The Edwin Group Limited

Registered number: 12406031

Annual report and financial statements

For the year ended 31 August 2022

COMPANY INFORMATION

Directors	W Roberts D Bains A Calder E Simpson C Coulton
Registered number	12406031
Registered office	First Floor (South) Cathedral Buildings Dean Street Newcastle Upon Tyne NE1 1PG
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Park View House 58 The Ropewalk Nottingham NG1 5DW

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

Introduction

The Directors present their strategic report for the year ended 31 August 2022.

Business review and trading performance

The principal activity of the Company is that of a holding company for the trading activities of Vision for Education Ltd, Smart Education Ltd, ABC Teachers Ltd and Commando Joes Fun and Fitness Ltd. The review of each of these four trading companies is presented below.

The principal activity of Vision, Smart and ABC the provision of teachers and support staff to schools on a temporary basis.

The principal activity of Commando Joes Fun and Fitness Ltd is the delivery of character-building training to schools for both staff and children.

<u>Vision for Education Limited</u>

Revenue increased 40% to £49,618k (2021 - £35,399k) during the year ended 31 August 2022.

Vision for Education Limited traded from 15 branches all located in England, and the number of employees was 166 (2021 - 147)..

During the year the Company generated an operating profit of £1,963k (2021 - £1,315k).

The Company achieved a profit after tax for the year of £2,062k (2021 - £1,469k).

Three new branches were opened in the year and a further one has been opened since September 2022.

Performance is strong and the Company is exceeding revenue and profits in the prior year.

<u>Smart Education Limited</u>

Revenue increased 24% to £8,529k (2021 - £6,873k) during the year ended 31 August 2022.

Smart Education Limited traded from 1 branch in London, and the number of employees was 18 (2021 - 23).

During the year the Company generated an operating profit of £613k (2021 - £48k).

The Company achieved a profit after tax for the year of £705k (2021 - £125k).

Performance is strong and the Company is exceeding revenue and profits in the prior year.

<u>ABC Teachers Limited</u>

Revenue increased 46% to £12,080k (2021 - £8,277k) during the year ended 31 August 2022.

ABC Teachers Limited traded from 1 branch in Lichfield, and the number of employees was 28 (2021 - 32).

During the year the Company generated an operating profit of £1,736k (2021 - £717k).

The Company achieved a profit after tax for the year of £1,849k (2021 - £737k).

Performance is strong and the Company is exceeding revenue and profits in the prior year.

Business review and trading performance (continued)

Commando Joes Fun and Fitness Ltd

Revenue increased 40% to £2,796k (2021 - £1,329k) during the 17 month period ended August 2022.

Commando Joes Fun and Fitness Ltd traded from 1 location in Greater Manchester, and the number of employees was 35 (2021 - 27).

During the period the Company generated an operating profit of £465k (2021 - £148k).

The Company achieved a profit after tax for the period of £437k (2021 - £118k).

Overall review of the business

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.

On 9 September 2021 the Company acquired Commando Joes Fun and Fitness Ltd.

The acquisition was paid for from cash within the Group. The initial payment was £600k and further payments are contingent on future performance.

On 17 December 2021 the Company were issued 100% of the share capital of Edwin Australia Pty Ltd upon its incorporation.

The Directors do not recommend payment of a dividend (2021 - £Nil). The financial performance of the Company for the year ended 31 August 2022, is included in the consolidated financial statements of The Edwin Group Limited.

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 teaching staff.

Going concern (continued)

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.

Environmental, Social and Governance

The Edwin Group does not meet the criteria for Streamlined Carbon Energy Reporting (SCER) or a Section 172 Statement. This text does not constitute SCER or a Section 172 Statement, however the directors have included the following information regarding the Group's Environment, Social and Governance (ESG), which is deemed beneficial to the users of the financial statements.

The Edwin Group recognises the importance of ESG. As a growing company, we also recognise the responsibility ESG brings to our stakeholders:

- Our clients
- Our staff
- The environment
- Our suppliers
- Communities from which we recruit and work as well as where our clients operate

The Board take our ESG programme seriously. As such, they have appointed a leading ESG advisory firm to evaluate The Edwin Group annually on circa 60 ESG areas. The firm will also create an ESG action plan for each new financial year. This plan covers interaction with each stakeholder.

