

Registered number: 04662922

# REGISTRAR

**PAULEY GROUP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2020**



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**PAULEY GROUP LIMITED**

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**PAULEY GROUP LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	H A Pauley P M Pauley N J G Pauley A Pauley
<b>Company secretary</b>	P M Pauley
<b>Registered number</b>	04662922
<b>Registered office</b>	School House Tattenhoe Lane Milton Keynes MK3 7EG
<b>Independent auditors</b>	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Moorgate House 201 Silbury Boulevard Milton Keynes Buckinghamshire MK9 1LZ

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## PAULEY GROUP LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020

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#### Introduction

The Directors present their report and the financial statements for the year ended 31 July 2020.

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 £571,417 (2019 - £682,305).

On 23 March 2020 all UK nurseries and schools were closed as a result of the emerging COVID-19 pandemic. The group of schools continued to deliver a robust package of remote learning to pupils and the three schools were open to provide care to a number of children whose parents were critical to the UK's COVID-19 response.

On 1 June 2020 all nursery and EYFS children were able to return in addition to certain primary school aged children. After meeting the criteria set by the Government, the Company was able to re-open its schools to all children during June 2020.

The external commercial environment is expected to remain competitive in the forthcoming year, however the Directors are confident that they will maintain the 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.

#### Response to COVID-19

As the Company is a holding company it is not directly affected by the Covid-19 pandemic. The main impact is that on the Company's subsidiaries. The Directors consider that the main impact of the pandemic is to be that on Milton Keynes Preparatory School Limited.

Between 5 January and 5 March 2021 English primary schools were again closed as part of the Government's continuing response to the COVID-19 pandemic. Schools continued to provide remote learning provision for children and were also open to the children of critical workers. Nurseries and EYFS settings continued to operate normally during this period.

The Directors consider that this is a non-adjusting event to the financial statements for the year. The Directors have concluded that there is no material uncertainty arising from the COVID-19 pandemic and that they can continue to adopt the going concern basis in preparing the report and accounts. Further detail is provided in the Accounting Policies note 2.

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**PAULEY GROUP LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2020**

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The Directors consider that the key risk arising from the COVID-19 pandemic is the retention of pupils whose families may be impacted financially by the ongoing economic consequences of the pandemic.

**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.

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



H A Pauley  
Director

Date: 29 APRIL 2021

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## PAULEY GROUP LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2020

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The Directors present their report and the financial statements for the year ended 31 July 2020.

#### **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.

#### **Results and dividends**

The profit for the year, after taxation and minority interests, amounted to £571,507 (2019 - £681,092).

Dividends of £76,250 were waived during the year and treated as negative dividends (2019 - £145,500 paid)

#### **Directors**

The Directors who served during the year were:

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

#### **Future developments**

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

#### **Engagement with employees**

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.

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**PAULEY GROUP LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2020**

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**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.

**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.

**Post balance sheet events**

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

**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 2021 and signed on its behalf.



H A Pauley  
Director.

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**PAULEY GROUP LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAULEY GROUP LIMITED**

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**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 2020, 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 2020 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 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.

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**PAULEY GROUP LIMITED**

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

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**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.

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

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**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](http://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 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 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

Moorgate House

201 Silbury Boulevard

Milton Keynes

Buckinghamshire

MK9 1LZ

Date: 30 APRIL 2021

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**PAULEY GROUP LIMITED**

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2020**

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	Note	2020 £	2019 £
Turnover	4	<b>10,477,524</b>	12,766,979
Cost of sales		<b>(8,421,088)</b>	(9,033,321)
<b>Gross profit</b>		<b>2,056,436</b>	3,733,658
Administrative expenses		<b>(2,148,713)</b>	(2,743,528)
Other operating income	5	<b>1,083,816</b>	10,000
<b>Operating profit</b>		<b>991,539</b>	1,000,130
Interest receivable and similar income	9	<b>199</b>	477
Interest payable and similar expenses	10	<b>(177,095)</b>	(249,302)
<b>Profit before tax</b>		<b>814,643</b>	751,305
Tax on profit	11	<b>(243,226)</b>	(69,000)
<b>Profit for the financial year</b>		<b>571,417</b>	682,305
<b>Profit for the year attributable to:</b>			
Non-controlling interests		<b>(90)</b>	1,213
Owners of the parent		<b>571,507</b>	681,092
		<b>571,417</b>	682,305

The notes on pages 19 to 41 form part of these financial statements.

