

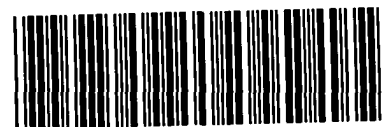
# Smart Education Limited

Registered number: 05497433

## Annual report and financial statements

For the year ended 31 August 2022

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**SMART EDUCATION LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	A Calder W Roberts
<b>Registered number</b>	05497433
<b>Registered office</b>	First Floor (South) Cathedral Buildings Dean Street Newcastle Upon Tyne United Kingdom NE1 1PG
<b>Independent auditor</b>	Mazars LLP Chartered Accountants & Statutory Auditor Park View House 58 The Ropewalk Nottingham NG1 5DW

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**SMART EDUCATION LIMITED**

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## **SMART EDUCATION LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2022**

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

#### **Directors' responsibilities statement**

The Directors are responsible for preparing the directors' 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 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements 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 Company 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 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 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, amounted to £705k (2021 - £125k).

The Company did not pay any dividends during the year (2021 - £Nil).

#### **Directors**

The Directors who served during the year were:

A Calder  
W Roberts

#### **Directors' and officers' indemnity**

The Company maintains qualifying third party liability insurance for its Directors and officers and had this in place throughout the year and up to the date of signing the financial statements.

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**SMART EDUCATION LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**Going concern**

Below is a summary of the Directors' assessment of the Company's going concern position:

The Directors confirm that having reviewed the Company's cash requirements for the next 12 months from the date of signing the financial statements, they have a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its liabilities as and when they fall due for the foreseeable future. The Directors have considered their current cash flow projections, including the financing costs of the invoice discounting facility. Having due regard to these factors the Directors have adopted the going concern basis in preparing these financial statements.

The uncertainty as to the future impact on the Company of COVID-19 has been considered as part of the Company's adoption of the going concern basis. The most significant impact for the Company arises on the potential closure of schools and the impact that this could have on school and teacher behaviour. Schools remain open and government policy has shifted to place more emphasis on schools remaining open as a priority. The Board to consider the risk from school closures as low.

The Board has prepared a forecast for the remainder of the FY23 financial year, and this has continued into the longer term forecast to FY24. There are no banking covenants to meet in the Company, it is only available cash that needs to be considered, and there would have to be a prolonged period of school closures longer than we have recently seen to cause any issues. The government has stressed that education is a top priority, and when schools are open the Company can continue to supply services to schools.

In consideration of the above factors, we do not believe that there is a scenario that would result in the Company reaching a point where it may run out of available cash headroom. However, it is unclear for how long there will remain a risk of school closures and possible disruption to our business due to COVID-19. The consolidated financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

**Future developments**

The education sector remains highly competitive with continued pressure on school budgets, but an increased need for temporary staff in schools. To mitigate these factors actions have been taken to enable a quick response to these challenges. These actions include investment in information technology, new team members and continuous training.

**Disclosure of information to auditor**

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

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

**Auditor**

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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**SMART EDUCATION LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**Small companies note**

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

*allan calder*

**A Calder**  
Director

Date: 02-May-2023

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**SMART EDUCATION LIMITED**

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

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**Opinion**

We have audited the financial statements of Smart Education Limited (the 'Company') for the year ended 31 August 2022 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2022 and of its 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 opinion**

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 "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. 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.

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

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**Other information (continued)**

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 course of 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 themselves. 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.

**Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 1, 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 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 intend either to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



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

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**Auditor's 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 auditor's 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

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**SMART EDUCATION LIMITED**

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

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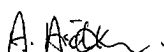
**Auditor's responsibilities for the audit of the financial statements (continued)**

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 auditor's report.

**Use of the audit report**

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



Andrew Hickson (Senior Statutory Auditor)

for and on behalf of

Mazars LLP  
Chartered Accountants and Statutory Auditor  
Park View House  
58 The Ropewalk  
Nottingham  
NG1 5DW

Date: 02-May-2023

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**SMART EDUCATION LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2022**

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	Note	2022 £000	2021 £000
Turnover	4	8,529	6,873
Cost of sales		(6,180)	(5,252)
<b>Gross profit</b>		<b>2,349</b>	<b>1,621</b>
Other operating income	5	-	309
Administrative expenses		(1,736)	(1,882)
<b>Operating profit</b>	6	<b>613</b>	<b>48</b>
Interest receivable and similar income	9	170	156
Interest payable and similar expenses	10	(65)	(82)
<b>Profit before tax</b>		<b>718</b>	<b>122</b>
Tax on profit	11	(13)	3
<b>Profit for the financial year</b>		<b>705</b>	<b>125</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>705</b>	<b>125</b>

The notes on pages 11 to 24 form part of these financial statements.

