Company Registration No. 08419581 (England and Wales)

HERTS FOR LEARNING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

HERTS FOR LEARNING LIMITED

COMPANY INFORMATION

Directors	R N Barrett	
	A B de Csilléry	
	A J Godfrey	
	B W Jay	(Appointed 4 July 2018)
	G W Lane	
	N T Ludlow	
	A Merilainen-Ottridge	(Appointed 29 November 2017)
	K Smith	
	C J Tallis	
	A Wellbeloved	
	N G Wickens	(Appointed 6 July 2017)
Secretary	R E Loader	
Company number	08419581	
Registered office	Robertson House Postal Point SROB218 Six Hills Way Stevenage Hertfordshire SG1 2FQ	
Auditor	Mercer & Hole 72 London Road St Albans Herts AL1 1NS	
Solicitors	Michelmores LLP Woodwater House Pynes Hill Exeter Devon EX2 5WR	

HERTS FOR LEARNING LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 23

HERTS FOR LEARNING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Fair review of the business
A review of the business, including the key performance indicators used by the directors to measure performance, is given below.

The principal activity of the company during the year was the provision of education and business services to schools, and to Hertfordshire County Council. From the company's inception in 2013, the business has progressed well, the Herts for Learning brand has strengthened, and new initiatives have been developed.

The directors consider that the turnover and profit generated in the financial year were in line with expectations, and reflect the company's strong relationship with its customer base, most notably Hertfordshire schools and Hertfordshire County Council. The operating margin of 1.4% on turnover of £22.6m was in line with budget, despite increasing financial pressures across the customer base. The company ended the year with a healthy cash balance in excess of £4m, and has total reserves in excess of £2.8m.

In considering forecasts of future trading volumes, the directors have given due consideration to the principal risks and uncertainties facing the company. These include the challenging funding environment faced by the company's customers, the changes to the structure of school customers (including increasing numbers of Multi-Academy Trusts amongst the customer base), and the ability to recruit and retain staff in key roles. To mitigate the impact of these risks, the company continues to deliver high-value and high-quality services to customers, ensures that services evolve to meet the changing needs of customers, and invests in the recruitment of talented individuals to the company.

Principal risks and uncertainties
The principal risks facing the company are mainly financial.

Financial risks:
The company's operations expose it to a limited number of financial risks as the company has no debt. The company's principal financial instruments comprise of cash balances together with trade debtors and trade creditors that arise directly from its operations. The Audit and Risk Committee maintains an overview of internal financial controls, and of high level compliance matters.

Price risk:
The company has reduced its exposure to service price risk by agreeing pricing structures with customers, and by following competitive procurement processes with suppliers.

Liquidity risk:
The company's policy is to ensure working capital is managed so as to maintain substantial cash balances. The company's close working relationships with its customers assist in this regard, with the majority of customers paying for services via Direct Debit arrangements with the company.

Principal risks and uncertainties (continued)

Risk relating to government policy
Government policy has a significant influence on the spending power of the company's customer base. The current policy direction for increasing numbers of academy conversions, and the creation of Multi-Academy Trusts (MATs), requires the company to review its range of services. Work is in hand to ensure that the company is well placed to respond to these changes, and this includes a strengthening of the company's internal marketing and business development functions.

By order of the board

.....

R E Loader
Secretary

..... 4 July 2018

HERTS FOR LEARNING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

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

Principal activities
The principal activity of the company during the year was the provision of school improvement and other support and training services.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R N Barrett	
M S Collier	(Resigned 3 July 2018)
A B de Csilléry	
A J Godfrey	
K James	(Resigned 5 July 2017)
B W Jay	(Appointed 4 July 2018)
P Johnson	(Resigned 5 July 2017)
G W Lane	
N T Ludlow	
A Merilainen-Ottridge	(Appointed 29 November 2017)
K Smith	
C J Tallis	
A Wellbeloved	
N G Wickens	(Appointed 6 July 2017)

Results and dividends
The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Disabled persons
The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company's policy wherever practical to provide continuing employment under normal terms and conditions.

Training, career development and promotion are available to all employees without discrimination.

Employee involvement
During the year the company has systematically provided employees with information on matters of concern to them as employees. Employees or their representatives are consulted on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests and achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the company.

Statement of directors' responsibilities

The directors are responsible 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 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 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

.....

R E Loader

Secretary

..... 4 July 2018

HERTS FOR LEARNING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HERTS FOR LEARNING LIMITED

Opinion

We have audited the financial statements of Herts for Learning Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the 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 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 March 2018 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'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

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

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

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HERTS FOR LEARNING LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 Directors' Responsibilities Statement, 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.

