

Financial Statements Shropshire College Management Limited

For the year ended 31 July 2018

Registered number: 08676686



Company Information

Directors	Graham Guest Janet Stephens Martyn Hasell
Registered number	08676686
Registered office	c/o Telford College Haybridge Road Wellington Shropshire TF1 2NP
Independent auditor	KPMG LLP One Snowhill Queensway Birmingham West Midlands B4 6GH
Bankers	Barclays Bank plc Barclays Business Centre 23 Church Street Wellington Shropshire TF1 1DQ

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Shropshire College Management Limited

Directors' Report

For the year ended 31 July 2018

The directors present their report and the financial statements for the year ended 31 July 2018.

Principal activities

The principal activity is managing the use of the asset held by Shropshire College Management Limited for use by Shropshire College Hotel School Limited.

Results and dividends

The profit for the year, after taxation, amounted to £32,229 (2017: profit £9,794).

Directors

The directors who served during the year were:

Martin Smith – resigned 30 November 2017
Graham Guest - appointed 30 November 2017
Janet Stephens - appointed 30 November 2017
Martyn Hasell - appointed 30 November 2017

The directors received no remuneration from the Company in relation to their role as directors during the period. Their remuneration is provided through the company's parent entity.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 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.

Going Concern

After making appropriate enquiries, the Board considers that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Directors' Report

For the year ended 31 July 2018

Disclosure of information to auditor

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

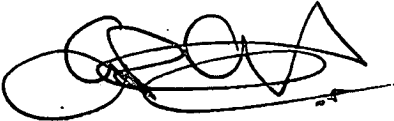
- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor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

Auditor

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

The above report has been prepared whilst taking advantage of the small companies exemption.

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

A handwritten signature in black ink, appearing to read 'Graham Guest', with a stylized flourish at the end.

Graham Guest

21 December 2018

Independent Auditor's Report to the Members of Shropshire College Management Limited

We have audited the financial statements Shropshire College Management Limited for the year ended 31 July 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover this report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in this report for the financial year is consistent with the financial statements; and
- in our opinion this report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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

Independent Auditor's Report to the Members of Shropshire College Management Limited

- we have not received all the information and explanations we require for our audit

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Michael Rowley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered accountants
One Snow Hill,
Snow Hill Queensway,
Birmingham,
B4 6GH

21 December 2018

Profit and Loss Account

For the year ended 31 July 2018

	Note	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
Turnover (Management Charges)	1,2	78,000	78,000
Gross profit		<u>78,000</u>	<u>78,000</u>
Administrative expenses		(7,931)	(40,846)
Depreciation		<u>(37,840)</u>	<u>(27,360)</u>
Operating profit	3	<u>32,229</u>	<u>9,794</u>
Profit on ordinary activities before taxation		32,229	9,794
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
Profit for the financial period	9	<u>32,229</u>	<u>9,794</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2018 other than those included in the Profit and loss account.

The notes on pages 10 to 15 form part of these financial statements.

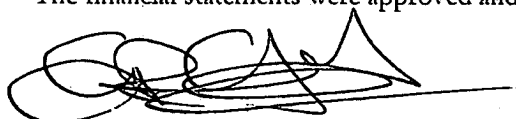
Balance Sheet

As at 31 July 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	5		<u>1,734,417</u>		<u>1,772,257</u>
Current assets					
Debtors & Prepayments	6	179,400		101,400	
Cash at bank and in hand		<u>76,460</u>		<u>106,999</u>	
Creditors: amounts falling due within one year	7	<u>9,897</u>		<u>32,504</u>	
Net current assets			<u>245,963</u>		<u>175,894</u>
Net assets			<u>1,980,380</u>		<u>1,948,151</u>
Capital and reserves					
Called up share capital	8		1		1
Share premium account	8		1,948,150		1,948,150
Profit and loss account	9		<u>32,228</u>		<u>(1)</u>
Shareholders' funds	10		<u>1,980,380</u>		<u>1,948,151</u>

These accounts have been prepared in accordance with the special provisions in part 15 of Companies Act 2006 relating to small companies and in accordance with the FRS102.

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



Graham Guest

Date: 21 December 2018

The notes on pages 10 to 15 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 July 2018

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Shropshire College Hotel School Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

Shropshire College Hotel School Limited's parent undertaking, Telford College, includes the Company in its consolidated financial statements. The consolidated financial statements of Telford College are prepared in accordance with Financial Reporting Standard 102 and are available to the public and may be obtained from Telford College's website.

1.1 Basis of preparation of financial statements

The accounts have been prepared under the historical cost convention and in accordance with the FRS 102 Section 1A small entities. There were no material departures from that standard. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Key Management Personnel compensation; and
- Related Party Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 Going concern

The directors have considered the company's ability to continue as a going concern. Given the forecast trading and cash flow performance of the company, and the support available from its parent, Telford College, the directors consider that the going concern basis of the accounting continues to be appropriate for the preparation of the financial statements.