Our clients

Our clients are equally as passionate as we are about embracing ESG and adding value to their stakeholders. We ensure that our clients receive the very highest levels of service. Our extensive formal and informal communications channels guarantee proactive support that resolves issues promptly.

Our staff

People are at the heart of everything we do and every service we provide. Our focus is always on recruiting the best talent and investing in their growth and development to encourage high retention levels. Our rigorous vetting and interview process is designed to match the right person to the right opportunity.

We have added numerous incentives to reward staff. We provide a wide range of support to our staff which enables them to fulfil their roles while simultaneously promoting their health and wellbeing. We appreciate that we are in the midst of a cost of living crisis and have provided a cost of living bonus for 95% of our staff. We also wanted to ensure we pay our staff at / above market rates and thus undertook a comprehensive review of all salaries which resulted in a significant increase to minimum level salaries.

Environmental, Social and Governance (continued)

The environment

Our environmental actions and impact are measured with a focus on lessening any negative environmental impact caused by business operations. We place an emphasis on workplace energy efficiency and encourage behaviours that support a culture of saving, preserving, and reducing waste.

Energy

Where we are not responsible for energy procurement within the offices we occupy, we do not have the ability to source renewable or low-carbon energy. We are, however, lobbying our existing landlords to switch to 100% renewable electricity. In addition, we will procure renewable electricity contracts upon renewal at any sites we occupy in which we are responsible for energy contracts. We do our best to reduce our energy consumption by encouraging staff to be mindful of their energy use.

Waste

As an office-based company, we create a minimal amount of waste. Most of our waste is managed for us as part of our office service charges.

As with our energy usage, the mix of tenants within each building means we cannot specifically measure the volume of our own generated waste. However, we continue to request more accurate data on our waste footprint and continuously strive to find ways to reduce, and responsibly dispose of, the waste we generate. Recycling stations within offices help to maximise recycling efforts and limit waste that could end up in landfill.

We have reached out to all landlords to request accurate data on the waste we generate, including the volume of waste we produce and the percentage of waste that is recycled, incinerated, or sent to landfill.

Transport

While The Edwin Group does not own or lease any vehicles, our consultants are required to travel to schools and educational settings to deliver our services. With COVID-19 hopefully now behind us, our consultants are back to their normal level of travel.

Consultant travel is clearly a very significant portion of our Scope 3 carbon emissions, and we plan to do all we can to reduce this. The first step we have taken is to create a set of guidance on greener and safer driving habits for all new and existing staff and candidates.

We are currently conducting a quantitative survey of ways to encourage our employees to switch to electric or hybrid vehicles. Potential incentives for the switch include a salary sacrifice program for EV vehicles and the introduction of favourable pence per mile recovery rates for EV vehicles.

Environmental, Social and Governance (continued)

Carbon

Carbon emissions are the leading cause of global warming and climate change. As such, we wanted to measure not only our Scope 1 and 2 (energy and transport) carbon emissions, but our Scope 3 emissions as well. Board engaged carbon specialists calculate our baseline emissions, create action plans to reduce each Scope, and help to set a net zero date. We will recalculate our emissions annually from here onwards to track progress.

	tCO2e (2021)	tC02e (2022)
Scope 1	73.3	38.6
Scope 2	31.9	36.5
Scope 3	14.7	160.9
Gross emissions (Locations based)	119.9	236
Gross emissions (Market based)	119.9	236
Less offsets	130	236
Carbon footprint	(10)	0

Our suppliers

We want to ensure that our suppliers are equally as passionate about ESG as we are. We have developed a supplier ESG survey and will be implementing a supplier code of conduct during the coming year.

Communities

We believe that supporting the communities in which we live and work through fundraising and volunteering initiatives provides positive role modelling for young people and builds pride in our staff. Our goal is to increase the number of learners we can reach through charitable giving. We think the best way to do this is by monitoring and expanding the scope of our efforts in this area. Our branches raised an astounding £406,000 this year, up from £200,000 last year.

Governance

Our Governance programme ensures the whole company behaves consistently, including within our ESG programme.

