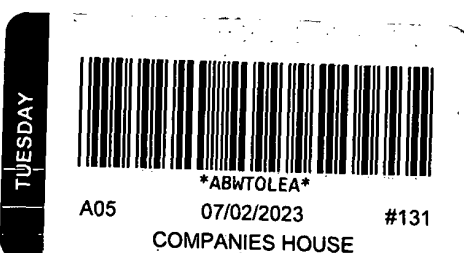




**John Smith & Son Group Limited**

**Annual Report and Financial Statements  
Year Ended 29 May 2022**

**Registration number: SC006905**



COMPANIES HOUSE

# John Smith & Son Group Limited

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# **John Smith & Son Group Limited**

## **Strategic Report for the Year Ended 29 May 2022**

The directors present their strategic report for the year ended 29 May 2022.

### **Principal activity**

The principal activity of the company is to partner with universities to transform the outcomes of students by driving better investment in student engagement and futures.

There are six primary objectives of the company:

- I. To deliver innovative and tailored engagement schemes
- II. To transform the delivery and impact of bursaries and scholarships
- III. To improve learner and life outcomes through access to rich resources
- IV. To support retention and progression
- V. To provide data and insight on student behaviour to steer investment decisions
- VI. To embed better career opportunities for students from under-represented groups

### **Fair review of the business**

The year ending 29th May 2022 saw the Group enter a new phase in its development into becoming a highly valued strategic partner to the higher education sector.

In line with the six objectives above, the group's strategy was updated and significant development undertaken on the following four key externally facing areas: -

- I. Developing resource rich Student engagement portals
- II. Facilitating external funders of student financial awards
- III. Aspire Cash - our open banking solution for cash awards
- IV. Diversity into Work initiative

In addition to these, there was also a significant amount of internal development to improve systems, processes and procedures including the successful introduction of a new Sage finance system.

### **Positioning for future growth**

The directors are confident that the developments undertaken in the year will open up new channels to growth, both around our existing market (higher education) as well as to employers looking to find innovative ways of diversifying their workforce.

Key to this growth is the number of students inside our Aspire ecosystem and this has grown to more than 250,000 students (FY21 180,000).

The growth strategy is based around impacting three key groups, these being:

Universities - by providing a wider range of services in the tailored management of bursaries and scholarships that demonstrate better outcomes, save money and administration along with being able to provide deep insight and advice on positioning/ timing and impact of financial awards to students.

Students - by providing a wide range of highly engaging services to students that enable them to access their bursary and scholarship funding effectively and to deliver to them a suite of additional free services that support their student journey.

Employers - by opening up new and creative ways in which major employers can join up with, add value to and support the transition of students from under-represented groups into graduate level employment.

# John Smith & Son Group Limited

## Strategic Report for the Year Ended 29 May 2022

### Financial performance

Underpinning the investments is the need for sound financial management and strong financial performance and the directors are pleased to report that the financial performance was in line with expectations. As expected, turnover was flat, but overall there was a significant improvement in operating profit, PBT and Net Current Assets.

Financial KPIs	Unit	2022	2021
Turnover	£m	15.70	15.60
Operating profit	£m	.82	.74
PBT	£m	.63	.55
Net current assets	£m	2.70	1.60
Cash generation from operating activities	£m	.90	1.60

### Principal risks and uncertainties

The general businesses environment remains competitive with all businesses needing to continually demonstrate value for money and good service. As with other businesses we face a number of risks, including;

#### *Economic risks and uncertainties*

- The potential for an economic recession and inflation to limit the amount of financial support universities offer students.
- Any cap on international students reducing the financial capacity of universities.

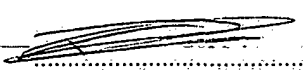
#### *Execution risks and uncertainties*

- As discussed above, the initial market response to our new services has been encouraging but a risk remains to the speed of sector take-up of Aspire Cash and Diversity into Work.

#### *Competition*

- The Group's strategy has minimised the risk from competition. Our technology and the application of that technology is unique and the Group remains the only provider of such services in the UK. Continued progress with our technology and our market understanding, positioning and thought leadership limit the risk although the Board continue to keep abreast of market developments.

