31 July 2018	12,953,189	738,551	1,034	13,963	259,646	13,966,383
At 31 July 2017 (as restated)	12,053,791	685,275	1,948	20,413	260,654	13,022,081

PAULEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 August 2017	358,629
At 31 July 2018	358,629
Impairment	
At 1 August 2017	119,001
At 31 July 2018	119,001
Net book value	
At 31 July 2018	239,628
At 31 July 2017	239,628

PAULEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Pauley Properties Limited	School House, Tattenhoe Lane, Bletchley, Milton Keynes, MK3 7EG.	Ordinary	100%
Milton Keynes Preparatory School	School House, Tattenhoe Lane, Bletchley, Milton Keynes, MK3 7EG.	Ordinary	96%
Pauley Limited	The Annexe, Broughton Manor, Broughton, Milton Keynes, MK10 9AA.	Ordinary	100%
A J Pauley Developments Limited	The Annexe, Broughton Manor, Broughton, Milton Keynes, MK10 9AA.	Ordinary	100%
Pauley Plant Limited	The Annexe, Broughton Manor, Broughton, Milton Keynes, MK10 9AA.	Ordinary	100%
The School Shop Limited	School House, Tattenhoe Lane, Bletchley, Milton Keynes, MK3 7EG.	Ordinary	100%
Pauley Interactive Limited	The Farm, Whaddon Road, Milton Keynes, MK17 0EG.	Ordinary	100%
Urban Tree Planter Limited	The Farm, Whaddon Road, Milton Keynes, MK17 0EG.	Ordinary	75%
Culture Odyssey Limited	The Farm, Whaddon Road, Milton Keynes, MK17 0EG.	Ordinary	100%

The Group disposed of its interest in Pauley Design Limited on 31 December 2016, details of which can be found in note 26.

PAULEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

Subsidiary undertakings (continued)

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 July 2018 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
	£	£
Pauley Properties Limited	2,704,222	435,077
Milton Keynes Preparatory School	831,143	(15,129)
Pauley Limited	(159,133)	(485)
A J Pauley Developments Limited	5,335	-
Pauley Plant Limited	1,300	-
The School Shop Limited	900	-
Pauley Interactive Limited	(42,487)	(135,506)
Urban Tree Planter Limited	(30,888)	-
Culture Odyssey Limited	(631)	-

15. Stocks

	Group 2018 £	Group 2017 £
Finished goods and goods for resale	4,127	4,867

PAULEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

16. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	459,261	562,027	-	-
Amounts owed by group undertakings	-	-	3,090,802	3,070,748
Other debtors	400,986	567,420	169,257	180,106
Called up share capital not paid	996	996	-	-
Prepayments and accrued income	85,617	57,690	-	-
Amounts recoverable on long term contracts	31,807	7,583	-	-
	<u>978,667</u>	<u>1,195,716</u>	<u>3,260,059</u>	<u>3,250,854</u>

17. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	187,746	565,613	110,524	47,746
Less: bank overdrafts	(1,899,438)	(1,669,905)	-	-
	<u>(1,711,692)</u>	<u>(1,104,292)</u>	<u>110,524</u>	<u>47,746</u>

18. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank overdrafts	1,899,438	1,669,905	-	-
Bank loans	389,101	461,092	-	-
Trade creditors	289,769	251,747	-	-
Corporation tax	189,551	356,427	68,546	101,767
Other taxation and social security	163,807	215,704	-	-
Obligations under hire purchase contracts	70,359	81,215	-	-
Other creditors	334,187	131,744	79	78
Accruals and deferred income	447,726	309,157	1,320	1,360
	<u>3,783,938</u>	<u>3,476,991</u>	<u>69,945</u>	<u>103,205</u>

The bank loans are secured by way of a fixed and floating charge over all the group's assets and by way of a cross guarantee between Pauley Group Limited and its subsidiaries.

Hire purchase contracts are secured on the assets to which they relate.

PAULEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

19. Creditors: Amounts falling due after more than one year

	Group 2018 £	Group 2017 £
Bank loans	5,356,353	5,649,815
Net obligations under hire purchase contracts	77,999	84,508
	<u>5,434,352</u>	<u>5,734,323</u>

The bank loans are secured by way of a fixed and floating charge over all the group's assets and by way of a cross guarantee between Pauley Group Limited and its subsidiaries.

Hire purchase contracts are secured on the assets to which they relate.

20. Loans

Analysis of the maturity of loans is given below:

	Group 2018 £	Group 2017 £
Amounts falling due within one year		
Bank loans	389,101	461,092
Amounts falling due 1-5 years		
Bank loans	5,356,353	5,649,815
	<u>5,745,454</u>	<u>6,110,907</u>

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £	Group 2017 £
Within one year	70,359	81,215
Between 1-5 years	77,999	84,508
	<u>148,358</u>	<u>165,723</u>

PAULEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

22. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>903,220</u>	<u>1,129,447</u>	<u>3,260,059</u>	<u>3,250,854</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(8,736,629)</u>	<u>(8,639,182)</u>	<u>(1,399)</u>	<u>(1,438)</u>

23. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	100,525	148,793
Charged/(credited) to profit or loss	61,235	(51,201)
Disposal of subsidiary undertakings	-	2,933
At end of year	<u>161,760</u>	<u>100,525</u>
	Group 2018 £	Group 2017 £
Accelerated capital allowances	168,766	105,388
Provisions	(7,006)	(4,863)
	<u>161,760</u>	<u>100,525</u>

PAULEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

24. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
59,813 (2017 - 59,813) "A" Ordinary shares of £1 each	59,813	59,813
172,257 (2017 - 172,257) Ordinary shares of £1 each	172,257	172,257
	<u>232,070</u>	<u>232,070</u>

The shares have the following rights:

Ordinary A Shares

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights and rights to appoint and remove "A" directors. They do not confer any rights of redemption and there are restrictions on transfer.