Our ESG Committee:
- The Committee is comprised of key internal stakeholders and has the mandate to drive our ESG programme strategically and operationally

Board-level diversity:
- We introduced a new Nominations Committee to ensure we are considering diversity when recruiting to the Executive and Senior Management teams
- The Edwin Group's new HR system was launched in part to help us consider diversity in our succession planning. The data will enable us to make recommendations to the Board when gaps in diversity may exist at the Group's top levels

We periodically review and update our policies and procedures to ensure they comply with current requirements and ensure the implementation of our ESG programme.

We believe in accountability and sharing our ESG journey with our stakeholders. We create an annual ESG Impact Report detailing progress made. We look forward to reporting on progress in next year's annual financial statements.

Environmental, Social and Governance (continued)

Looking ahead

We look forward to the year ahead with optimism and thank all our staff for the hard work in driving our ESG agenda.

Principal risks and uncertainties

The principal risks and uncertainties, including financial risks, facing the business are set out below:

Market risk

Changes in teacher turnover influence the Company's revenue and therefore future performance may be affected by changes in teacher mobility. The Company performs periodic market reviews to identify any underlying changes in the rate of teacher turnover. Teacher turnover is influenced by a number of factors, including public sector spending and recessionary pressures. Management are continuing to monitor market developments in light of Brexit and Covid, and we are not aware of any immediate direct consequences that will affect the Company.

Competitive risk

The Company supports schools by placing the right teachers in the right jobs. This will continue to deliver value to our customers. The main competitive threats facing the Company are from current competitors, potential new entrants and potential technological changes in the industry. These are monitored at a branch level and responded to by adding appropriate support in the branch such as increased headcount and marketing spend. In the opinion of the Directors, The Company has a sufficiently well established position in the marketplace to defend against potential threats.

Cash flow / liquidity risk

The risk is that there are insufficient funds to cover liabilities as they fall due. To mitigate this risk the Group has entered into an invoice discounting facility with Barclays Bank for £1.5m. This facility was entered into on 30 April 2021 and as at the date of signing the financial statements it is not utilised.

Interest Rate Risk

All material interest relates to intercompany balances. Whilst subject to change this is controlled and managed on a group wide basis.

Financial key performance indicators

Due to the nature of the business, key performance indicators such as number of supply days booked, charge rate to the schools and pay rates to the teachers are reviewed and monitored at a Company level.

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

allan calder

A Calder
Director

Date: 02-May-2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

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 group strategic report, the directors' report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group'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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £1,017k (2021 - loss £2,719k).

The Directors do not recommend payment of a dividend (2021 - £Nil).

Directors

The Directors who served during the year were:

W Roberts
D Bains
A Calder
W Colvin (resigned 16 December 2022)
J Green (resigned 20 June 2022)
E Simpson
C Coulton (appointed 20 June 2022)

Future developments

Details of future developments can be found in the group strategic report and form part of this report by cross-reference.

Directors' and officers' indemnity

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

Economic impact of global events

UK businesses are currently facing many uncertainties such as the consequences of Brexit, Covid 19, environmental sustainability and geopolitical events such as the Russian invasion of Ukraine. These uncertainties have contributed to an environment where there exists a range of issues and risks, including inflation, rising interest rates, labour shortages, disrupted supply chains and new ways of working.

The Directors have carried out an assessment of the potential impact of these uncertainties on the business, including the impact of mitigation measures, and have concluded that these are non-adjusting events with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

The Edwin Group Limited continues to work with its partners to minimise any impacts of these events and maximise the realisation of any opportunities they may provide to the business.

Matters covered in the Group strategic report

The Group has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 to set out certain information in the Strategic Report as required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 and the Group'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 and the Group'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.

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

allan calder

A Calder
Director

Date: 02-May-2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE EDWIN GROUP LIMITED

Opinion

We have audited the financial statements of The Edwin Group Limited (the 'Group and Parent Company') for the year ended 31 August 2022 which comprise the consolidated profit and loss account, the consolidated and Company balance sheets, the consolidated statement of cash flows, the consolidated analysis of net debt 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 the Group's loss 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 THE EDWIN GROUP LIMITED

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 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.

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report 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 strategic report and 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

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 Group 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 Group and the Parent 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 Group and the Parent 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 were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to , 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.