Approved and authorised by the Board on 31/01/23 and signed on its behalf by:

  
P L Gray - Chairman  
Director

## John Smith & Son Group Limited

### Directors' Report for the Year Ended 29 May 2022

The directors present their report and the financial statements for the year ended 29 May 2022.

#### Directors of the company

The directors who held office during the year were as follows:

P L Gray - Chairman

S R Lindsay BSc FCA - Non executive

P W Lake

D C Marshall

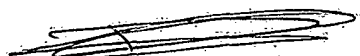
#### Information included in the Strategic Report

In accordance with Section 414C(11) of the Companies Act 2006, information relating to the fair review of the business and principal risks and uncertainties has been included in the Strategic Report.

#### Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved and authorised by the Board on 31/01/23 and signed on its behalf by:



P L Gray - Chairman  
Director

## John Smith & Son Group Limited

### Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

## **John Smith & Son Group Limited**

### **Independent Auditor's Report to the Members of John Smith & Son Group Limited**

#### **Opinion**

We have audited the financial statements of John Smith & Son Group Limited (the 'company') for the year ended 29 May 2022, which comprise the Profit and Loss Account and Statement of Retained Earnings, Balance Sheet, Statement of Cash Flows, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 May 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## John Smith & Son Group Limited

### Independent Auditor's Report to the Members of John Smith & Son Group Limited

#### Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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

*In the light of our 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 where 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 Statement of Directors' Responsibilities 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, 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 Responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:



## **John Smith & Son Group Limited**

### **Independent Auditor's Report to the Members of John Smith & Son Group Limited**

As part of our audit planning we obtained an understanding of the entity, its business operations, internal controls and the legal and regulatory framework that is applicable to John Smith and Son Group Limited. As part of this assessment process we enquired with management, reviewed the company's website, policies and procedures.

The key laws and regulations we identified are those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and tax legislation.

We discussed with management any instances, allegations or suspicions of fraud. We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements. Little was identified in the way of incentives as director's remuneration is not directly linked to revenue or GP% targets.

Based on our understanding of the entity, we designed our audit procedures to identify non-compliance with relevant laws and regulations. Our procedures involved the following:

- The risk of management override of controls was audited, including through using data analytics to test journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Review of legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## John Smith & Son Group Limited

### Independent Auditor's Report to the Members of John Smith & Son Group Limited

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Chloe Mills*

Chloe Mills FCA (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

Towngate House  
2-8 Parkstone Road  
Poole  
Dorset  
BH15 2PW

Date: *6.2.2023*

# John Smith & Son Group Limited

## Statement of Income and Retained Earnings

Year Ended 29 May 2022

	Note	2022 £	2021 £
Turnover		15,759,000	15,612,322
Cost of sales		<u>(10,723,073)</u>	<u>(11,068,066)</u>
Gross profit		5,035,927	4,544,256
Administrative expenses		<u>(4,241,701)</u>	<u>(4,048,254)</u>
Other operating income	4	<u>29,448</u>	<u>243,045</u>
Operating profit	5	<u>823,674</u>	<u>739,047</u>
Interest payable and similar charges	9	<u>(191,325)</u>	<u>(184,431)</u>
		<u>(191,325)</u>	<u>(184,431)</u>
Profit before tax		632,349	554,616
Taxation	10	<u>57,272</u>	<u>(29,015)</u>
Profit for the financial year		689,621	525,601
Retained earnings brought forward		993,318	762,647
Dividends paid		<u>(348,996)</u>	<u>(294,930)</u>
Retained earnings carried forward		<u>1,333,943</u>	<u>993,318</u>

The notes on pages 12 to 25 form an integral part of these financial statements.