CONSOLIDATED BALANCE SHEET  
AS AT 31 JULY 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	15	13,901,861	14,258,727
		<u>13,901,861</u>	<u>14,258,727</u>
<b>Current assets</b>			
Stocks	17	291,451	4,114
Debtors: amounts falling due within one year	18	599,261	721,540
Cash at bank and in hand	19	974,126	240,837
		<u>1,864,838</u>	<u>966,491</u>
Creditors: amounts falling due within one year	20	(3,981,573)	(3,712,751)
<b>Net current liabilities</b>		<u>(2,116,735)</u>	<u>(2,746,260)</u>
<b>Total assets less current liabilities</b>		<u>11,785,126</u>	<u>11,512,467</u>
Creditors: amounts falling due after more than one year	21	(4,703,627)	(5,054,118)
<b>Provisions for liabilities</b>			
Deferred taxation	24	(191,904)	(168,421)
		<u>(191,904)</u>	<u>(168,421)</u>
<b>Net assets</b>		<u><u>6,889,595</u></u>	<u><u>6,289,928</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	232,070	232,070
Capital redemption reserve	26	7,177	7,177
Other reserves	26	135,000	135,000
Profit and loss account	26	6,505,801	5,900,275
<b>Equity attributable to owners of the parent Company</b>		<u>6,880,048</u>	<u>6,274,522</u>
Non-controlling interests		<u>9,547</u>	<u>15,406</u>
		<u><u>6,889,595</u></u>	<u><u>6,289,928</u></u>

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**PAULEY GROUP LIMITED**  
**REGISTERED NUMBER: 04662922**

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**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 JULY 2020**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

H A Pauley  
Director



Date: 29 APRIL 2021

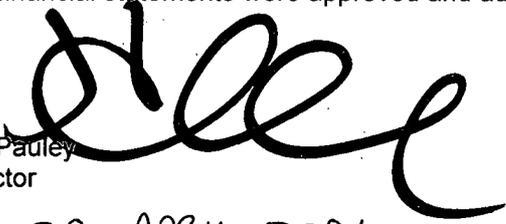
The notes on pages 19 to 41 form part of these financial statements.

**PAULEY GROUP LIMITED**  
**REGISTERED NUMBER: 04662922**

**COMPANY BALANCE SHEET**  
**AS AT 31 JULY 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	16	<u>239,628</u>	<u>239,628</u>
		<b>239,628</b>	<b>239,628</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	18	3,575,967	3,423,018
Cash at bank and in hand	19	<u>147,203</u>	<u>24,146</u>
		<b>3,723,170</b>	<b>3,447,164</b>
Creditors: amounts falling due within one year	20	<u>(266,108)</u>	<u>(66,582)</u>
<b>Net current assets</b>		<u><b>3,457,062</b></u>	<u><b>3,380,582</b></u>
<b>Total assets less current liabilities</b>		<u><b>3,696,690</b></u>	<u><b>3,620,210</b></u>
<b>Net assets</b>		<u><u><b>3,696,690</b></u></u>	<u><u><b>3,620,210</b></u></u>
<b>Capital and reserves</b>			
Called up share capital	25	232,070	232,070
Capital redemption reserve	26	7,177	7,177
Profit and loss account brought forward		3,380,963	3,301,019
Profit for the year		49,480	225,444
Other changes in the profit and loss account		<u>27,000</u>	<u>(145,500)</u>
Profit and loss account carried forward		<u><b>3,457,443</b></u>	<u><b>3,380,963</b></u>
		<u><u><b>3,696,690</b></u></u>	<u><u><b>3,620,210</b></u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
H A Pauley  
Director

Date: 29 APRIL 2021

The notes on pages 19 to 41 form part of these financial statements.

