

Prospects Group 2011 Limited
Annual report and financial statements
For the year ended 31 August 2019



Company No. 07708678

Company information

Prospects Group 2011 Limited

Registered in England & Wales

Company number

07708678

Registered office

Shaw Trust House
19 Elmfield Road
Bromley
Kent
BR1 1LT

Directors

P M Baldwin
V Blakeman
P D Holmes
J M Oughton

Company secretary

S N King

Independent Auditors

PricewaterhouseCoopers LLP
2 Glass Wharf,
Bristol,
BS2 0FR

Principal bankers

Clydesdale Bank PLC
136-138 New Street,
Birmingham
B2 4QJ

Registrars

Computershare Investor Services Ltd
The Pavillions
Bridgewater Road
Bristol
BS13 8AE

Index

	Page(s)
Directors' report	3 - 4
Independent auditors' report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 19

Directors' report

The directors present their report and the audited financial statements of Prospects Group 2011 Limited (the "company") for the year ended 31 August 2019.

Principal activities

The principal activity of the company continued to be that of a holding company.

Results

The audited financial statements of the company for the year ended 31 August 2019 are set out on pages 8 to 19. The loss for the year after taxation was £434,944 (17 months to 31 August 2018: loss £2,198,616). No dividend was paid or proposed for the year.

Directors

The directors who served during the year were:

P M Baldwin (appointed 21 September 2018)
K M Beerling (resigned 30 September 2018)
J N Bell (resigned 31 May 2019)
V Blakeman
B Cabras (resigned 12 July 2019)
N O C Carey (appointed 1 November 2018, resigned 5 July 2019)
P D Holmes
V H Miner (resigned 27 March 2019)
J M Oughton (appointed 22 January 2019)
D G Phipps (resigned 30 April 2019)
R White (resigned 31 December 2018)
A Williams (resigned 17 June 2019)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;

Directors' report

- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Statement of disclosure of information to auditors

The directors confirm that:

- In so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The ultimate parent undertaking, The Shaw Trust Limited, has indicated that it will continue to provide financial support to the company. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Financial performance during the period of Covid-19 lockdown has been favourable to the Covid-19 scenario planning and the Trust is confident that it has sufficient financial and operational resources to operate through this period of disruption.

Small company provisions

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

This report was approved by the Board of Directors and signed on its behalf by:



J M Oughton
Director
31st July 2020

Independent auditors' report to the members of Prospects Group 2011 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Prospects Group 2011 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements ("Annual Report"), which comprise: the balance sheet as at 31 August 2019; the statement of comprehensive income, the statement of changes in equity for the year ended 31 August 2019; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 August 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Colin Bates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
3 August 2020

Statement of comprehensive income

		Year to 31 August 2019 £ Total	17 months to 31 August 2018 £ Before exceptionals	17 months to 31 August 2018 £ Exceptional items (note 8)	17 months to 31 August 2018 £ Total
	Note				
Turnover	5	20,509	141,153	-	141,153
Administrative expenses		(20,490)	(31,153)	(2,311,239)	(2,342,392)
Profit / (loss) before interest and taxation	6	19	110,000	(2,311,239)	(2,201,239)
Net interest expense	9	(434,963)	(365,786)	-	(365,786)
Loss before taxation		(434,944)	(255,786)	(2,311,239)	(2,567,025)
Tax on loss	10	-	48,599	319,810	368,409
Loss for the financial year / period		(434,944)	(207,187)	(1,991,429)	(2,198,616)
Total comprehensive expense for the financial year / period		(434,944)	(207,187)	(1,991,429)	(2,198,616)

All of the activities of the company are classified as continuing.