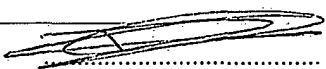
# John Smith & Son Group Limited

## Balance Sheet

29 May 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	11	1,347,083	1,552,183
Tangible assets	12	154,138	174,662
Investments	13	108	108
		<u>1,501,329</u>	<u>1,726,953</u>
<b>Current assets</b>			
Stocks	14	258,558	510,857
Debtors	15	5,320,528	6,828,290
Cash at bank and in hand		<u>1,703,904</u>	<u>1,095,039</u>
		7,282,990	8,434,186
<b>Creditors: Amounts falling due within one year</b>	17	<u>(4,520,111)</u>	<u>(6,750,039)</u>
<b>Net current assets</b>		<u>2,762,879</u>	<u>1,684,147</u>
<b>Total assets less current liabilities</b>		4,264,208	3,411,100
<b>Creditors: Amounts falling due after more than one year</b>	17	(2,500,000)	(2,000,000)
<b>Provisions for liabilities</b>	20	<u>(24,608)</u>	<u>(12,125)</u>
<b>Net assets</b>		<u>1,739,600</u>	<u>1,398,975</u>
<b>Capital and reserves</b>			
Called up share capital		405,657	405,657
Profit and loss account		<u>1,333,943</u>	<u>993,318</u>
<b>Shareholders' funds</b>		<u>1,739,600</u>	<u>1,398,975</u>

Approved and authorised by the Board on 31/01/23 and signed on its behalf by:

  
P L Gray - Chairman  
Director

Company Registration Number: SC006905

# John Smith & Son Group Limited

## Statement of Cash Flows

Year Ended 29 May 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Profit for the year		689,621	525,601
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	497,403	541,244
Loss on disposal of tangible assets		-	5,299
Finance costs	9	191,325	184,431
Corporation tax	10	(57,272)	29,015
		<u>1,321,077</u>	<u>1,285,590</u>
Working capital adjustments			
Decrease in stocks	14	252,299	46,270
Decrease/(increase) in trade debtors	15	1,624,421	(1,356,782)
(Decrease)/increase in trade creditors	17	(2,160,033)	1,640,034
		<u>1,037,764</u>	<u>1,615,112</u>
Cash generated from operations			
Corporation tax paid	10	(116,659)	-
		<u>921,105</u>	<u>1,615,112</u>
Net cash flow from operating activities			
<b>Cash flows from investing activities</b>			
Acquisitions of tangible assets		(39,305)	(8,037)
Intangible asset additions	11	(232,474)	(53,176)
		<u>(271,779)</u>	<u>(61,213)</u>
Net cash flows from investing activities			
<b>Cash flows from financing activities</b>			
Interest paid		(191,325)	(184,431)
Proceeds from bank borrowing draw downs		500,000	2,000,000
Dividends paid		(348,996)	(294,930)
		<u>(40,321)</u>	<u>1,520,639</u>
Net cash flows from financing activities			
Net increase in cash and cash equivalents		609,005	3,074,538
Cash and cash equivalents at 30 May		<u>1,094,899</u>	<u>(1,979,639)</u>
Cash and cash equivalents at 29 May	16	<u>1,703,904</u>	<u>1,094,899</u>

The notes on pages 12 to 25 form an integral part of these financial statements.

# **John Smith & Son Group Limited**

## **Notes to the Financial Statements**

**Year Ended 29 May 2022**

### **1 General information**

The company is a private company limited by share capital, incorporated in Scotland.

The address of its registered office is:

2nd Floor North Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EN

The principal place of business is:

Units 3 & 4  
West Quay Trade Park  
West Quay Road  
Southampton  
Hampshire  
SO15 1GZ

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102").

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There are no material departures from FRS 102.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

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The functional currency of John Smith & Son Group Limited is considered to be pounds sterling because this is the currency of the primary economic environment in which the Company operates. The figures in these financial statements are rounded to the nearest whole pound.

The company has taken advantage of CA 2006 s390 to draw up its financial statements to the Sunday nearest to the 29 May.

#### **Group accounts not prepared**

The financial statements contain information about John Smith and Son Group Limited as an individual company and do not contain consolidated financial information as part of a group. The company is exempt under section 402 Companies Act 2006 from the requirement to prepare consolidated financial statements as all of its subsidiary undertakings could be excluded from consolidation under section 405(2) as their inclusion is not material for the purposes of giving a true and fair view.

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# **John Smith & Son Group Limited**

## **Notes to the Financial Statements**

**Year Ended 29 May 2022**

### **Judgements and sources of estimation uncertainty**

Estimates and judgements are continually made and evaluated. Judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are management's best knowledge of the amount, events or actions, actual amounts ultimately may differ from those estimates.