**SMART EDUCATION LIMITED**  
**REGISTERED NUMBER: 05497433**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2022**

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Tangible assets	13	59	10
		<u>59</u>	<u>10</u>
<b>Current assets</b>			
Debtors	15	2,920	2,890
Cash at bank and in hand	16	887	661
		<u>3,807</u>	<u>3,551</u>
Creditors: Amounts falling due within one year	17	(1,371)	(1,773)
<b>Net current assets</b>		<u>2,436</u>	<u>1,778</u>
Deferred tax	18	(2)	-
		<u>(2)</u>	<u>-</u>
<b>Net assets</b>		<u><u>2,493</u></u>	<u><u>1,788</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	6	6
Share premium account		641	641
Profit and loss account		1,846	1,141
		<u>2,493</u>	<u>1,788</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

*allan calder*

**A Calder**  
Director

Date: 02-May-2023

The notes on pages 11 to 24 form part of these financial statements.

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**SMART EDUCATION LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2022**

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	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 September 2021	6	641	1,141	1,788
Profit for the year	-	-	705	705
<b>At 31 August 2022</b>	<b>6</b>	<b>641</b>	<b>1,846</b>	<b>2,493</b>

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2021**

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	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 September 2020	6	641	1,016	1,663
Profit for the year	-	-	125	125
<b>At 31 August 2021</b>	<b>6</b>	<b>641</b>	<b>1,141</b>	<b>1,788</b>

The notes on pages 11 to 24 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**1. General information**

Smart Education Limited, registered number: 05497433, presents its financial statements for the year ended 31 August 2022.

The Company is a private company, limited by shares and is registered in England and Wales. The address of the registered office is First Floor (South) Cathedral Buildings, Dean Street, Newcastle Upon Tyne, United Kingdom, NE1 1PG.

The principal activity of the Company is of a supply teacher recruitment agency.

The presentation currency for the financial statements is Pound Sterling (£'000) as this is the currency of the primary economic environment in which the Company operates and is rounded to the nearest thousand.

A summary of the Company's accounting policies, which have been consistently applied, are set out below:

**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 management to exercise judgement in applying the Company's accounting policies (see note 3).

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Edwin Group Limited as at 31 August 2022 and these financial statements may be obtained from First Floor (South) Cathedral Buildings, Dean Street, Newcastle Upon Tyne, United Kingdom, NE1 1PG.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.3 Going concern**

Below is a summary of the Directors' assessment of the Company's going concern position:

The Directors confirm that having reviewed the Company's cash requirements for the next 12 months from the date of signing the financial statements, they have a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its liabilities as and when they fall due for the foreseeable future. The Directors have considered their current cash flow projections, including the financing costs of the invoice discounting facility. Having due regard to these factors the Directors have adopted the going concern basis in preparing these financial statements.

The uncertainty as to the future impact on the Company of COVID-19 has been considered as part of the Company's adoption of the going concern basis. The most significant impact for the Company arises on the potential closure of schools and the impact that this could have on school and teacher behaviour. Schools remain open and government policy has shifted to place more emphasis on schools remaining open as a priority. The Board to consider the risk from school closures as low.

The Board has prepared a forecast for the remainder of the FY23 financial year, and this has continued into the longer term forecast to FY24. There are no banking covenants to meet in the Company, it is only available cash that needs to be considered, and there would have to be a prolonged period of school closures longer than we have recently seen to cause any issues. The government has stressed that education is a top priority, and when schools are open the Company can continue to supply services to schools.