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. 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.

A. Hickson

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

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

	Note	2022 £000	2021 £000
Turnover	4	72,501	33,083
Cost of sales		(50,899)	(26,772)
Gross profit		21,602	6,311
Administrative expenses		(19,779)	(10,027)
Other operating income		-	2,859
Operating profit/(loss)	5	1,823	(857)
Share of loss from associates		(22)	-
Interest receivable and similar income	9	25	-
Interest payable and similar expenses	10	(2,644)	(1,655)
Loss before taxation		(818)	(2,512)
Tax on loss	11	(199)	(207)
Loss for the financial year		(1,017)	(2,719)
Other comprehensive income		-	-
Total comprehensive income for the year		(1,017)	(2,719)
Loss for the year attributable to:			
Owners of the Parent Company		(1,017)	(2,719)

The notes on pages 20 to 42 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2022

	Note		2022 £000		2021 £000
Fixed assets					
Intangible assets	12		18,710		17,935
Tangible assets	13		487		253
Investments	14		262		-
			19,459		18,188
Current assets					
Stocks	15	69		-	
Debtors	16	5,161		4,970	
Cash at bank and in hand	17	5,567		4,773	
		10,797		9,743	
Creditors: Amounts falling due within one year	18	(6,745)		(6,184)	
Net current assets			4,052		3,559
Total assets less current liabilities			23,511		21,747
Creditors: Amounts falling due after more than one year	19		(26,416)		(23,712)
Provisions for liabilities					
Deferred taxation	22		(549)		(472)
Net liabilities			(3,454)		(2,437)
Capital and reserves					
Called up share capital			8		8
Share premium account	24		274		274
Profit and loss account	24		(3,736)		(2,719)
			(3,454)		(2,437)

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 20 to 42 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 AUGUST 2022

	Note		2022 £000		2021 £000
Fixed assets					
Tangible assets	13		36		-
Investments	14		13,981		10,219
			14,017		10,219
Current assets					
Debtors: Amounts falling due within one year	16	14,975		14,521	
		14,975		14,521	
Creditors: Amounts falling due within one year	18	(5,669)		(1,853)	
Net current assets			9,306		12,668
Total assets less current liabilities			23,323		22,887
Creditors: Amounts falling due after more than one year	19		(26,408)		(23,712)
Net liabilities			(3,085)		(825)
Capital and reserves					
Called up share capital			8		8
Share premium account	24		274		274
Profit and loss account brought forward		(1,107)		-	
Loss for the year		(2,260)		(1,107)	
Profit and loss account carried forward			(3,367)		(1,107)
			(3,085)		(825)

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 20 to 42 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 September 2021	8	274	(2,719)	(2,437)
Comprehensive income for the year				
Loss for the year	-	-	(1,017)	(1,017)
At 31 August 2022	8	274	(3,736)	(3,454)

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 September 2020	-	-	-	-
Comprehensive income for the year				
Loss for the year	-	-	(2,719)	(2,719)
Total comprehensive income for the year	-	-	(2,719)	(2,719)
Contributions by and distributions to owners				
Shares issued during the year	8	274	-	282
At 31 August 2021	8	274	(2,719)	(2,437)

The notes on pages 20 to 42 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 September 2021	8	274	(1,107)	(825)
Comprehensive income for the year				
Loss for the year	-	-	(2,260)	(2,260)
At 31 August 2022	8	274	(3,367)	(3,085)

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 September 2020	-	-	-	-
Comprehensive income for the year				
Loss for the year	-	-	(1,107)	(1,107)
Total comprehensive income for the year	-	-	(1,107)	(1,107)
Contributions by and distributions to owners				
Shares issued during the year	8	274	-	282
At 31 August 2021	8	274	(1,107)	(825)

The notes on pages 20 to 42 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022