### **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the higher education sector. Revenue consists of contracts with universities through the offering of a cashless bursary solution to its customers and managing the provision of large scale learning resources. Turnover is shown net of value added tax, returns and discounts.

Turnover from the sale of goods is recognised when the goods are physically delivered to the customer as this is when the significant risks and rewards are considered to have been transferred to the buyer. This includes income from Aspire schemes and the UK Campus store.

Supply of services, such as commission from 3rd party income, and recognised once the service has been provided.

### **Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants relating to income and expenditure are recognised in other income over the period in which the related costs are recognised.

### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

### **Tax**

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

# John Smith & Son Group Limited

## Notes to the Financial Statements

Year Ended 29 May 2022

### Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	straight line between 5 and 10 years
Other property, plant and equipment	straight line 5 years

### Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess in fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

### Intangible assets

Development expenditure is capitalised where the directors are satisfied as to the technical, commercial and financial viability of the individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the company is expected to benefit. Provision is made for any impairment.

### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

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Asset class	Amortisation method and rate
Goodwill	straight line over 20 years
Licences	straight line over 7 or 10 years
Development costs	straight line over 5 years

### Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

At each reporting date, stocks are assessed for impairment. If stocks are 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.



# **John Smith & Son Group Limited**

## **Notes to the Financial Statements**

**Year Ended 29 May 2022**

### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

### **Financial instruments**

#### ***Classification***

The company holds the following financial instruments:

- Short term trade and other debtors and creditors; and
- Cash and bank balances.

All financial instruments are classified as basic.

#### ***Recognition and measurement***

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

### **3 Revenue**

All revenue is derived wholly from the UK.

In accordance with Companies Act UK Statutory Instruments 2008 No. 410 Schedule 1 Paragraph 68(5), no information has been disclosed regarding the particulars of turnover classes as in the opinion of the directors this information would be seriously prejudicial to the interests of the company.

# John Smith & Son Group Limited

## Notes to the Financial Statements

Year Ended 29 May 2022

### 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022	2021
	£	£
Government grants	<u>29,448</u>	<u>243,045</u>

### 5 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	59,829	59,289
Amortisation expense	437,574	481,955
Foreign exchange losses/(gains)	596	(1,437)
Operating lease expense - property	36,983	89,375
Loss on disposal of property, plant and equipment	<u>-</u>	<u>5,299</u>

### 6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	1,983,115	1,910,629
Social security costs	188,122	175,923
Pension costs, defined contribution scheme	64,049	49,097
Other employee expense	<u>8,024</u>	<u>8,983</u>
	<u>2,243,310</u>	<u>2,144,632</u>

## John Smith & Son Group Limited

### Notes to the Financial Statements

#### Year Ended 29 May 2022

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Administration and support	22	18
Sales, marketing and distribution	63	59
	<u>85</u>	<u>77</u>

#### 7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	204,802	170,903
Contributions paid to money purchase schemes	<u>2,201</u>	<u>2,190</u>
	<u>207,003</u>	<u>173,093</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

In respect of the highest paid director:

	2022 £	2021 £
Remuneration	102,708	97,153
Company contributions to money purchase pension schemes	<u>2,201</u>	<u>-</u>

#### 8 Auditor's remuneration

	2022 £	2021 £
Audit of the financial statements	<u>53,753</u>	<u>37,080</u>

#### 9 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and borrowings	<u>191,325</u>	<u>184,431</u>

# John Smith & Son Group Limited

## Notes to the Financial Statements

Year Ended 29 May 2022

### 10 Taxation

Tax charged/(credited) in the profit and loss account

	2022 £	2021 £
<b>Current taxation</b>		
UK corporation tax	-	69,755
UK corporation tax adjustment to prior periods	(69,755)	(46,760)
	(69,755)	22,995
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	12,483	6,020
Tax (receipt)/expense in the income statement	(57,272)	29,015

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	632,349	554,616
Corporation tax at standard rate	120,146	105,377
Effect of expense not deductible in determining taxable profit (tax loss)	3,393	39,431
Decrease in UK and foreign current tax from adjustment for prior periods	(69,755)	(46,760)
Tax (decrease)/increase from effect of capital allowances and depreciation	(17,513)	21,504
Tax (decrease)/increase from other short-term timing differences	(35,625)	6,020
Tax decrease arising from group relief	(57,918)	(96,557)
Total tax (credit)/charge	(57,272)	29,015

