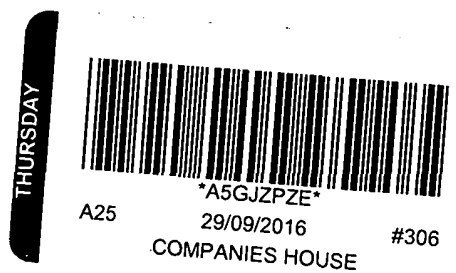


Company Registration No. 05497433 (England and Wales)

**SMART EDUCATION LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2015**

2



# SMART EDUCATION LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	R Fielding G Lennox D McLaney NG Runnicles RI Grimshaw
<b>Company secretary</b>	NG Runnicles
<b>Company number</b>	05497433
<b>Registered office</b>	Icon Business Centre Lake View Drive Sherwood Park Annesley Nottingham Nottinghamshire NG15 0DT
<b>Business address</b>	Salisbury House 29 Finsbury Circus London EC2M 5QQ
<b>Auditors</b>	RSM UK Audit LLP Chartered Accountants Suite A, 7 <sup>th</sup> Floor City Gate East Tollhouse Hill Nottingham NG1 5FS

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# SMART EDUCATION LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2015

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The directors present the strategic report and financial statements for the year ended 31 December 2015.

#### **Business review**

The directors are pleased with the performance of the business in what has been a challenging economic environment. Effective working capital management and cashflows from profitable trading allowed the group to continue its policy of debt repayment with any surplus balances. The directors have continued this policy and all outstanding debt was repaid early in 2015.

The directors expect the business to grow in 2016 as it starts to realise the benefits of increased investment in the number of recruitment consultants. The directors also believe the company is well placed, especially in the UK, to maintain and grow business through its strong relationships with schools and its ability to source qualified teachers from both the UK and overseas.

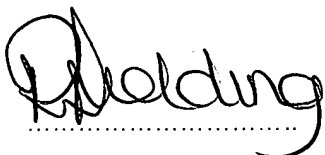
#### **Financial risk management objectives and policies**

The company and group are exposed to a moderate level of price risk, credit risk, liquidity risk and cash flow risk. It manages these risks by financing its operations through retained profits, supplemented by long-term loans where necessary to fund expansion or capital expenditure programmes.

The company and group may manage its exposure to exchange rate risk by utilising forward purchase contracts or buying at the time currency is required, as the overall currency requirement is not material.

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements, minimise the company's and group's exposure to fluctuating interest rates, and match the repayment schedule of any borrowings or overdrafts with the future cash flows expected to arise from the company's and group's trading activities.

By order of the board



R Fielding  
Director

Approved by directors on 28 SEPTEMBER 2016

# SMART EDUCATION LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2015

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The directors present their report and financial statements for the year ended 31 December 2015.

#### Principal activities

The principal activity of the company and the group has continued to be the provision of a recruitment service for publicly and privately funded schools by supplying them qualified teachers on a daily, semi-permanent and permanent basis mainly in its key markets of London in the UK and Brisbane, Sydney, Perth and Melbourne in Australia.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R Fielding

G Lennox

DJ Taylor

D McLaney

NG Runnicles

SH Petherbridge

RI GRIMSHAW

– resigned 18 December 2015

– appointed 18 December 2015

– appointed 18 December 2015

– appointed 18 December 2015, RESIGNED 6 SEPTEMBER 2016

– APPOINTED 6 SEPTEMBER 2016

#### Results and dividends

The profit for the year, after taxation amounted to £1,795,090 (2014: £1,016,682) on turnover of £16,161,285 (2014: £14,133,628). The directors have not recommended a dividend.

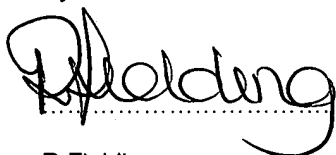
#### Matters of strategic importance

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

#### Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the group's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditor is aware of that information.