	2022 £000	2021 £000
Cash flows from operating activities		
Loss for the financial year	(1,017)	(2,719)
Adjustments for:		
Amortisation of intangible assets	2,229	1,281
Depreciation of tangible assets	176	72
Loan note write off	299	-
Interest payable	2,644	1,655
Interest receivable	(25)	-
Taxation charge	199	207
Decrease in stocks	36	-
(Increase)/decrease in debtors	(58)	1,798
Decrease in creditors	(1,661)	(743)
Share of loss in associates	22	-
Corporation tax paid	(320)	-
Net cash generated from operating activities	2,524	1,551
Cash flows from investing activities		
Purchase of tangible fixed assets	(318)	(75)
Repayment of former Parent Company debt	-	(13,704)
Interest received	25	-
Cash acquired on acquisition of fixed asset investments	599	2,469
Cash consideration of fixed asset investments	(1,984)	(1,650)
Net cash from investing activities	(1,678)	(12,960)
Cash flows from financing activities		
Issue of ordinary shares	-	282
New secured loans	-	15,900
Repayment of finance leases	(28)	-
Interest paid	(24)	-
Net cash used in financing activities	(52)	16,182

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

	2022 £000	2021 £000
Net increase in cash and cash equivalents	794	4,773
Cash and cash equivalents at beginning of year	4,773	-
Cash and cash equivalents at the end of year	5,567	4,773
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	5,567	4,773

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 AUGUST 2022

	At 1 September 2021 £000	Cash flows £000	Acquisition of subsidiaries £000	Other non-cash changes £000	At 31 August 2022 £000
Cash at bank and in hand	4,773	195	599	-	5,567
Debt due after 1 year	(23,712)	-	-	(2,696)	(26,408)
Finance leases	-	28	(51)	-	(23)
	(18,939)	223	548	(2,696)	(20,864)

The notes on pages 20 to 42 form part of these financial statements.

1. General information

The Edwin Group Limited, registered number: 12406031, 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. 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 holding company.

The principal activity of the Group is the provision of teachers to schools on a supply basis and educational training.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

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 teaching staff.

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.

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.

Educational training revenue represents net invoiced sale of services, excluding value added tax, and is recognised in the month when the service to the customer has been completed.

Where the educational training revenue relates to a subscription service the amount is recognised in equal monthly instalments over the length of the contractual agreement.

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 prior year. The income from the furlough scheme has been recognised within 'Other operating income'. The income has 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. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group 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 Group in independently administered funds.

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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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. Accounting policies (continued)

2.11 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the consolidated statement of comprehensive income over its useful economic life.

Other 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.

2.12 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, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	- 15% straight line
Fixtures and fittings	- 15% - 33% straight line
Office equipment	- 25% - 33% 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.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. Accounting policies (continued)

2.14 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The consolidated profit and loss account includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 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.

2.17 Cash and cash equivalents

Cash is 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.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.18 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. Accounting policies (continued)

2.19 Financial instruments

The Group 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

(i) Useful economic life of intangible assets

The Group amortises intangible assets over their estimated useful lives. The estimation of these lives is based on historical information and expectations of future performance.

4. Turnover

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

	2022 £000	2021 £000
Provision of supply teachers	70,227	33,083
Educational training	2,274	-
	72,501	33,083

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2022 £000	2021 £000
Amortisation of intangible fixed assets	2,229	1,281
Depreciation of tangible fixed assets	176	74
Other operating lease rentals	627	170

6. Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the Company's auditor for the audit of the consolidated and Parent Company's financial statements	56	46

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Wages and salaries	10,902	5,236	-	-
Social security costs	1,160	518	-	-
Cost of defined contribution scheme	332	177	-	-
	12,394	5,931	-	-

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Sales staff	191	151	-	-
Admin	62	51	6	6
	253	202	6	6

8. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	551	63
Group contributions to defined contribution pension schemes	34	-
	585	63

During the year retirement benefits were accruing to 2 Directors (2021 - NIL) in respect of defined contribution pension schemes.

The highest paid Director received remuneration, excluding pension contributions, of £276k during the year.