Balance sheet

	Note	At 31 August 2019 £	At 31 August 2018 £
Fixed assets			
Investments	11	3,719,687	3,719,687
Current assets			
Debtors	12	9,632,586	9,296,347
Cash at bank and in hand		531,809	535,518
		<u>10,164,395</u>	<u>9,831,865</u>
Creditors: amounts falling due within one year	13	<u>(14,979,076)</u>	<u>(7,753,540)</u>
Net current liabilities		(4,814,681)	2,078,325
Total assets less current liabilities		<u>(1,094,994)</u>	<u>5,798,012</u>
Creditors: amounts falling due after more than one year	14	-	6,458,062
Called up share capital	15	24,000	24,000
Other reserves	16	523,835	523,835
Profit and loss account		<u>(1,642,829)</u>	<u>(1,207,885)</u>
Total share capital and reserves		(1,094,994)	(660,050)
Total shareholders' deficit / funds		<u>(1,094,994)</u>	<u>5,798,012</u>

The financial statements on pages 8 to 19 were approved by the Board of Directors on 31st July 2020 and are signed on their behalf by:



J M Oughton
Director

Company No: 07708678

Statement of changes in equity for the year ended 31 August 2019

	Share capital £	Other reserves £	Profit and loss account £	Total £
At 1 April 2017	24,000	(13,605)	(976,889)	(966,494)
Loss for the financial period	-	-	(2,198,616)	(2,198,616)
Proceeds from sale of own shares	-	2,505,060	-	2,505,060
Reclassification of reserves	-	(1,967,620)	1,967,620	-
At 31 August 2018	24,000	523,835	(1,207,885)	(660,050)
Loss for the financial year	-	-	(434,944)	(434,944)
At 31 August 2019	24,000	523,835	(1,642,829)	(1,094,994)

Notes to the financial statements

1 Company information

Prospects Group 2011 Limited ("the company") operates from Shaw Trust House, 19 Elmfield Road, Bromley, Kent BR1 1LT.

The principal activity of the company is that of a holding company.

The company is a private unlimited company with share capital, incorporated in England and Wales. The registered office is situated at Prospects House, 19 Elmfield Road, Bromley, Kent BR1 1LT.

2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 not to prepare group financial statements, as it is a subsidiary undertaking of Prospects Group 2011 Limited, a company registered in England and Wales, and is included in the consolidated financial statements of that company.

The company changed its accounting reference date from 31 March to 31 August in 2018 and so the results for the current period are shown for 12 months as opposed to 17 months last year.

The financial statements are presented in Sterling (£).

The company has adopted the following disclosure exemptions:

- the requirement under section 7 to present a statement of cash flows and related notes
- the requirement under section 11, financial instrument disclosures, including:
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks.
- the requirement under section 33 to disclose related party transactions with other wholly owned group companies.

Going concern

The ultimate parent undertaking, The Shaw Trust Limited, has indicated that it will continue to provide financial support to the company. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Financial performance during the period of Covid-19 lockdown has been favourable to the Covid-19 scenario planning and the Trust is confident that it has sufficient financial and operational resources to operate through this period of disruption.

Notes to the financial statements

3 Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Value of investments (note 11)

The company considers whether the value of its investments is impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of cash generating units (CGUs). This requires estimation of future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

4 Principal accounting policies

Investments

Investments in subsidiary companies and associated companies are accounted for at cost less any impairment.

Debtors

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

Creditors

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

Investment in own shares

The company operates an employee benefit trust administered by Estera Trust (Jersey) Limited. The assets and liabilities of the trust are recognised in the financial statements to reflect the fact that the Company has de facto control over the assets.

The cost of shares purchased by the employee benefit trust, together with any gains or losses arising on disposal of shares, are included in other reserves.

Notes to the financial statements

4 Principal accounting policies (continued)

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the rendering of services.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the amount of revenue can be measured reliably and (c) it is probable that future economic benefits will flow to the entity.

Revenue on service-based contracts is recognised as services are provided. Where the company has received consideration under the terms of a contract in advance of performing the related service or delivering the associated goods, revenue is deferred until the relevant contractual commitment has been fulfilled. An expected loss on a contract is recognised immediately in the profit and loss account.