By order of the board



R Fielding  
Director

28 SEPTEMBER 2016

## **SMART EDUCATION LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2015**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and the company 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMART EDUCATION LIMITED**

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We have audited the group and parent company financial statements (the "financial statements") on pages 5 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2015 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.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where 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.

RSM UK Audit LLP

Neil Stephenson (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor

Chartered Accountants

7<sup>th</sup> floor

City Gate East

Tollhouse Hill

Nottingham

NG1 5FS

28 September 2016

**SMART EDUCATION LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 £	2014 £
<b>Turnover</b>	<b>3</b>	16,161,285	14,133,628
Staff costs	<b>6</b>	(3,320,067)	(3,009,652)
Depreciation and amortisation	<b>4</b>	(52,325)	(53,681)
Other operating charges		(10,775,129)	(9,711,657)
<b>Operating profit</b>	<b>4</b>	2,013,764	1,358,638
Fair value gains and losses on foreign exchange contracts		7,480	(7,480)
Interest receivable		6,741	8,077
<b>Profit on ordinary activities before taxation</b>		2,027,985	1,359,235
Taxation	<b>8</b>	(232,895)	(342,553)
<b>Profit for the financial year</b>		1,795,090	1,016,682
<b>Other comprehensive income net of taxation</b>			
Currency translation differences		(56,483)	2,993
<b>Other comprehensive income for the year</b>		(56,483)	2,993
<b>Total comprehensive income for the year</b>		1,738,607	1,019,675

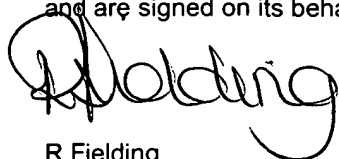
The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	Group		Company	
		2015 £	2014 £	2015 £	2014 £
<b>Fixed assets</b>					
Intangible assets	9	16,158	48,474	16,158	48,474
Tangible assets	10	30,626	36,319	4,073	9,862
Investments	11	-	-	-	-
		<u>46,784</u>	<u>84,793</u>	<u>20,231</u>	<u>58,336</u>
<b>Current assets</b>					
Debtors	13	1,599,889	1,579,514	1,546,109	1,527,339
Cash at bank and in hand		2,542,741	1,143,413	2,317,213	799,811
		<u>4,142,630</u>	<u>2,722,927</u>	<u>3,863,322</u>	<u>2,327,150</u>
<b>Creditors: amounts falling due within one year</b>	14	(914,615)	(1,334,478)	(1,043,024)	(1,096,539)
Net current assets		<u>3,228,015</u>	<u>1,388,449</u>	<u>2,820,298</u>	<u>1,230,611</u>
<b>Total assets less current liabilities</b>		<u>3,274,799</u>	<u>1,473,242</u>	<u>2,840,529</u>	<u>1,288,947</u>
<b>Net assets</b>		<u>3,274,799</u>	<u>1,473,242</u>	<u>2,840,529</u>	<u>1,288,947</u>
<b>Capital and reserves</b>					
Called up share capital	17	6,478	5,846	6,478	5,846
Share premium account		641,089	578,771	641,089	578,771
Profit and loss reserves		2,627,232	888,625	2,192,962	704,330
<b>Total equity</b>		<u>3,274,799</u>	<u>1,473,242</u>	<u>2,840,529</u>	<u>1,288,947</u>

The financial statements were approved by the board of directors and authorised for issue on 28 SEPTEMBER 2016 and are signed on its behalf by:



R Fielding  
Director



**SMART EDUCATION LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2014</b>	<b>17, 18</b>	5,846	578,771	(131,050)	453,567
Profit for the year		-	-	1,016,682	1,016,682
Other comprehensive income, net of taxation:					
Currency translation differences		-	-	2,993	2,993
Total comprehensive income for the year		-	-	1,019,675	1,019,675
<b>Balance at 31 December 2014</b>		5,846	578,771	888,625	1,473,242
Profit for the year		-	-	1,795,090	1,795,090
Other comprehensive income, net of taxation:					
Currency translation differences		-	-	(56,483)	(56,483)
Total comprehensive income for the year		-	-	1,738,607	1,738,607
Transactions with owners:					
Issue of shares		632	62,318	-	62,950
<b>Balance at 31 December 2015</b>		6,478	641,089	2,627,232	3,274,799