PAULEY GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2020

	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 2019	232,070	7,177	135,000	5,900,275	6,274,522	15,406	6,289,928
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	571,507	571,507	(90)	571,417
Dividends paid to non-controlling interests	-	-	-	-	-	1,250	1,250
<b>Total comprehensive income for the year</b>	-	-	-	571,507	571,507	1,160	572,667
Dividends: Equity capital	-	-	-	27,000	27,000	-	27,000
Change in Non-controlling interest	-	-	-	7,019	7,019	(7,019)	-
<b>At 31 July 2020</b>	<b>232,070</b>	<b>7,177</b>	<b>135,000</b>	<b>6,505,801</b>	<b>6,880,048</b>	<b>9,547</b>	<b>6,889,595</b>

The notes on pages 19 to 41 form part of these financial statements.

PAULEY GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2019

	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 2018	232,070	7,177	135,000	5,357,046	5,731,293	25,580	5,756,873
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	681,092	681,092	1,213	682,305
Dividends paid to non-controlling interests	-	-	-	-	-	(3,750)	(3,750)
<b>Total comprehensive income for the year</b>	-	-	-	681,092	681,092	(2,537)	678,555
Dividends: Equity capital	-	-	-	(145,500)	(145,500)	-	(145,500)
Change in Non-controlling interest	-	-	-	7,637	7,637	(7,637)	-
<b>Total transactions with owners</b>	-	-	-	(137,863)	(137,863)	(7,637)	(145,500)
<b>At 31 July 2019</b>	<b>232,070</b>	<b>7,177</b>	<b>135,000</b>	<b>5,900,275</b>	<b>6,274,522</b>	<b>15,406</b>	<b>6,289,928</b>

The notes on pages 19 to 41 form part of these financial statements.

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**PAULEY GROUP LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2020**

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	<b>Called up share capital</b>	<b>Capital redemption reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£
At 1 August 2019	232,070	7,177	3,380,963	3,620,210
Profit for the year	-	-	49,480	49,480
Dividends: Equity capital	-	-	27,000	27,000
<b>At 31 July 2020</b>	<b>232,070</b>	<b>7,177</b>	<b>3,457,443</b>	<b>3,696,690</b>

The notes on pages 19 to 41 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2019**

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	<b>Called up share capital</b>	<b>Capital redemption reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£
At 1 August 2018	232,070	7,177	3,301,019	3,540,266
Profit for the year	-	-	225,444	225,444
Dividends: Equity capital	-	-	(145,500)	(145,500)
<b>At 31 July 2019</b>	<b>232,070</b>	<b>7,177</b>	<b>3,380,963</b>	<b>3,620,210</b>

The notes on pages 19 to 41 form part of these financial statements.

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**PAULEY GROUP LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 JULY 2020**

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	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	571,417	682,305
<b>Adjustments for:</b>		
Depreciation of tangible assets	151,010	168,987
Loss on disposal of tangible assets	(38,023)	(39,039)
Interest paid	177,095	249,302
Interest received	(199)	(477)
Taxation charge	243,226	69,000
(Increase)/decrease in stocks	(287,337)	13
Reclassification of non-current assets held for sale	200,000	-
Decrease in debtors	91,761	257,129
Increase in creditors	293,373	56,715
Corporation tax (paid)	(9,662)	(101,207)
<b>Net cash generated from operating activities</b>	<b>1,392,661</b>	<b>1,342,728</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(21,388)	(485,223)
Sale of tangible fixed assets	65,267	62,931
Interest received	199	477
<b>Net cash from investing activities</b>	<b>44,078</b>	<b>(421,815)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(274,534)	(382,946)
Repayment of HP agreements	(93,272)	48,765
Dividends paid	27,000	(145,500)
Interest paid	(165,541)	(229,245)
Dividends paid to non controlling interests	1,250	(3,750)
HP Interest paid	(11,554)	(20,057)
<b>Net cash used in financing activities</b>	<b>(516,651)</b>	<b>(732,733)</b>