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £19k during the year

9. Interest receivable

	2022 £000	2021 £000
Other interest receivable	25	-

10. Interest payable and similar expenses

	2022 £000	2021 £000
Interest on loan notes	2,644	1,655

11. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	378	131
Adjustments in respect of previous periods	(131)	-
Total current tax	247	131
Deferred tax		
Origination and reversal of timing differences	29	(18)
Effect of tax rate change on opening balance	23	94
Adjustments in respect of prior periods	(100)	-
Total deferred tax	(48)	76
Taxation on profit on ordinary activities	199	207

Factors affecting tax charge for the year

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

	2022 £000	2021 £000
Loss on ordinary activities before tax	(818)	(2,512)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(155)	(477)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	359	216
Expenses not deductible for tax purposes	485	550
Fixed asset differences	(15)	(3)
Adjustments to tax charge in respect of prior periods	(231)	-
Income not taxable for tax purposes	(277)	(167)
Remeasurement of deferred tax for changes in tax rates	33	98
Movement in deferred tax not recognised	-	(10)
Total tax charge for the year	199	207

11. Taxation (continued)

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%.

12. Intangible assets

Group and Company

	Other intangibles £000	Goodwill £000	Total £000
Cost			
At 1 September 2021	2,185	17,031	19,216
Additions as a result of the acquisition of subsidiaries	484	2,520	3,004
At 31 August 2022	2,669	19,551	22,220
Amortisation			
At 1 September 2021	146	1,135	1,281
Charge for the year	274	1,955	2,229
At 31 August 2022	420	3,090	3,510
Net book value			
At 31 August 2022	2,249	16,461	18,710
At 31 August 2021	2,039	15,896	17,935

Goodwill is amortised over a 10 year useful economic life. Management are satisfied this is appropriate as the trading entities in the group have already been trading for a similar period. Furthermore, there are no factors indicating that the business model cannot continue to be successful or is likely to be superceded.

The trade name intangible asset has been separated from the goodwill, as the asset is capable of being licensed, sold or transferred as per FRS102.

Other intangibles are amortised over a 10 year useful economic life in line with that of goodwill. The trade names are inherently associated with the activity of the Group and management do not believe there is any difference in their useful economic life.

13. Tangible fixed assets

Group

	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 September 2021	-	124	201	325
Additions	-	124	194	318
On acquisition of subsidiaries	71	-	30	101
Disposals	(13)	(9)	-	(22)
At 31 August 2022	58	239	425	722
Depreciation				
At 1 September 2021	-	22	50	72
Charge for the year	34	37	105	176
Disposals	(13)	-	-	(13)
At 31 August 2022	21	59	155	235
Net book value				
At 31 August 2022	37	180	270	487
At 31 August 2021	-	102	151	253

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	31 August 2022 £000	31 August 2021 £000
Motor vehicles	37	-

13. Tangible fixed assets (continued)

Company

	Computer equipment £000
Cost or valuation	
Additions	40
At 31 August 2022	40
Depreciation	
Charge for the year	4
At 31 August 2022	4
Net book value	
At 31 August 2022	36
At 31 August 2021	-

14. Fixed asset investments

Company

	Investments in subsidiary companies £000	Investments in associates £000	Total £000
Cost or valuation			
At 1 September 2021	10,219	-	10,219
Additions	3,500	284	3,784
Share of loss	-	(22)	(22)
At 31 August 2022	13,719	262	13,981

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Edwin Supply Limited	Holding company	Ordinary	100%
Edwin Co 2 Limited*	Holding company	Ordinary	100%
Smart Education Limited*	Provision of Supply Teachers	Ordinary	100%
ABC Teachers Limited*	Provision of Supply Teachers	Ordinary	100%
Vision for Education Limited*	Provision of Supply Teachers	Ordinary	100%
Smart Teachers Limited*	Dormant company	Membership capital	100%
Commando Joes Fun and Fitness Ltd	Educational training	Ordinary	100%
Edwin Australia Pty Ltd	Sourcing of education staff	Ordinary	100%

* denotes companies which were indirect subsidiary undertakings of The Edwin Group Limited.

The registered office for Commando Joes Fun and Fitness Ltd is Unit 5, Meadowcroft Way, Leigh, Lancashire, WN7 3XZ.

The registered office for Edwin Australia Pty Ltd is Level 23, 66 Eagle Street, Brisbane, Queensland 4000, Australia.

The registered office of all other direct and indirect subsidiary undertakings is First Floor (South) Cathedral Buildings, Dean Street, Newcastle Upon Tyne, United Kingdom, NE1 1PG.