In consideration of the above factors, we do not believe that there is a scenario that would result in the Company reaching a point where it may run out of available cash headroom. However, it is unclear for how long there will remain a risk of school closures and possible disruption to our business due to COVID-19. The consolidated financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP and the financial statements are presented as such.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.5 Turnover**

Turnover from the supply business represents net invoiced sale of services relating to the provision of teachers, excluding value added tax, and is recognised when the service to the customer has been completed. For this temporary supply revenue, this is upon receipt of the time-sheet from the customer acknowledging that the service has been provided. As temporary supply revenue is where the customer requires a teacher to fill a gap that has been created either due to increased demand on the schools existing teachers or where some teachers have left or are on leave for an extended period. Teachers fill in their time-sheet on a daily basis and at the end of each week (Friday) the school will approve the timesheets. Upon receipt of the approved time-sheet from the customer (the school) acknowledging that the service has been provided, revenue is therefore generated via salesforce.

Permanent recruitment turnover relates to teachers being placed into a permanent role. Revenue is recognised at a point in time when the performance obligation is met which the teacher has been placed into the role and has started at the school.

**2.6 Government grants**

The UK government has offered a range of financial support packages to help companies, including government backed financing arrangements, furlough schemes, deferment of VAT payments and, for some sectors, business rates holidays, of the offered schemes, the Company used the furlough scheme in the comparative year. The income from the furlough scheme has been recognised within 'Other operating income'. The income has been recognised when the entity has reasonable assurance that they will comply with the conditions attaching the grant, and that the grant will be received.

**2.7 Interest income**

Finance income is recognised using the effective interest method. When a loan or receivable is impaired, the Company reduced the carrying value to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues to unwind the discount as interest income.

**2.8 Finance costs**

Finance costs are charged to profit or loss 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.

**2.9 Pensions**

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

The contributions are recognised as an expense in profit or loss 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 Company in independently administered funds.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.10 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 operates and generates 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.

**2.11 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.12 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.13 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following annual basis:

Fixtures and fittings	- 20 - 25% straight line
Office equipment	- 25% straight line

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 profit or loss.

**2.14 Debtors**

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

**2.15 Cash and cash equivalents**

Cash and cash equivalents are 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.

**2.16 Creditors**

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

**2.17 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company 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 profit or loss in the year that the Company 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)****2.18 Financial instruments**

The Company 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.

**3. Significant management judgements and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates.

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 and in any future periods affected.

**Significant management judgements**

The Directors have not identified any significant management judgements in preparing these financial statements.

**Estimation uncertainty**

The Directors have not identified any key sources of estimation uncertainty in preparing these financial statements.

**4. Turnover**

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

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Provision of supply teachers	8,529	6,873

All turnover arose within the United Kingdom.

**5. Other operating income**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Coronavirus Job Retention Scheme income	-	309

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**SMART EDUCATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**6. Operating profit**

The operating profit is stated after charging:

	2022 £000	2021 £000
Depreciation of tangible fixed assets	19	15
Other operating lease rentals	160	232
Defined contribution pension scheme	17	24
Coronavirus Job Retention Scheme income	-	309
	<u>          </u>	<u>          </u>

**7. Auditor's remuneration**

In Audit services were borne by the parent company, The Edwin Group Limited. No amounts were charged to the Company.

**8. Employees**

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

	2022 No.	2021 No.
Sales staff	18	23
	<u>          </u>	<u>          </u>

The Directors are remunerated by other group companies. No amounts were recharged to the Company in respect of these services for the year ended 31 August 2022 (2021 - £Nil).

**9. Interest receivable**

	2022 £000	2021 £000
Interest receivable from group companies	170	156
	<u>          </u>	<u>          </u>

**10. Interest payable and similar expenses**

	2022 £000	2021 £000
Loans from group undertakings	65	82
	<u>          </u>	<u>          </u>

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**11. Taxation**

	2022 £000	2021 £000
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	20	-
Effect of tax rate change on opening balance	-	(3)
Adjustments in respect of prior periods	(7)	-
<b>Total deferred tax</b>	13	(3)
<b>Taxation on profit/(loss) on ordinary activities</b>	13	(3)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
<b>Profit on ordinary activities before tax</b>	718	122
<b>Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)</b>	136	23
<b>Effects of:</b>		
Expenses not deductible for tax purposes	2	9
Capital allowances for year in excess of depreciation	(2)	-
Remeasurement of deferred tax for changes in tax rates	(2)	(3)
Movement in deferred tax not recognised	-	(3)
Group relief	(121)	(29)
<b>Total tax charge for the year</b>	13	(3)