**SMART EDUCATION LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2014</b>	<b>17, 18</b>	5,846	578,771	(265,999)	318,618
Profit for the year		-	-	970,329	970,329
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>970,329</u>	<u>970,329</u>
<b>Balance at 31 December 2014</b>		<u>5,846</u>	<u>578,771</u>	<u>704,330</u>	<u>1,288,947</u>
Profit for the year		-	-	1,488,632	1,488,632
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>1,488,632</u>	<u>1,488,632</u>
Transactions with owners: Issue of shares		632	62,318	-	62,950
<b>Balance at 31 December 2015</b>		<u>6,478</u>	<u>641,089</u>	<u>2,192,962</u>	<u>2,840,529</u>

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**SMART EDUCATION LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 £	2014 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	22	1,922,337	1,151,479
Interest received		6,741	8,077
Income taxes paid		(341,848)	(394,815)
<b>Net cash from operating activities</b>		<u>1,587,230</u>	<u>764,741</u>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(10,852)	(6,383)
<b>Net cash used in investing activities</b>		<u>(10,852)</u>	<u>(6,383)</u>
<b>Financing activities</b>			
Proceeds from issue of shares		62,950	-
Repayment of other loans		(240,000)	(1,200,000)
<b>Net cash used in financing activities</b>		<u>(177,050)</u>	<u>(1,200,000)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>1,399,328</u>	<u>(441,642)</u>
<b>Cash and cash equivalents at beginning of year</b>		1,143,413	1,585,055
Effect of foreign exchange rate changes		-	-
<b>Cash and cash equivalents at end of year</b>		<u><u>2,542,741</u></u>	<u><u>1,143,413</u></u>

# SMART EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1 Accounting policies

##### **Company information**

Smart Education Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Icon Business Centre, Lake View Drive, Sherwood Park, Annesley, Nottingham, Nottinghamshire, NG15 0DT.

Smart Education Limited and its subsidiary (together "the group") are engaged in the provision of recruitment services for publicly and privately funded schools.

##### **Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The financial statements are presented in sterling which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest whole £, except where otherwise indicated.

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income. The company's profit for the year and total comprehensive income for the year was £1,488,632 (2014: £970,329).

These financial statements are the first financial statements of Smart Education Limited prepared in accordance with FRS 102. The financial statements of Smart Education Limited for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS' including those in relation to share-based payments. Adjustments are recognised directly in retained earnings at the transition date. See note 24 to these financial statements for further information on the adjustments.

##### **Reduced disclosures**

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – net gains/losses for each category of financial instrument; basis of determining fair values;
- Section 26 'Share-based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

# SMART EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1 Accounting policies (continued)

##### **Basis of consolidation**

The consolidated financial statements incorporate those of Smart Education Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2015.

##### **Going concern**

The directors have at the time of approving the financial statements, a reasonable expectation that the group and the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. These financial statements are prepared on the going concern basis.

##### **Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for services to external customers in the ordinary nature of the business. Turnover is shown net of Value Added Tax and other sales related taxes.

##### **Intangible fixed assets - goodwill**

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Goodwill is capitalised and written off evenly over 5 years which, in the opinion of the directors, represents the period over which the goodwill is expected to give rise to economic benefits.

##### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Fixtures & fittings	25% – 33% straight line
Equipment	33% – 50% straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

##### **Fixed asset investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

##### **Impairments of fixed assets**

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# SMART EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1 Accounting policies (continued)

##### **Impairments of fixed assets (continued)**

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

##### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### **Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### **Financial assets**

###### *Trade debtors*

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

###### *Financial liabilities and equity*

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

# SMART EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

---

#### 1 Accounting policies (continued)

##### *Financial liabilities and equity (continued)*

###### *Equity instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

###### *Trade creditors*

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

###### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

###### *Derivatives*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss as the group and company does not apply hedge accounting.