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**PAULEY GROUP LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2020**

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	2020 £	2019 £
Cash and cash equivalents at beginning of year	(1,523,512)	(1,711,692)
<b>Cash and cash equivalents at the end of year</b>	<b>(603,424)</b>	<b>(1,523,512)</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	974,126	240,837
Bank overdrafts	(1,577,550)	(1,764,349)
	<b>(603,424)</b>	<b>(1,523,512)</b>

The notes on pages 19 to 41 form part of these financial statements.

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**PAULEY GROUP LIMITED**

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**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 JULY 2020**

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	<b>At 1 August 2019 £</b>	<b>Cash flows £</b>	<b>At 31 July 2020 £</b>
Cash at bank and in hand	240,837	733,289	974,126
Bank overdrafts	(1,764,349)	186,799	(1,577,550)
Debt due after 1 year	(4,953,315)	276,347	(4,676,968)
Debt due within 1 year	(624,855)	92,553	(532,302)
Finance leases	(197,123)	93,272	(103,851)
	<u>(7,298,805)</u>	<u>1,382,260</u>	<u>(5,916,545)</u>

The notes on pages 19 to 41 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**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 School House, 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**2. Accounting policies (continued)**

**2.3 Going concern**

The Group had net assets of £6,689,595 at 31 July 2020 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.

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The effects of the Government's continued response to the Covid-19 pandemic on the Group's subsidiaries is as follows:

**Milton Keynes Preparatory School Limited**

Between 5 January and 5 March 2021 English primary schools were again closed as part of the Government's continuing response to the COVID-19 pandemic.

The group of schools continued to deliver a robust package of remote learning to pupils in order that they may continue their education. Additionally the schools were open to provide care to a number of children whose parents were critical to the UK's COVID-19 response. Wherever possible, the schools have offered financial assistance to parents who may be suffering financially as a result of the COVID-19 pandemic.

The Company has made some use of the Coronavirus Job Retention Scheme and continues to assess the operational requirements of the schools.

**Pauley Interactive Limited**

The Company has made some use of the Coronavirus Job Retention Scheme and will continually assess its operational requirements.

In response to the COVID-19 pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the Group of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the Group, the Directors have concluded that there is no material uncertainty arising from the COVID-19 pandemic and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**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 2020.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**2. Accounting policies (continued)**

**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.

**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 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 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Profit and Loss Account in the same period as the related expenditure.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**2. Accounting policies (continued)**

**2.13 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**2.14 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.

**2.15 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**2. Accounting policies (continued)**

**2.16 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.

**2.17 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.

**2.18 Interest income**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**2. Accounting policies (continued)**

**2.19 Borrowing costs**

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

**2.20 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.

**2.21 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**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.

**4. Turnover**

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

	2020 £	2019 £
Operation of preparatory schools	9,183,023	10,984,828
Building contracts	1,218,342	1,549,022
3D visualisation and digital content	76,159	233,129
	<u>10,477,524</u>	<u>12,766,979</u>
	2020 £	2019 £
United Kingdom	10,477,524	12,766,979
	<u>10,477,524</u>	<u>12,766,979</u>

All turnover arose within the United Kingdom.

**5. Other operating income**

	2020 £	2019 £
Other operating income	-	10,000
Government grants receivable	1,083,816	-
	<u>1,083,816</u>	<u>10,000</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020

6. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	<u>20,800</u>	<u>20,400</u>
<b>Fees payable to the Group's auditor in respect of:</b>		
Taxation compliance services	8,065	7,905
All other assurance services	12,645	12,445
	<u>20,710</u>	<u>20,350</u>

Fees payable to the Group's auditor for the audit of the Company annual financial statements were £1,150 (2019 - £1,150).