14. Fixed asset investments (continued)

Associate

The following was an associate of the Company:

Name	Principal activity	Class of shares	Holding
Seekerstream Ltd.	Safeguarding, identity and compliance checks	Ordinary	27.5%

The registered office for Seekerstream Ltd. is First Floor (South) Cathedral Buildings, Dean Street, Newcastle Upon Tyne, United Kingdom, NE1 1PG.

On 12 January 2023 the Company increased their shareholding in Seekerstream Ltd. to 70%.

15. Stocks

	Group 2022 £000	Group 2021 £000
Finished goods and goods for resale	69	-

16. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade debtors	4,082	3,933	-	-
Amounts owed by group undertakings	-	-	14,953	14,512
Other debtors	243	711	-	-
Prepayments and accrued income	836	326	-	-
Deferred taxation	-	-	22	9
	5,161	4,970	14,975	14,521

Amounts owed by group undertakings are unsecured, repayable on demand and bear interest at 8% per annum.

17. Cash and cash equivalents

	Group 2022 £000	Group 2021 £000
Cash at bank and in hand	5,567	4,773

18. Creditors: Amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade creditors	336	366	-	-
Other taxation and social security	2,305	2,282	-	-
Amounts owed to group undertakings	-	-	3,734	-
Contingent consideration	1,800	309	1,800	309
Corporation tax	79	131	-	-
Other creditors	335	640	-	-
Obligations under finance leases (note 21)	15	-	-	-
Deferred consideration	-	1,431	-	1,431
Accruals and deferred income	1,875	1,025	135	113
	6,745	6,184	5,669	1,853

Amounts owed to group undertakings are unsecured, repayable on demand and bear interest at 8% per annum.

Estimated contingent consideration of £1,800k has been calculated as stipulated by the Share Purchase Agreement.

19. Creditors: Amounts falling due after more than one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Loan notes	26,408	23,712	26,408	23,712
Obligations under finance leases (note 21)	8	-	-	-
	26,416	23,712	26,408	23,712

The Company has issued the following loan notes:

Name	Note holder	Issue date	Interest Rate	Repayment date	Security
A1 Loan Notes	LDC	21-Dec-21	12%	20-Dec-26	Fixed & Floating Charge
A2 Loan Notes	LDC	21-Dec-21	12%	20-Dec-26	Fixed & Floating Charge
Variable C	TES Global	21-Dec-21	4-8%	20-Dec-26	Unsecured
B1 Loan Notes	Management	21-Dec-21	12%	20-Dec-26	Unsecured
B1 Loan Notes	Management	21-Dec-21	12%	20-Dec-26	Unsecured

The carrying value of all loan notes at year end was £26,408k (2021 - £23,712k).

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

20. Loans

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Amounts falling due 2-5 years				
Loan notes	26,408	-	26,408	-
Amounts falling due after more than 5 years				
Loan notes	-	23,712	-	23,712
	26,408	23,712	26,408	23,712

21. Finance leases

Minimum lease payments under finance leases fall due as follows:

	Group 2022 £000	Group 2021 £000
Within one year	15	-
Between 1-5 years	8	-
	23	-

Obligations under finance are secured against the asset to which they relate.

22. Deferred taxation

Group

	2022 £000	2021 £000
At beginning of year	(472)	-
Credited/(charged) to profit or loss	48	(80)
Arising on business combinations	(125)	(392)
At end of year	(549)	(472)

22. Deferred taxation (continued)

Company

	2022 £000	2021 £000
At beginning of year	9	-
Charged to profit or loss	13	9
At end of year	22	9

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Fixed asset timing differences	(41)	8	-	-
Short term timing differences	29	(93)	22	9
Arising on business combinations	(537)	(387)	-	-
	(549)	(472)	22	9

23. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
200,000 (2021 - 200,000) A Ordinary shares of £0.01 each	2	2
10,446 (2021 - 10,446) B Ordinary shares of £0.10 each	1	1
53,800 (2021 - 53,800) C1 Ordinary shares of £0.10 each	5	5
	8	8

All shares rank pari passu in respect of voting right, dividends and other distributions.

24. Reserves

Share premium account

The share premium account represents the amount above the nominal value received for issued share capital, less transaction costs.

Profit and loss account

The profit and loss account represents cumulative profits and losses of the Company.