Exceptional items

Exceptional items are material items which derive from events or transactions that fall outside the ordinary activities of the company and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

The separate reporting of exceptional items helps to provide a better indication of the company's underlying business performance.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Notes to the financial statements

5 Turnover

The total turnover of the company for the year has been derived from its principal activities which are wholly delivered in the United Kingdom.

6 Loss before interest and taxation

Loss before interest and taxation is stated after charging:

	Year to 31 August 2019 £	17 months to 31 August 2018 £
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the company's annual financial statements	4,000	5,300
Fees payable to the company's auditors and its associates for other services:		
Tax compliance services	-	5,400
Fees payable to the company's previous auditor and their associates for other services:	-	27,576

In addition, fees totalling £nil (17 month period to 31 August 2018: £25,850) were payable to the company's previous auditor in the year in respect of corporate finance and tax advisory services on acquisitions which were completed in the year.

7 Employee costs

The company's directors were the only employees in the year and in the prior period.

Directors' emoluments for the year were nil (17 month period to 31 August 2018: £nil). No contributions were made to pension schemes on behalf of the directors for the year (17 month period to 31 August 2018: £nil). Directors are paid by the group company they are most associated with.

The directors are the key management personnel of the company.

8 Exceptional items

	Year to 31 August 2019 £	17 months to 31 August 2018 £
Legal and professional costs	-	668,469
Unapproved share options	-	1,604,815
Discretionary bonuses	-	37,955
Total interest receivable and similar income	-	2,311,239

Notes to the financial statements

During the year there were no exceptional costs (17 months to 31 August 2018): See below:

Legal and professional costs

Costs totalling £668,469 were incurred in the prior period in connection with advice and administration processes relating to the sale of the company to The Shaw Trust limited.

Unapproved share options (note 16)

Following the grant of share options in October 2017, in November 2017 eligible employees of the company's subsidiaries exercised share options in respect of 222,891 shares in the company held by the Prospects Group 2011 Limited Employee Benefits Trust. On 30 November 2017 the shares were acquired by The Shaw Trust Limited for consideration of £7.20 per share and the proceeds of £1,604,815 were paid to the shareholders.

Discretionary bonuses

In November 2017 the Prospects Group 2011 Limited Employee Benefits Trust granted cash bonuses to certain employees of the company's subsidiaries amounting to £37,955.

9 Net interest expense

	Year to 17 months to 31 August 2019 £	31 August 2018 £
(a) Interest receivable and similar income		
Bank interest received	3,000	247
Interest received from other group companies	336,308	454,071
Total interest income on financial assets not measured at fair value through profit or loss	339,308	454,318
Total interest receivable and similar income	339,308	454,318
(b) Interest payable and similar charges		
Interest expense on bank loans and revolving facility	(114,121)	(369,536)
Interest paid to group companies	(335,533)	(353,248)
Total interest expense on financial assets not measured at fair value through profit or loss	(449,654)	(722,784)
Amortisation of transaction costs relating to debt	(324,617)	(97,320)
Total interest payable and similar charges	(774,271)	(820,104)
(c) Net interest expense		
Interest receivable and similar income	339,308	454,318
Interest payable and similar charges	(774,271)	(820,104)
Net interest expense	(434,963)	(365,786)

Notes to the financial statements

10 Tax on loss

The tax charge is based on the loss for the year and represents:

	Year to 31 August 2019 £	17 months to 31 August 2018 £
UK corporation tax	-	(368,409)
Amounts in respect of prior periods	-	-
Total current tax	-	(368,409)
Deferred taxation: origination and reversal of timing differences	-	-
Deferred taxation: changes in tax rates	-	-
Deferred taxation: amounts in respect of prior periods	-	-
Total deferred tax	-	-
Tax on results of ordinary activities	-	(368,409)
Total tax charge		
Before exceptional items	-	(48,599)
Exceptional items	-	(319,810)
	-	(368,409)