7. Employees

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	6,445,450	6,764,320	-	-
Social security costs	525,285	562,615	-	-
Cost of defined contribution scheme	656,404	533,105	-	-
	<u>7,627,139</u>	<u>7,860,040</u>	<u>-</u>	<u>-</u>

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

	2020 No.	2019 No.
Staff	<u>196</u>	<u>241</u>

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**PAULEY GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**8. Directors' remuneration**

	2020 £	2019 £
Directors' emoluments	583,497	675,785
Directors' pension costs	41,750	27,833
	<u>625,247</u>	<u>703,618</u>

During the year retirement benefits were accruing to 3 directors (2019 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £154,780 (2019 - £213,773).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2019 - £NIL).

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

**9. Interest receivable and similar income**

	2020 £	2019 £
Bank interest receivable	<u>199</u>	<u>477</u>

**10. Interest payable and similar expenses**

	2020 £	2019 £
Bank interest payable	165,541	229,245
Finance leases and hire purchase contracts	11,554	20,057
	<u>177,095</u>	<u>249,302</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020

11. Taxation

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	191,240	62,339
Adjustments in respect of previous periods	28,504	-
<b>Total current tax</b>	<b>219,744</b>	<b>62,339</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	23,482	6,661
<b>Total deferred tax</b>	<b>23,482</b>	<b>6,661</b>
<b>Taxation on profit on ordinary activities</b>	<b>243,226</b>	<b>69,000</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	814,643	751,305
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	154,782	142,748
<b>Effects of:</b>		
Expenses not deductible for tax purposes	400	(6,805)
Capital allowances for year in excess of depreciation	18,426	(32,806)
Utilisation of tax losses	-	(1,169)
Adjustment in relation to unrealised profit outside the Group	-	10,999
Adjustments to tax charge in respect of prior periods	28,504	-
Adjustment in research and development tax credit leading to a decrease in the tax charge	(10,681)	(50,628)
Unrelieved tax losses carried forward	24,752	-
Deferred tax	23,482	6,661
Group relief	3,561	-
<b>Total tax charge for the year</b>	<b>243,226</b>	<b>69,000</b>

**Factors that may affect future tax charges**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020

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11. Taxation (continued)

There were no factors that may affect future tax charges.

12. Dividends

	2020 £	2019 £
Dividends paid on "A" ordinary shares	48,000	48,000
Dividends paid on "B" ordinary shares	(75,000)	97,500
	<u>(27,000)</u>	<u>145,500</u>

On 31 July 2019 an interim dividend totalling £145,500 was declared to the shareholders. Following a review of the business in the current year, the shareholders agreed to waive their right to prior year dividends totalling £75,000 which had yet to be paid. Dividend waivers totalling £75,000 have been recorded as negative dividends in the year ended 31 July 2020 financial statements.

13. 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 £49,480 (2019 - £225,444).

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**PAULEY GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**14. Intangible assets**

**Group**

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 August 2019	<u>679,133</u>
At 31 July 2020	<u>679,133</u>
<b>Amortisation</b>	
At 1 August 2019	<u>679,133</u>
At 31 July 2020	<u>679,133</u>
<b>Net book value</b>	
At 31 July 2020	<u><u>-</u></u>
At 31 July 2019	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020

15. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>						
At 1 August 2019	13,099,803	874,537	39,287	446,756	1,268,684	15,729,067
Additions	3,000	-	5,304	4,095	8,989	21,388
Disposals	-	-	-	(3,583)	(147,130)	(150,713)
Reclassified to held for sale	(200,000)	-	-	-	-	(200,000)
At 31 July 2020	<u>12,902,803</u>	<u>874,537</u>	<u>44,591</u>	<u>447,268</u>	<u>1,130,543</u>	<u>15,399,742</u>
<b>Depreciation</b>						
At 1 August 2019	-	52,298	23,105	421,982	972,955	1,470,340
Charge for the year on owned assets	-	-	6,353	9,385	72,877	88,615
Charge for the year on financed assets	-	-	-	-	62,395	62,395
Disposals	-	-	-	(2,269)	(121,200)	(123,469)
At 31 July 2020	<u>-</u>	<u>52,298</u>	<u>29,458</u>	<u>429,098</u>	<u>987,027</u>	<u>1,497,881</u>
<b>Net book value</b>						
At 31 July 2020	<u>12,902,803</u>	<u>822,239</u>	<u>15,133</u>	<u>18,170</u>	<u>143,516</u>	<u>13,901,861</u>
At 31 July 2019	<u>13,099,803</u>	<u>822,239</u>	<u>16,182</u>	<u>24,774</u>	<u>295,729</u>	<u>14,258,727</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Motor vehicles	<u>123,653</u>	<u>216,959</u>
	<u>123,653</u>	<u>216,959</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020

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16. Fixed asset investments

Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 August 2019	358,629
At 31 July 2020	<u>358,629</u>
<b>Impairment</b>	
At 1 August 2019	119,001
At 31 July 2020	<u>119,001</u>
<b>Net book value</b>	
At 31 July 2020	<u><u>239,628</u></u>
At 31 July 2019	<u><u>239,628</u></u>

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**PAULEY GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**16. Fixed asset investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Pauley Properties Limited	School House, Tattenhoe Lane, Bletchley, Milton Keynes, MK3 7EG.	Ordinary	100%
Milton Keynes Preparatory School Limited	School House, Tattenhoe Lane, Bletchley, Milton Keynes, MK3 7EG.	Ordinary	97%
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%

**PAULEY GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

**16. Fixed asset investments (continued)**

**Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 July 2020 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	3,908,595	713,442
Milton Keynes Preparatory School Limited	841,702	(3,587)
Pauley Limited	(300,889)	(107,772)
A J Pauley Developments Limited	5,335	-
Pauley Plant Limited	1,300	-
The School Shop Limited	900	-
Pauley Interactive Limited	(116,029)	(155,142)
Urban Tree Planter Limited	(30,888)	-
Culture Odyssey Limited	(631)	-

**17. Stocks**

	Group 2020 £	Group 2019 £
Work in progress	287,337	-
Finished goods and goods for resale	4,114	4,114
	<u>291,451</u>	<u>4,114</u>

**18. Debtors**

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	347,289	331,220	-	-
Amounts owed by group undertakings	-	-	3,416,710	3,253,761
Other debtors	213,323	253,687	159,257	169,257
Called up share capital not paid	498	747	-	-
Prepayments and accrued income	38,151	133,126	-	-
Amounts recoverable on long term contracts	-	2,760	-	-
	<u>599,261</u>	<u>721,540</u>	<u>3,575,967</u>	<u>3,423,018</u>

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**PAULEY GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**18. Debtors (continued)**

Included in other debtors is an amount of £1,312 (2019 - £3,112) that is owed after more than one year.

**19. Cash and cash equivalents**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Cash at bank and in hand	<b>974,126</b>	240,837	<b>147,203</b>	24,146
Less: bank overdrafts	<b>(1,577,550)</b>	(1,764,349)	-	-
	<b>(603,424)</b>	(1,523,512)	<b>147,203</b>	24,146

**20. Creditors: Amounts falling due within one year**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Bank overdrafts	<b>1,577,550</b>	1,764,349	-	-
Bank loans	<b>411,006</b>	409,193	-	-
Trade creditors	<b>222,316</b>	383,173	-	-
Amounts owed to group undertakings	-	-	<b>197,283</b>	-
Corporation tax	<b>330,246</b>	150,683	<b>67,348</b>	65,144
Other taxation and social security	<b>491,829</b>	192,929	-	-
Obligations under finance lease and hire purchase contracts	<b>77,192</b>	96,320	-	-
Other creditors	<b>356,112</b>	360,880	<b>77</b>	78
Accruals and deferred income	<b>515,322</b>	355,224	<b>1,400</b>	1,360
	<b>3,981,573</b>	3,712,751	<b>266,108</b>	66,582

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.