###### *Dividends*

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

###### *Taxation*

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

# SMART EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1 Accounting policies (continued)

##### **Taxation (continued)**

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

##### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

##### **Retirement benefits**

The parent company operated a defined contribution scheme. The amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The subsidiary company contributes to a state superannuation pension scheme and the pension charge represents the amounts payable by the subsidiary company to the fund in respect of the year.

##### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

##### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.



# **SMART EDUCATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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### **2 Critical accounting estimates and judgements**

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

#### ***Critical accounting estimates and assumptions***

##### **Impairment of debtors**

Debtors are stated at recoverable amounts, after appropriate provision for bad and doubtful debts. Calculation of the bad debt provision requires judgment from the management team, based on the creditworthiness of the debtor, the agency profile of the debtor, and the historical experience.

# SMART EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Turnover

An analysis of the group's turnover is as follows:

	2015 £	2014 £
<b>Class of business</b>		
Timesheet	13,485,706	11,875,886
Permanent	2,675,579	2,257,742
	<u>16,161,285</u>	<u>14,133,628</u>

#### Turnover analysed by geographical market

	2015 £	2014 £
United Kingdom	14,329,466	12,484,785
Rest of the World	1,831,819	1,648,843
	<u>16,161,285</u>	<u>14,133,628</u>

#### 4 Operating profit

Operating profit is stated after charging/(crediting):

	2015 £	2014 £
Exchange losses/(gains)	12,969	(2,825)
Depreciation of owned tangible fixed assets	20,009	21,365
Amortisation of intangible assets	32,316	32,316
Operating lease charges	97,238	90,755
	<u></u>	<u></u>

#### 5 Auditor's remuneration

	2015 £	2014 £
Fees payable to the company's auditor and its associates		
<b>For audit services:</b>		
Audit of the group's and company's financial statements	16,750	13,000
<b>For other services:</b>		
Accounts preparation services	6,370	2,060
Taxation compliance services	2,060	2,000
Tax advisory services	1,500	-
	<u>9,930</u>	<u>4,060</u>

**SMART EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2015****6 Employees**

The average monthly number of persons (including directors) employed by the group during the year was:

	<b>2015</b> <b>No</b>	<b>2014</b> <b>No</b>
Administrative staff	77	62

Their aggregate remuneration comprised:

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
Wages and salaries	2,941,918	2,645,375
Social security costs	236,362	216,608
Pension costs	141,787	137,636
	<u>3,320,067</u>	<u>2,999,619</u>

**7 Directors' remuneration**

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
Remuneration for qualifying services	12,000	12,000

In addition see note 20 for amounts paid to third parties in respect of services provided by the directors.

**8 Taxation**

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	111,301	273,286
Adjustments in respect of prior periods	1,041	19,970
Foreign tax	102,527	70,264
Total current tax	<u>214,869</u>	<u>363,520</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	18,026	(20,967)
Total deferred tax	<u>18,026</u>	<u>(20,967)</u>
Total tax charge	<u>232,895</u>	<u>342,553</u>

**SMART EDUCATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2015****8 Taxation (continued)**

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2015 £	2014 £
Profit before taxation	2,027,985	1,376,748
Expected tax charge based on a corporation tax rate of 20.25% (2014: 21.50%)	410,611	292,236
Expenses not deductible for tax purposes	14,742	4,976
Capital allowances	6,543	(12,011)
Higher tax rates on subsidiary earnings	40,647	45,202
Adjustments in respect of prior period	(22,524)	19,970
Tax credit on exercise of share options	(217,124)	-
Other differences		(7,820)
Tax expense for the year	232,895	342,553

From 1 April 2015, the UK taxation rate has been 20%. Legislation to reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020, was enacted in October 2015.