# John Smith & Son Group Limited

## Notes to the Financial Statements

Year Ended 29 May 2022

### Deferred tax

Deferred tax assets and liabilities

2022

Accelerated capital allowances

Asset £	Liability £
-	24,608
-	24,608

2021

Accelerated capital allowances

Asset £	Liability £
-	12,125
-	12,125

### 11 Intangible assets

	Goodwill £	Licences £	Development costs £	Total £
<b>Cost or valuation</b>				
At 30 May 2021	246,259	5,204,734	357,042	5,808,035
Additions internally developed	-	98,013	-	98,013
Additions acquired separately	-	134,461	-	134,461
At 29 May 2022	246,259	5,437,208	357,042	6,040,509
<b>Amortisation</b>				
At 30 May 2021	200,853	3,697,957	357,042	4,255,852
Amortisation charge	11,919	425,655	-	437,574
At 29 May 2022	212,772	4,123,612	357,042	4,693,426
<b>Carrying amount</b>				
At 29 May 2022	33,487	1,313,596	-	1,347,083
At 29 May 2021	45,406	1,506,777	-	1,552,183

# John Smith & Son Group Limited

## Notes to the Financial Statements

Year Ended 29 May 2022

### 12 Tangible assets

	Other property, plant and equipment £	Total £
<b>Cost or valuation</b>		
At 30 May 2021	617,176	617,176
Additions	39,305	39,305
At 29 May 2022	656,481	656,481
<b>Depreciation</b>		
At 30 May 2021	442,514	442,514
Charge for the year	59,829	59,829
At 29 May 2022	502,343	502,343
<b>Carrying amount</b>		
At 29 May 2022	154,138	154,138
At 29 May 2021	174,662	174,662

### 13 Investments

	2022 £	2021 £
Investments in subsidiaries	108	108
<b>Subsidiaries</b>		£
<b>Cost or valuation</b>		
At 30 May 2021		108
<b>Provision</b>		
<b>Carrying amount</b>		
At 29 May 2022		108
At 29 May 2021		108

## John Smith & Son Group Limited

### Notes to the Financial Statements

Year Ended 29 May 2022

#### Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
<b>Subsidiary undertakings</b>				
John Smith & Son International (Africa) (Proprietary) Limited	Botswana	Ordinary	100%	100%
John Smith & Son International (Botswana) (Proprietary) Limited	Botswana	Ordinary	100%	100%
Books Botswana (Proprietary) Limited	Botswana	Ordinary	100%	100%
John Smith Ghana Limited	Ghana	Ordinary	100%	100%
John Smith Swaziland Limited	Swaziland	Ordinary	100%	100%
John Smith Campus Properties Limited	United Kingdom	Ordinary	100%	100%

#### Subsidiary undertakings

##### *John Smith & Son International (Africa) (Proprietary) Limited*

The principal activity of John Smith & Son International (Africa) (Proprietary) Limited is that of a holding company. The registered office is Plot 139, Kgale Hill, Gaborone, Botswana.

##### *John Smith & Son International (Botswana) (Proprietary) Limited*

The principal activity of John Smith & Son International (Botswana) (Proprietary) Limited is that of a dormant company. The registered office is Plot 104, GICP, Gaborone, Botswana.

##### *Books Botswana (Proprietary) Limited*

The principal activity of Books Botswana (Proprietary) Limited is that of a dormant company. The registered office is Plot 104, GICP, Gaborone, Botswana.

##### *John Smith Ghana Limited*

The principal activity of John Smith Ghana Limited is that of a dormant company. The registered office is No.18, Lokko Road, Osu, Accra, Ghana.

##### *John Smith Swaziland Limited*

The principal activity of John Smith Swaziland Limited is that of a dormant company. The registered office is PO Box 24, Mbabane, H100, Swaziland.

##### *John Smith Campus Properties Limited*

The principal activity of John Smith Campus Properties Limited is that of a dormant company. The registered office is Engagement House, Units 3 & 4 West Quay Trade Park, Southampton, Hampshire, England, SO15 1GZ.