25. Business combinations

On 9 September 2021, Edwin Group Limited purchased all of the shares in the Commando Joes Fun and Fitness Ltd.

Consideration comprised a cash payment of £600,000 plus the agreed value of net cash (cash net of certain liabilities) at the completion date (£401,992), deferred consideration of £600,000 payable 31 May 2022 and contingent consideration dependent on the results for the years to 31 March 2022 and 2023 of up to £2,800,000. The current estimate is that the contingent amount will be £1,800,000.

Deal related fees of £30,000 for due diligence and £46,065 for legal work were incurred and should be included in the cost of investment in the Company.

Acquisition accounting

Goodwill in the consolidated group accounts arises as the difference between the fair value of consideration paid and the fair value of the net assets acquired. This also requires consideration of any intangible assets which should be recognised on consolidation. FRS 102 as revised is now simpler than IFRS in having an option not to require recognition of intangible assets such as customer relationships which are not separable from the business activity. Most FRS 102 reporting groups adopt this option as both goodwill and customer relationships are amortised over similar periods and as an overall cash flow forecast is reviewed rather than separate intangibles in reaching a decision on the price to be paid.

Commando Joes Fun and Fitness Ltd has strong relationships with schools and the Department for Education. The brand name is also considered to be relatively well known and a factor in attracting new schools and business.

As completion occurred on 9 September 2021, the 31 August 2020 balance sheet has been used as the basis for the acquired balance sheet. The result for the 9 days is considered immaterial at an estimated maximum of £44,000 PBT and hence no profit adjustment is being applied for those days. This is also consistent with the substance of the deal being agreed by end of August with no further adjustment to the price. This balance sheet, subject to finalisation and review, has been assessed as follows.

- Cash movements in the 9 days (£12k only).
- Intangible fixed assets – are there any material, measurable and separable assets arising on consolidation. A value has been derived for the trade name at a royalty rate of 4%.
- Tangible fixed assets – write down of assets not used or which were to be replaced. No undervalues noted and total value is not high.
- Accruals – assessment of outcome of any legal/contractual disputes or accruals that will not be utilised. None noted
- Dilapidations – provisions or contingent liabilities for these. No significant amounts have been identified.
- Taxation – updated estimates. Tax will be included at 19% of profit from April to August, estimated at £10,000. A deferred tax liability of £111,000 is added on consolidation re the trade name asset reflecting the enacted rates of 19/25% over its useful life.

25. Business combinations (continued)

Acquisition of Commando Joes Fun and Fitness Ltd

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed Assets			
Tangible	120	-	120
Intangible	-	468	468
	120	468	588
Current Assets			
Stocks	105	-	105
Debtors	315	-	315
Cash at bank and in hand	599	-	599
Total Assets	1,139	468	1,607
Creditors			
Due within one year	(469)	-	(469)
Due after more than one year	(33)	-	(33)
Deferred taxation	(14)	(111)	(125)
Total Identifiable net assets	623	357	980
Goodwill			2,520
Total purchase consideration			3,500

Consideration

	£000
Cash consideration	1,002
Deferred consideration	600
Contingent consideration	1,800
Stamp duty	22
Acquisition costs	76
Total purchase consideration	3,500

25. Business combinations (continued)

Cash outflow on acquisition

	£000
Purchase consideration settled in cash, as above	1,602
Directly attributable costs	98
	1,700
Less: Cash and cash equivalents acquired	(599)
Net cash outflow on acquisition	1,101

26. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the fund and amounted to £328k (2021 - £177k). Contributions totalling £66k (2021 - £70k) were payable at the balance sheet date and are included in creditors.

27. Commitments under operating leases

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

	Group 2022 £000	Group 2021 £000
Not later than 1 year	415	345
Later than 1 year and not later than 5 years	518	210
Later than 5 years	114	-
	1,047	555

28. Post balance sheet events

On 23 December 2022 The Company acquired 100% of the shareholding of Enrich Education Limited.

On 12 January 2023 The Company increased their shareholding in Seekerstream Ltd. to 70%.

On 23 January 2023 The Company were issued 100% of the share capital of Staff Well Being Ltd upon its incorporation.

29. Controlling party

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.