**9 Intangible assets****Group and Company**

	Goodwill £
<b>Cost</b>	
At 1 January 2015	161,580
Additions	-
31 December 2015	161,580
<b>Amortisation and impairment</b>	
At 1 January 2015	113,106
Amortisation charged in the year	32,316
31 December 2015	145,422
<b>Carrying amount</b>	
31 December 2015	16,158
31 December 2014	48,474

The amortisation charge for the year is included within administrative expenses.

**SMART EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

**10 Tangible fixed assets**

<b>Group</b>	<b>Equipment £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2015	70,651	110,350	181,001
Additions	9,155	1,697	10,852
Disposals	(61,228)	(40,318)	(101,546)
Forex	(732)	(9,165)	(9,897)
At 31 December 2015	17,846	62,564	80,410
<b>Depreciation and impairment</b>			
At 1 January 2015	65,195	79,487	144,682
Depreciation charged in the year	2,885	17,124	20,009
Eliminated in respect of disposals	(61,228)	(40,318)	(101,546)
Forex	(276)	(13,085)	(13,361)
At 31 December 2015	6,576	43,208	49,784
<b>Carrying amount</b>			
At 31 December 2015	11,270	19,356	30,626
At 31 December 2014	5,456	30,863	36,319
<b>Company</b>			
	<b>Equipment £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2015	61,228	40,318	101,546
Additions	4,189	-	4,189
Disposals	(61,228)	(40,318)	(101,546)
At 31 December 2015	4,189	-	4,189
<b>Depreciation and impairment</b>			
At 1 January 2015	61,228	30,456	91,684
Depreciation charged in the year	116	9,862	9,978
Eliminated in respect of disposals	(61,228)	(40,318)	(101,546)
At 31 December 2015	116	-	116
<b>Carrying amount</b>			
At 31 December 2015	4,073	-	4,073
At 31 December 2014	-	9,862	9,862

# SMART EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

11	Fixed asset investments		2015 £	2014 £	
	Company				
	Investments in subsidiaries		-	-	
12	Subsidiary undertakings				
	Details of the company's subsidiaries at 31 December 2015 are as follows:				
	Name of undertaking	Class of shareholding	Proportion of nominal value held directly	Nature of business	
	Smart Teachers Pty (Registered in Australia)	Ordinary	100%	Recruitment service for qualified school teachers and support staff	
13	Debtors				
		Group	Company		
		2015 £	2014 £	2015 £	2014 £
	Amounts falling due within one year:				
	Trade debtors	1,218,075	1,373,718	1,207,663	1,355,820
	Amounts owed by related undertakings	-	-	-	3
	Other debtors	210,728	111,855	193,790	91,072
	Prepayments and accrued income	138,085	72,974	111,655	59,477
	Corporation tax	30,060	-	30,060	-
	Deferred tax asset (note 16)	2,941	20,967	2,941	20,967
		1,599,889	1,579,514	1,546,109	1,527,339
14	Creditors: amounts falling due within one year				
		Group	Company		
		2015 £	2014 £	2015 £	2014 £
	Other loans	-	240,000	-	240,000
	Trade creditors	146,547	49,873	119,848	38,131
	Corporation tax	42,598	139,517	-	108,548
	Other taxation and social security	147,114	344,110	100,876	297,419
	Amounts due to group undertakings	-	-	431,689	3
	Foreign currency forward contracts (note 15)	-	7,480	-	7,480
	Accruals and deferred income	246,727	285,025	159,659	138,710
	Other creditors	331,629	268,473	230,952	266,248
		914,615	1,334,478	1,043,024	1,096,539

Other loans included a 0% unsecured loan note of £240,000 at 31 December 2014 which was repaid on 1 January 2015.