Ordinary B Shares

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights and rights to appoint and remove "B" directors. They do not confer any rights of redemption and there are restrictions on transfer.

There are currently no "A" or "B" directors appointed.

25. Reserves

Capital redemption reserve

The capital redemption reserve represents the nominal value of the purchase of own shares.

Other reserves

The other reserves represents a merger relief reserve which is the difference between the nominal value of the shares issued in a share for share exchange and the fair value of the shares acquired.

Profit and loss account

The profit and loss account reserve includes all current and prior period retained profits and losses.

PAULEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

26. Discontinued operations

On 31 December 2016, the Group disposed of its interest in Pauley Design Limited. The details of the disposal are as follows:

	£
Cash proceeds	10,000
	<u>10,000</u>
Net assets disposed of:	
Tangible fixed assets	15,286
Debtors	106,227
Cash	61,314
Creditors	(87,898)
	<u>(94,929)</u>
Profit on disposal before tax	<u><u>(84,929)</u></u>

The net inflow of cash in respect of the sale of Pauley Design Limited is as follows:

	£
Cash consideration	10,000
Cash transferred on disposal	(61,314)
Net inflow of cash	<u><u>(51,314)</u></u>

27. Prior year adjustment

Group

During the year ended 31 July 2017, the Group recognised a consolidation adjustment for a transaction believed to have been made between fellow group companies, however the sales had been made to a company director.

The Financial Statements have now been amended to restate the Profit and Loss Account and Balance Sheet.

This has resulted in an increase in turnover of £525,617 and cost of sales £473,055, subsequently increasing profit for the year by £52,562. Tangible assets have also increased by £52,562 for the profit previously eliminated on consolidation.

28. Pension commitments

During the year the Group made pension contributions of £481,561 (2017 - £408,521). At the year end employer contributions outstanding were £59,061 (2017 - £32,178).

PAULEY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

29. Commitments under operating leases

At 31 July 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £
Not later than 1 year	231	1,547
Later than 1 year and not later than 5 years	-	231
	231	1,778

The expense recognised during the period in respect of operating lease rentals was £1,549 (2017 : £1,755)

30. Directors benefits: advances, credits and guarantees

Included within other debtors is a balance of £10,000 (2017 - £10,000) owed by N J G Pauley, a director. During the year N J G Pauley was advanced amounts of £nil (2017 - £10,000). The maximum amount owed by N J G Pauley during the year was £10,000 (2017 - £10,000). No interest is being charged on this balance and it is repayable on demand.

Included within debtors is a balance of £185,652 (2017 - £21,584) owed by A Pauley, a director. During the year A Pauley was advanced amounts of £160,448 (2017 - £7,995) The maximum outstanding balance during the year was £185,652 (2017 - £272,922). No interest is being charged on this balance and it is repayable on demand.

PAULEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

31. Related party transactions

At the year end an amount of £120,905 (2017 - £120,905) was due from the Pauley Family Discretionary Trust, a trust that is under the control of the Pauley family, and has been included in other debtors.

During the year a subsidiary of the Group made sales to N Pauley, a director of the Pauley Group, totalling £nil (2017 - £2,031). At the year end N Pauley owed the company £2,437 (2017 - £2,437) which has been provided for as doubtful.

During the year dividends were paid to the Directors totalling £90,000 (2017 - £90,000).

During the year the Group purchased land from H A Pauley, a director, and H Diamond, the husband of a director, for an amount totalling £850,000. This was deemed to be open market value.

The Group purchased a property from H A Pauley, a director, in the prior year for an amount totalling £2,350,000 plus associated costs. This was deemed to be open market value.

A composite bank agreement is in force as at 31 July 2018, under which the Group is liable for any bank liabilities incurred by group companies named within this agreement. The total liability outstanding as at 31 July 2018 was £7,295,153 (2017 - £7,110,772).

Included within other creditors is £9,421 (2017 - £19,255) owed to P M Pauley, a director. The maximum outstanding during the year was £19,255 (2017 - £19,255). No interest is being charged on this loan and it is repayable on demand.

Included within other creditors due within one year is a loan from H A Pauley, a director, amounting to £215,255 (2017 - £217,737 due to). The maximum amount outstanding during the year was £217,737 (2017 - £217,737). No interest is being charged on this balance and it is repayable on demand.

H A Pauley, a director, has provided a personal guarantee of £5,500,000 (2017 - 3,800,000) in respect of the Group bank loan facility, supported by a legal charge over part of the Group's land and buildings, including Broughton Manor Preparatory School.

Pauley Design Limited (a company with a common director) left the Group on the 31 December 2016. Any transactions with the Company after this date are no longer covered by the group exemption under FRS 102. Purchases from this company amounted to £28,571 (2017 - £16,613). The balance due as at 31 July 2018 was £1,776 (2017 - £1,189).

32. Controlling party

In the opinion of the directors there is no ultimate controlling party.