

Prospects Group 2011 Limited
Annual report and financial statements
For the year to 31 August 2021



Company No. 07708678

Company information

Prospects Group 2011 Limited

Registered in United Kingdom

Company number

07708678

Registered office

Black Country House
Rounds Green Road
Oldbury
B69 2DG

Directors

P M Baldwin
J M Oughton

Company Secretary

C A McKinley

Independent Auditors

Crowe U.K. LLP
2nd Floor
55 Ludgate Hill
London
EC4M 7JW

Principal bankers

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

Registrars

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

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Directors' report

The directors present their report and the audited financial statements of Prospects Group 2011 Limited (the "Company") for the year to 31 August 2021.

Principal activities

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

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

P M Baldwin
V Blakeman (resigned 12 April 2021)
P D Holmes (resigned 3 February 2022)
J M Oughton

Company Secretary

C A McKinley

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, 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;
- 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.

Directors' report

Statement of directors' responsibilities in respect of the financial statements (continued)

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.

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

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The ultimate parent and controlling party also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Small Company provisions

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 of Directors and signed on its behalf by:



J M Oughton
Director
10 May 2022

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

Opinion

We have audited the financial statements of Prospects Group 2011 Limited for the year ended 31 August 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, and Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 director's 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 directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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.

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 the 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 directors' report.

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

- adequate accounting records have not been kept by the company, 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 and from the requirement to prepare a strategic report.

Responsibilities of directors

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

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.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and relevant Taxation legislation.

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

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and revenue recognition. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases. Our audit procedures to respond to revenue recognition risks included testing a sample of revenue across the year to agree to supporting documentation and testing revenue cut-off to ensure that it has been recognised in the correct period.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

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



Julia Poulter (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

55 Ludgate Hill

London EC4M 7JW

Date: 31 May 2022

Statement of comprehensive income

	Note	Year to 31 August 2021 £	Year to 31 August 2020 £
Turnover		-	-
Administrative (expenses) / income		(421,912)	301,141
(Loss) / Profit before interest and taxation	6	(421,912)	301,141
Net interest (expense) / income		(8,949)	71,469
(Loss) / Profit before taxation		(430,861)	372,610
Tax on (loss) / profit		-	-
(Loss) / Profit for the financial year		(430,861)	372,610

The notes on pages 11 to 15 form part of these financial statements.

Balance sheet As at 31st Aug, 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investments	7		3,593,803		3,593,803
Current assets					
Debtors	8	-		9,630,344	
Cash at bank and in hand		38,258		541,349	
		<u>38,258</u>		<u>10,171,693</u>	
Creditors: amounts falling due within one year	9	(4,785,305)		(14,487,879)	
Net current liabilities			<u>(4,747,047)</u>		<u>(4,316,186)</u>
Total net liabilities			<u>(1,153,244)</u>		<u>(722,383)</u>
Called up share capital	10	24,000		24,000	
Other reserves	11	50,858		523,835	
Profit and loss account		<u>(1,228,102)</u>		<u>(1,270,218)</u>	
Total share capital and reserves			<u>(1,153,244)</u>		<u>(722,383)</u>
Total shareholders' deficit funds			<u>(1,153,244)</u>		<u>(722,383)</u>

The financial statements have been prepared in accordance with the provision applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements were approved and authorised for issue by the Board of Directors and were signed on their behalf by:



J M Oughton
Director

Date: 10 May 2022 .

Company No: 07708678

The notes on pages 11 to 15 form part of these financial statements.

Statement of changes in equity for the year to 31 August 2021

	Share capital £	Other reserves £	Profit and loss account £	Total shareholders' deficit £
At 1 September 2019	24,000	523,835	(1,642,828)	(1,094,993)
Profit for the financial year	-	-	372,610	372,610
At 31 August 2020	<u>24,000</u>	<u>523,835</u>	<u>(1,270,218)</u>	<u>(722,383)</u>
Loss for the financial year	-	-	(430,861)	(430,861)
Reclassification of reserves	-	(472,977)	472,977	-
At 31 August 2021	<u>24,000</u>	<u>50,858</u>	<u>(1,228,102)</u>	<u>(1,153,244)</u>

The notes on pages 11 to 15 form part of these financial statements

Notes to the financial statements

1 Company information

The Company is a private unlimited Company with share capital, incorporated in the United Kingdom. The registered office is situated at Black Country House, Rounds Green Road, Oldbury, B69 2DG.