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**21. Creditors: Amounts falling due after more than one year**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>
Bank loans	<b>4,676,968</b>	4,953,315
Net obligations under finance leases and hire purchase contracts	<b>26,659</b>	100,803
	<b><u>4,703,627</u></b>	<b><u>5,054,118</u></b>

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.

**22. Loans**

Analysis of the maturity of loans is given below:

	<b>Group 2020 £</b>	<b>Group 2019 £</b>
<b>Amounts falling due within one year</b>		
Bank loans	<b>411,006</b>	409,193
<b>Amounts falling due 1-5 years</b>		
Bank loans	<b>4,676,968</b>	4,953,315
	<b><u>5,087,974</u></b>	<b><u>5,362,508</u></b>

**23. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 2020 £</b>	<b>Group 2019 £</b>
Within one year	<b>77,192</b>	96,320
Between 1-5 years	<b>26,659</b>	100,803
	<b><u>103,851</u></b>	<b><u>197,123</u></b>

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**24. Deferred taxation**

**Group**

	2020 £	2019 £
At beginning of year	168,422	161,760
Charged to profit or loss	23,482	6,661
<b>At end of year</b>	<b>191,904</b>	<b>168,421</b>
	<b>Group 2020 £</b>	<b>Group 2019 £</b>
Accelerated capital allowances	209,537	179,078
Provisions	(17,633)	(10,657)
	<b>191,904</b>	<b>168,421</b>

**25. Share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
59,813 (2019 - 59,813) "A" Ordinary shares of £1 each	59,813	59,813
172,257 (2019 - 172,257) "B" Ordinary shares of £1 each	172,257	172,257
	<b>232,070</b>	<b>232,070</b>

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.

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**26. 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.

**27. Pension commitments**

During the year the Group made pension contributions of £656,404 (2019 - £533,105). At the year end employer contributions outstanding were £92,964 (2019 - £63,084).

**28. Directors benefits: advances, credits and guarantees**

Included within other debtors is a balance of £Nil (2019 - £10,000) owed by N J G Pauley, a Director. During the year the balance of £10,000 owed by N J G Pauley was written off (2019 - £nil). The maximum amount owed by N J G Pauley during the year was £10,000 (2019 - £10,000). No interest is being charged on this balance and it is repayable on demand.

Included within debtors is a balance of £1,742 (2019 - £15,950) owed by A Pauley, a director. During the year A Pauley repaid amounts of £14,208 (2019 - £18,439 advanced amounts) The maximum outstanding balance during the year was £15,950 (2019 - £185,652). No interest is being charged on this balance and it is repayable on demand.

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**29. Related party transactions**

At the year end an amount of £159,257 (2019 - £159,257) 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 dividends relating to the previous year amounting to £75,000 were waived (2019 - £97,500 declared).

A composite bank agreement is in force as at 31 July 2020, under which the Group is liable for any bank liabilities incurred within Milton Keynes Preparatory School Limited, AJ Pauley Developments Limited, Pauley Limited and Pauley Properties Limited. The total liability outstanding as at 31 July 2020 was £5,820,218 (2019 - £6,932,434).

Included within other creditors is £27,146 (2019 - £9,546) owed to P M Pauley, a Director. The maximum outstanding during the year was £27,146 (2019 - £21,546). 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 £121,138 (2019 - £215,255). The maximum amount outstanding during the year was £215,255 (2019 - £215,255). 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 (2019 - £5,500,000) 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.

**30. Controlling party**

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