**SMART EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

**15 Financial instruments**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	1,428,803	1,485,573	1,401,453	1,446,895
<b>Carrying amount of financial liabilities</b>				
Measured at fair value through profit or loss	-	7,480	-	7,480
- Other financial liabilities				
Measured at amortised cost	724,903	783,371	942,148	623,092
	<u>742,903</u>	<u>790,851</u>	<u>942,148</u>	<u>630,572</u>

**Foreign exchange forward contracts**

Around 10% of group turnover relates to transactions conducted in Australian Dollars. As a consequence the group and company uses foreign currency forward contracts to manage the foreign change risk of future transactions and cash flows. The contracts are valued based on available market data. The group and company does not adopt hedge accounting for forward exchange contracts, consequently, fair value gains and losses are recognised in profit or loss.

At the year end, there were no outstanding foreign exchange forward contracts that the group or company was committed to.

**16 Deferred taxation**

Deferred tax assets recognised are:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Capital allowances	2,941	20,967	2,941	20,967
<b>Movements in the year:</b>				
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Asset at 1 January 2015	20,967	-	20,967	-
(Charge)/credit to profit or loss	(18,026)	20,967	(18,026)	20,967
Liability at 31 December 2015	<u>2,941</u>	<u>20,967</u>	<u>2,941</u>	<u>20,967</u>

The deferred tax asset is expected to reverse within 12 months.

# SMART EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 17 Share capital

	Ordinary Shares of £0.01 each Number	Special shares of £1 each Number
Allotted, issued and fully paid:		
At 1 January 2015	584,615	2
Issue in respect of share options (see below)	62,950	-
31 December 2015	<u>647,565</u>	<u>2</u>

#### **Share issues**

On 18 December 2015, the company authorised a further 62,950 Ordinary shares of £0.01 each. These shares were issued at £1 per share, and fully paid, on the same date.

#### **Ordinary share rights**

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at the general meetings of the company.

#### **Special share rights**

The Special shares do not confer on their holders any right to receive dividends or other distributions, nor the right to vote at a General Meeting.

#### **Share options**

On 11 January 2012 Smart Education Limited issued 62,950 approved share options. The exercise price was £1 and the options vested on the exit event on 18 December 2015. No further share based payment disclosures have been made on the basis of materiality and the exemptions taken on adoption of FRS102.

#### 18 Reserves

Reserves of the Group represent the following:

#### **Share premium account**

Consideration received for shares issued above their nominal value net of transaction costs.



# SMART EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 19 Operating lease commitments

##### Lessee:

At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases for land and buildings, which fall due as follows:

	2015 £	2014 £
Within one year	206,780	68,066
Between two and five years	827,121	-
After five years	1,033,901	-
	<u>2,067,802</u>	<u>68,066</u>

#### 20 Related party transactions

The remuneration of key management personnel, who are also directors, is as follows:

	2015 £	2014 £
Aggregate compensation including employers' national insurance	12,000	12,000

The transactions between the group and its related parties are disclosed below:

	Fees paid including employers NI		Costs incurred and then recharged to related parties		Sales	
	2015 £	2014 £	2015 £	2014 £	2015 £	2014 £
Key management personnel	412,870	226,535	-	-	-	-
Other related parties	-	-	-	612,663	841	21,877

The following amounts were outstanding to related parties at the reporting end date:

	2015 £	2014 £
Key management personnel	54,559	413,027

The above related parties are related to the Group due to common shareholders and directors.

The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received.

## SMART EDUCATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 21 Parent company

The immediate parent undertaking is TES Bidco Limited, a company registered in England and Wales. The Company and its immediate parent undertaking are both subsidiary entities of TES Global Holdings Direct Limited, a company registered in England and Wales.

Copies of TES Global Holdings Direct Limited consolidated financial statements, which include the Company, are available from The Company Secretary, TES Global Holdings Direct Limited, 26 Red Lion Square, London WC1R 4HQ. The Company accounts were not consolidated into any other group company.