**Factors that may affect future tax charges**

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50k or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50k and £250k, the higher 25% rate will apply but with a marginal relief applying as profits increase.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**12. Intangible assets**

	<b>Goodwill £000</b>
<b>Cost</b>	
At 1 September 2021	161
At 31 August 2022	<u>161</u>
<b>Amortisation</b>	
At 1 September 2021	161
At 31 August 2022	<u>161</u>
<b>Net book value</b>	
At 31 August 2022	<u><u>-</u></u>
At 31 August 2021	<u><u>-</u></u>

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FOR THE YEAR ENDED 31 AUGUST 2022**

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**13. Tangible fixed assets**

	<b>Fixtures and fittings £000</b>	<b>Computer equipment £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 September 2021	107	32	139
Additions	55	13	68
Disposals	(106)	(16)	(122)
At 31 August 2022	56	29	85
<b>Depreciation</b>			
At 1 September 2021	106	23	129
Charge for the year	11	8	19
Disposals	(106)	(16)	(122)
At 31 August 2022	11	15	26
<b>Net book value</b>			
At 31 August 2022	45	14	59
At 31 August 2021	1	9	10

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**14. Fixed asset investments**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
As at 31 August 2021 and 2022	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

<b>Name</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Smart Teachers Limited*	Dormant	Company limited by guarantee without share capital	100%

\*Registered office: First Floor (South) Cathedral Buildings, Dean Street, Newcastle Upon Tyne, United Kingdom, NE1 1PG



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**15. Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	532	488
Amounts owed by group undertakings	2,275	2,108
Other debtors	49	213
Prepayments and accrued income	64	70
Deferred taxation	-	11
	<u>2,920</u>	<u>2,890</u>

Amounts owed by group undertakings are unsecured, repayable on demand and bear interest at a rate of 8% per annum (2021 - 8%).

**16. Cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	<u>887</u>	<u>661</u>

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

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	47	31
Amounts owed to group undertakings	741	1,058
Other taxation and social security	328	306
Other creditors	12	82
Accruals and deferred income	243	296
	<u>1,371</u>	<u>1,773</u>

Amounts owed to group undertakings are unsecured, repayable on demand and bear interest at a rate of 8% per annum (2021 - 8%).

LDC (Managers) Limited have a fixed and floating charge over all assets of the entity.

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FOR THE YEAR ENDED 31 AUGUST 2022**

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**18. Deferred taxation**

	<b>2022 £000</b>	<b>2021 £000</b>
At beginning of year	11	8
(Charged)/credited to profit or loss	(13)	3
<b>At end of year</b>	<b>(2)</b>	<b>11</b>

The deferred taxation balance is made up as follows:

	<b>2022 £000</b>	<b>2021 £000</b>
Fixed asset timing differences	(2)	11

**19. Share capital**

	<b>2022 £</b>	<b>2021 £</b>
647,565 Ordinary shares of £0.01 each	6,476	6,476
2 Special shares of £1 each	2	2
	<b>6,478</b>	<b>6,478</b>

The Ordinary shares have rights to return on capital and voting rights. Rights to dividend exist so long as any amounts payable under loan notes remain outstanding with approval from investors.

Special shares do not carry any rights to dividends, capital distributions or votes.

**20. Pension commitments**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the fund and amounted to £17k (2021 - £24k). Contributions totalling £3k (2021 - £1k) were payable at the balance sheet date and are included in creditors.

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**21. Commitments under operating leases**

At 31 August 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Not later than 1 year	158	77
Later than 1 year and not later than 5 years	184	-
	<u>342</u>	<u>77</u>

**22. Controlling party**

At the year end the immediate parent undertaking is Edwin Co 2 Limited , a company registered in England and Wales.

The ultimate parent of the Company is The Edwin Group Limited. Copies of the smallest and largest parent in the Group, The Edwin Group Limited consolidated financial statements, which include the Company, are available from the Company Secretary, The Edwin Group Limited, First Floor (South) Cathedral Buildings, Dean Street, Newcastle Upon Tyne, NE1 1PG.

The Directors do not consider there to be an ultimate controlling party of The Edwin Group Limited by virtue of the fact that no single shareholder has more than 50% of the voting rights.