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom at 19% (17 month period to 31 August 2018: 19%). The differences are explained as follows:

	2019 Year to 31 August 2019 £	2018 17 months to 31 August 2018 £
Loss before taxation	(434,944)	(2,567,025)
Loss before taxation multiplied by standard rate of UK corporation tax of 19% (17 month period to 31 August 2018: 19%)	(82,639)	(487,735)
Expenses not deductible for tax purposes	-	119,325
Group relief	82,639	368,409
Payment for group loss relief	-	(368,409)
Tax on results of ordinary activities	-	(368,409)

The aggregate current and deferred tax charge relating to items that are recognised as items of other comprehensive income is £nil (17 month period to 31 August 2018: £nil).

Notes to the financial statements

11 Investments

Total fixed asset investments comprise:

	2019 £	2018 £
Subsidiary undertakings	3,719,433	3,719,433
Associate	254	254
	<u>3,719,687</u>	<u>3,719,687</u>

Investments in subsidiary undertakings

£

Cost

At 1 September 2018 and 31 August 2019

3,719,433 3,719,433

Investments in associate

£

Cost

At 1 September 2018 and 31 August 2019

254

The principal investments of the company at 31 August 2019 were:

Name	Country of incorporation	Interest and proportion of voting rights	Activities
Prospects Services (Midco) Limited	England and Wales	100%	Holding company
3BM Limited	England and Wales	34.9%	Education services
Prospects Education Services Limited	England and Wales	100%	Holding company
Gabbitas Limited	England and Wales	100%	Holding company
Homes 2 Inspire Limited	England and Wales	100%	Residential care services

The registered office address of all subsidiary undertakings is Shaw Trust House, 19 Elmfield Road, Bromley, Kent BR1 1LT.

Notes to the financial statements

12 Debtors

	2019 £	2018 £
Amounts owed by group undertakings	9,632,586	9,296,278
Other debtors	-	69
	<u>9,632,586</u>	<u>9,296,347</u>

13 Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans and overdrafts	-	250,000
Trade creditors	2,520	2,520
Amounts owed to group undertakings	14,950,776	7,436,866
Accruals and Deferred Income	25,780	64,154
	<u>14,979,076</u>	<u>7,753,540</u>

14 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Bank loan repayable between one and two years	-	750,000
Bank loan repayable between two and five years	-	6,000,000
Deduct: unamortised transaction costs	-	(291,938)
	<u>-</u>	<u>6,458,062</u>

The bank loan was secured by a fixed charge on all assets of the company and certain subsidiary undertakings. Loan repayments were made quarterly with final maturity of the loan falling due in June 2022. Interest accrued at a margin of 2.65% and 3% over LIBOR and is payable over periods ranging between 1 month and 6 months, or any other period agreed between the company and the lender.

Transaction cost in respect of the refinancing are recognised as part of the interest expense, amortised over the term of the bank loan.

This loan was repaid in April 2019 and replaced with an intercompany loan.

15 Called up share capital

	2019 £	2018 £
Allotted, called up and fully paid		
2,400,000 Ordinary share of £0.01 each (2018: 2,400,000)	<u>24,000</u>	<u>24,000</u>

Notes to the financial statements

15 Called up share capital (continued)

The company has one class of ordinary shares which carry no right to fixed income. The share carries the right to one vote in any circumstances. The share has a right to dividends and is entitled to participate in a distribution arising from a winding up of the company.

16 Other reserves

Called-up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

17 Related party transactions

The company has taken advantage of the exemption in section 33 of FRS 102 from the requirement to disclose transactions with wholly owned group companies on the grounds that consolidated financial statements are prepared by The Shaw Trust Limited, the ultimate parent company.

18 Ultimate Parent company

The parent company is The Shaw Trust Limited, a company registered in England and Wales. The Shaw Trust Limited is the largest and smallest group of undertakings for which group financial statements have been drawn up and copies can be obtained from Black Country House, Rounds Green Road, Oldbury, B69 2DG.