# John Smith & Son Group Limited

## Notes to the Financial Statements

Year Ended 29 May 2022

### 14 Stocks

	2022 £	2021 £
Stocks	<u>258,558</u>	<u>510,857</u>

### Impairment of stocks

The amount of impairment loss included in profit or loss is £157,934 (2021 - £(59,916)).

### 15 Debtors

	Note	2022 £	2021 £
Trade debtors		803,099	1,810,838
Amounts owed by related parties	24	3,688,440	4,736,339
Other debtors		432,135	28,811
Prepayments		280,195	252,302
Income tax asset	10	<u>116,659</u>	<u>-</u>
		<u>5,320,528</u>	<u>6,828,290</u>

### 16 Cash and cash equivalents

	2022 £	2021 £
Cash on hand	6,472	6,528
Cash at bank	<u>1,697,432</u>	<u>1,088,511</u>
	1,703,904	1,095,039
Bank overdrafts	<u>-</u>	<u>(140)</u>
Cash and cash equivalents in statement of cash flows	<u>1,703,904</u>	<u>1,094,899</u>



# John Smith & Son Group Limited

## Notes to the Financial Statements

Year Ended 29 May 2022

### 17 Creditors

	Note	2022 £	2021 £
<b>Due within one year</b>			
Loans and borrowings	18	-	140
Trade creditors		2,819,324	4,997,212
Social security and other taxes		110,304	323,469
Other creditors		981,352	17,754
Accruals		609,131	1,341,709
Corporation tax	10	-	69,755
		<u>4,520,111</u>	<u>6,750,039</u>
<b>Due after one year</b>			
Loans and borrowings	18	<u>2,500,000</u>	<u>2,000,000</u>

### 18 Loans and borrowings

	2022 £	2021 £
<b>Non-current loans and borrowings</b>		
Bank borrowings	<u>2,500,000</u>	<u>2,000,000</u>

	2022 £	2021 £
<b>Current loans and borrowings</b>		
Bank overdrafts	<u>-</u>	<u>140</u>

### Bank borrowings

The Revolving Credit Facility is denominated in GBP with a nominal interest rate of SONIA + 3.5%, and the final instalment is due on 31 May 2024. The carrying amount at year end is £2,500,000 (2021 - £2,000,000).

All bank borrowings and overdrafts are secured by a fixed and floating charge over all assets of the company.

# John Smith & Son Group Limited

## Notes to the Financial Statements

Year Ended 29 May 2022

### 19 Obligations under leases and hire purchase contracts

#### Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	119,625	119,625
Later than one year and not later than five years	119,569	239,194
	<u>239,194</u>	<u>358,819</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £96,368 (2021 - £89,375).

### 20 Provisions for liabilities

	Deferred tax £	Total £
At 30 May 2021	12,125	12,125
Additional provisions	12,483	12,483
At 29 May 2022	<u>24,608</u>	<u>24,608</u>

### 21 Pension and other schemes

#### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £64,049 (2021 - £49,097).

### 22 Share capital

#### Allotted, called up and fully paid shares

	No.	2022 £	No.	2021 £
Ordinary shares of £1 each	<u>405,657</u>	<u>405,657</u>	<u>405,657</u>	<u>405,657</u>

# **John Smith & Son Group Limited**

## **Notes to the Financial Statements**

**Year Ended 29 May 2022**

### **23 Parent and ultimate parent undertaking**

The company's immediate and ultimate parent is Cubit Group Limited, incorporated in England.

The ultimate controlling party is Peter Gray, by way of his majority shareholding in the parent company.

The parent of the largest group in which these financial statements are consolidated is Cubit Group Limited.

The address of Cubit Group Limited is:

Towngate House, 2-8 Parkstone Road, Poole, England, BH15 2PW

### **24 Related party transactions**

#### **Summary of transactions with other related parties**

During the year, the Company made purchases from a company under the control of a director's close family of £580,305 (2021 - £2,408,122) and sales of £558,575 (2021 - £866,102). At the balance sheet date the amount due to these related parties was £422,141 (2021 - £1,740,913) which is included in creditors.