TES Global Holdings Direct Limited is wholly owned by the ultimate parent undertaking, TES Global Investments, S.ar.l, a company incorporated in Luxembourg. The directors consider that the ultimate controlling party of the Company is TPG Capital LLP, headquartered in the US, on behalf of the funds under its management.

#### 22 Cash generated from operations

	2015 £	Group 2014 £
Profit for the year	1,795,090	1,016,682
<b>Adjustments for:</b>		
Amortisation of intangible assets	32,316	32,316
Depreciation of tangible fixed assets	20,009	21,365
Foreign exchange (gains)/losses	(52,467)	3,744
Interest receivable	(6,741)	(8,077)
Taxation	232,895	342,553
Fair value (gains)/losses on financial statements	(7,480)	7,480
<b>Operating cash flows before movements in working capital</b>	<b>2,013,622</b>	<b>1,416,063</b>
Increase in trade and other debtors	(8,341)	(176,364)
Decrease in trade and other creditors	(82,944)	(88,220)
<b>Cash generated from operating activities</b>	<b>1,922,337</b>	<b>1,151,479</b>

#### 23 Retirement benefits

The Group operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Group in an independently administered fund. The contributions payable by the Group charged to profit or loss amounted to £141,787 (2014: £137,636). Contributions totalling £8,836 (2014: £7,507) were payable to the fund at the year end and are included in creditors.

The subsidiary company contributes to a state superannuation pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

# SMART EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 24 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on;

- (i) the consolidated equity at the date of transition to FRS 102;
- (ii) the consolidated equity at the end of the comparative period;
- (iii) the consolidated profit or loss for the comparative period reported under previous UK GAAP.
- (iv) the company equity at the date of transition to FRS 102;
- (v) the company equity at the end of the comparative period; and
- (vii) the company profit or loss for the comparative period reported previous UK GAAP.

are given below.

RECONCILIATIONS OF CONSOLIDATED EQUITY	Notes	1 January 2014 £	31 December 2014 £
<b>Consolidated equity as previously reported under previous UK GAAP</b>		458,349	1,495,537
Fair value gain/(losses) on foreign exchange forward contracts	i)	-	(7,480)
Holiday pay	ii)	(4,782)	(14,815)
<b>Consolidated equity reported under FRS 102</b>		<u>453,567</u>	<u>1,473,242</u>

RECONCILIATIONS OF CONSOLIDATED PROFIT	Notes	31 December 2014 £
<b>Consolidated profit as previously reported under previous UK GAAP</b>		1,037,188
Fair value gain/(losses) on foreign exchange forward contracts	i)	(7,480)
Holiday pay	ii)	(10,033)
<b>Consolidated profit or loss reported under FRS 102</b>		<u>1,019,675</u>

**SMART EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

**24 Reconciliations on adoption of FRS 102 (continued)**

RECONCILIATIONS OF COMPANY EQUITY		Notes	1 January 2014 £	31 December 2014 £
<b>Company equity as previously reported under previous UK GAAP</b>			323,400	1,311,242
Fair value gain/(losses) on foreign exchange forward contracts	i)		-	(7,480)
Holiday pay	ii)		(4,782)	(14,815)
<b>Company equity reported under FRS 102</b>			<u>318,618</u>	<u>1,288,947</u>
RECONCILIATIONS OF COMPANY PROFIT OR LOSS		Notes		31 December 2014 £
<b>Company profit as previously reported under previous UK GAAP</b>				987,842
Fair value gain/(losses) on foreign exchange forward contracts	i)			(7,480)
Holiday pay	ii)			(10,033)
<b>Company profit or loss reported under FRS 102</b>				<u>970,329</u>
i)	Under FRS102, all forward exchange contracts are recognised on the balance sheet at fair value with resulting gains and losses recognised in profit or loss as the group does not apply hedge accounting.			
ii)	Under FRS102, the company has recognised an additional liability of £14,815 at 31 December 2014 (£4,782 at 1 January 2014).			