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

2 Basis of preparation

These financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006.

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 the United Kingdom, and is included in the consolidated financial statements of that Company.

The financial statements are presented in Sterling (£).

Going concern

The ultimate parent and controlling undertaking, Shaw Trust Limited (The), 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.

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 10)

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

A summary of the significant accounting policies, which have been applied on a consistent basis, is set out below.

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.

Notes to the financial statements

4 Principal accounting policies (continued)

Creditors

Short term trade creditors are measured at the transaction price.

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.

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.

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.

5 Employees

The average monthly number of employees during the year with a contract of service was 0 (2020 – 0)

The operating Directors were remunerated for their services by Prospect Services Limited and by the ultimate parent and controlling party, Shaw Trust Limited (The) for the group as a whole.

Notes to the financial statements

6 Exceptional Items

The administrative expenses charged include following exceptional items;

Discretionary bonuses	443,073	-
	<u>443,073</u>	<u>-</u>

In November Prospects Group 2011 Limited was acquired by The Shaw Trust Limited. 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.

In February 2021, eligible employees of Prospects Group 2011 Limited Employee Benefits Trust were paid a bonus of £443,073.

7 Investments

	Subsidiary undertakings	Total
	£	£
Cost		
At 1 September 2020	3,593,803	3,593,803
Net book value		
At 31 August 2021	<u>3,593,803</u>	<u>3,593,803</u>
At 31 August 2020	<u>3,593,803</u>	<u>3,593,803</u>

The principal investments of the Company at 31 August 2021 were:

Name	Country of incorporation	Interest and proportion of voting rights	Activities
Prospects Services (Midco) Limited	United Kingdom	100%	Holding Company
Prospects Education Services Limited	United Kingdom	100%	Holding Company
Homes 2 Inspire Limited	United Kingdom	100%	Residential care services

The registered office address of Prospects Services (Midco) Limited and Prospects Education Services Limited is Black Country House, Rounds Green Road, Oldbury, B69 2DG.

The registered office address of Homes 2 Inspire Limited is Lumonics House, Valiant Office Suites, Valley Drive, Swift Valley Industrial Estate, Rugby, CV21 1TQ

Notes to the financial statements

8 Debtors

	2021 £	2020 £
Amounts owed by group undertakings	-	9,628,686
Other debtors	-	1,658
	<u>-</u>	<u>9,630,344</u>

9 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	-	-
Amounts owed to group undertakings	4,782,805	14,462,560
Accruals and Deferred Income	2,500	25,319
	<u>4,785,305</u>	<u>14,487,879</u>

10 Called up share capital

	2021 £	2020 £
Allotted, called up and fully paid		
2,400,000 Ordinary share of £0.01 each (2020: 2,400,000)	<u>24,000</u>	<u>24,000</u>

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.

11 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 year retained profits and losses.

Other reserves represent the cost of investment in own shares and cash reserves held by Prospects Group 2011 Limited Employee Benefit Trust.

12 Contingent liabilities

The company has given a guarantee in respect of a bank loan to the ultimate parent and controlling entity, Shaw Trust Limited (The), which amounted to £2.0m at 31 August 2021 (2020: £2.9m). The guarantee is secured by a fixed and floating charge on the company's assets as a whole.

Notes to the financial statements

13 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 Shaw Trust Limited (The), the ultimate parent and controlling party.

14 Ultimate Parent Company

The ultimate parent and controlling party is Shaw Trust Limited (The), a Company registered in the United Kingdom. Shaw Trust Limited (The) 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.