1.3 Turnover

Turnover represents the value, net of value added tax and discounts, of management charges to Shropshire College Hotel School Limited, a group company.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value of 40%, over their expected useful lives on the following bases:

Land and Buildings	- 40 years
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During the year the company re-assessed the residual value of the hotel and now depreciates the opening net book value to a residual value of £400,000 being an estimate of the residual value of the land.

Notes to the Financial Statements

For the year ended 31 July 2018

1.5 Pensions

The company operates no pension scheme as there are no employees.

1.6 Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior period, and are unpaid at the reporting date. They are calculated according to tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the year. All changes to current tax assets and liabilities are recognised as a component of the tax expense in the profit and loss account.

1.7 Estimates and judgements

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities.

Judgements

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Estimates

Estimation of useful lives of assets and residual values

Estimations of the useful lives of assets and the residual value at the end of an assets life are made on the basis of historical experience, manufacturer's warranties (for plant and equipment) and lease terms (for leased equipment). In addition the condition of assets is assessed annually and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. See note 1.4 for the estimate of the residual value for the hotel.

1.8 Financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Notes to the Financial Statements

For the year ended 31 July 2018

1.9 Standards issued but not yet effective

The company has chosen to early adopt the December 2017 Amendments to FRS 102 and elected to carry its land and buildings at cost in accordance section 17 as they are wholly rented out to another group entity

2. Turnover

The whole of the turnover is attributable to the management charges associated with property management.

All turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
Depreciation of tangible fixed assets:		
- owned by the company	37,840	27,360
Auditor's remuneration		
- fees payable to the company's auditors in respect of audit services	4,100	4,000
Leasehold rent		
-peppercorn rent in respect of leasehold property (see note 5)	1,000	1,000

During the 12 months, no director received any emoluments

4. Taxation

Factors affecting tax charge for the 12 months

Notes to the Financial Statements

For the year ended 31 July 2018

The tax assessed for the 12 months is lower than the standard rate of corporation tax in the UK of 19% (2017 20%). The differences are explained below:

	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
Profit on ordinary activities before tax	32,229	9,794
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%/20%	6,124	1,959
Effects of:		
Fixed asset differences	7,189	5,472
Gift aid	(3,574)	-
Group relief (claimed)/surrendered	(9,739)	(7,431)
Current tax charge for the year (see note above)	-	-

Whilst note accrued in the accounts, it is the intention the company will pay gift aid to its parent in respect of this financial year.

Factors that may affect future tax charges

Group loss relief and charitable donations made to Telford College.

5. Tangible fixed assets

	Land and Buildings* £
Cost	
At 1 August 2017	1,899,877
Additions	-
Acquired	-
At 31 July 2018	1,899,877
Depreciation	
At 1 August 2017	127,620
Charge for the year	37,840
At 31 July 2018	165,460
Net book value at 31 July 2018	1,734,417

*Land and buildings include freehold and leasehold property. The leasehold property is held under a 999 year lease, at a peppercorn rent of £1,000 pa, with Telford and Wrekin council.

Notes to the Financial Statements

For the year ended 31 July 2018

6. Debtors

	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
Amounts owed by group undertakings	179,400	101,400
	<u>179,400</u>	<u>101,400</u>

7. Creditors:

Amounts falling due within one year

	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
Other creditors	9,897	32,504
	<u>9,897</u>	<u>32,504</u>

8. Share capital and premium

	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
Allotted, called up and fully paid 1 Ordinary shares of £1 each	1	1
Share premium account Investment from parent	1,948,150	1,948,150
	<u>1,948,151</u>	<u>1,948,151</u>

9. Reserves

	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
Profit and loss account		
At 1 August	(1)	(9,795)
Profit / loss for the period	32,229	9,794
	<u>32,228</u>	<u>(1)</u>

At 31 July

Notes to the Financial Statements

For the year ended 31 July 2018

10. Reconciliation of movement in shareholders' funds

	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
Opening shareholders' funds	1,948,151	1,938,357
Investment from parent	-	-
Profit / (Loss) for the period	<u>32,229</u>	<u>9,794</u>
Closing shareholders' funds	<u>1,980,380</u>	<u>1,948,151</u>

11. Contingent liabilities

The company has no contingent liabilities.

12. Capital commitments

The company has no capital commitments.

13. Related party transactions

The company has taken advantage of the exemption in FRS102 not to disclose transactions with wholly owned group entities, whose voting rights are held within the group, and which are included in the financial statements of Telford College.

14. Undertaking and controlling party

The immediate parent and ultimate controlling party is Telford College, a Corporation established under the Further and Higher Education Act 1992 in England and Wales, by virtue of their 100% shareholding in Shropshire College Management Limited.

Copies of the Telford College accounts are available from Haybridge Road, Wellington, Telford, TF1 2NP.