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

Mercer & Hole

Andrew Lawes MA MSc FCA (Senior Statutory Auditor)
for and on behalf of Mercer & Hole

17 September 2018

Chartered Accountants
Statutory Auditor

72 London Road
St Albans
Herts
AL1 1NS

HERTS FOR LEARNING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	22,594,468	22,258,667
Cost of sales		(19,194,260)	(18,681,520)
Gross profit		3,400,208	3,577,147
Administrative expenses		(3,073,939)	(3,111,931)
Operating profit	4	326,269	465,216
Interest receivable and similar income	8	7,862	13,134
Profit before taxation		334,131	478,350
Tax on profit	9	(63,900)	(101,919)
Profit for the financial year		270,231	376,431

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

HERTS FOR LEARNING LIMITED

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	**10**		39,396		72,493
Tangible assets	**11**		101,171		118,860
			140,567		191,353
Current assets					
Stocks	**13**	105,192		202,052	
Debtors	**14**	3,391,325		1,935,492	
Cash at bank and in hand		4,133,377		4,137,444	
		7,629,894		6,274,988	
Creditors: amounts falling due within one year	**15**	(4,956,791)		(3,922,902)	
Net current assets			2,673,103		2,352,086
Total assets less current liabilities			2,813,670		2,543,439
Capital and reserves					
Called up share capital	**18**		16,175		16,175
Capital redemption reserve	**19**		75		50
Profit and loss reserves	**19**		2,797,420		2,527,214
Total equity			2,813,670		2,543,439

The financial statements were approved by the board of directors and authorised for issue on 30 August 2018 and are signed on its behalf by:

Andrew de Csilléry

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A B de Csilléry

Director

Company Registration No. 08419581

HERTS FOR LEARNING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital	Capital redemption reserve	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 April 2016		16,150	50	2,150,783	2,166,983
Year ended 31 March 2017:					
Profit and total comprehensive income for the year		-	-	376,431	376,431
Issue of share capital	**18**	25	-	-	25
Balance at 31 March 2017		16,175	50	2,527,214	2,543,439
Year ended 31 March 2018:					
Profit and total comprehensive income for the year		-	-	270,231	270,231
Issue of share capital	**18**	25	-	-	25
Redemption of shares	**18**	(25)	-	-	(25)
Transfers		-	25	(25)	-
Balance at 31 March 2018		16,175	75	2,797,420	2,813,670

HERTS FOR LEARNING LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash generated from operations	23		103,855		126,514
Income taxes paid			(82,021)		(200,561)
Net cash inflow/(outflow) from operating activities			21,834		(74,047)
Investing activities					
Purchase of tangible fixed assets		(33,763)		(121,652)	
Interest received		7,862		13,134	
Net cash used in investing activities			(25,901)		(108,518)
Financing activities					
Proceeds from issue of shares		25		25	
Redemption of shares		(25)		-	
Net cash (used in)/generated from financing activities			-		25
Net decrease in cash and cash equivalents			(4,067)		(182,540)
Cash and cash equivalents at beginning of year			4,137,444		4,319,984
Cash and cash equivalents at end of year			4,133,377		4,137,444

1 Accounting policies

Company information

Herts for Learning Limited is a private company limited by shares incorporated in England and Wales. The registered office is Robertson House, Postal Point SROB218, Six Hills Way, Stevenage, Hertfordshire, SG1 2FQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements are prepared on a going concern basis. The directors have prepared trading and cash flow projections to 31 July 2019 which, taking account of reasonably possible changes in trading performances, show the company should be able to operate within the level of its current financing facilities during this period. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have therefore adopted the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Revenue, which all arises in the United Kingdom, is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration receivable, excluding discounts, rebates and value added tax.

Revenue from the provision of school improvement and other support and training services is recognised as those services are delivered.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website costs	over 3 years

1 Accounting policies **(Continued)**

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	over 3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value. Provision is made for slow-moving and obsolete items.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1 Accounting policies **(Continued)**

1.8 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including trade and other payables and loans from related companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies **(Continued)**

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2018	2017
	£	£
Turnover analysed by class of business		
Provision of school improvement and other support services	22,594,468	22,258,667

	2018	2017
	£	£
Other significant revenue		
Interest income	7,862	13,134

	2018	2017
	£	£
Turnover analysed by geographical market		
United Kingdom	22,594,468	22,258,667

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2018 £	2017 £
Depreciation of owned tangible fixed assets	51,452	18,393
Amortisation of intangible assets	33,097	20,037
Operating lease charges	310,116	252,844

5 Auditor's remuneration

Fees payable to the company's auditor and associates:	2018 £	2017 £
For audit services		
Audit of the financial statements of the company	9,600	9,400
For other services		
Taxation compliance services	2,150	2,050
All other non-audit services	1,850	2,120
	4,000	4,170

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Management and administration	25	25
Service delivery	389	383
	414	408

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	10,874,089	10,533,574
Social security costs	1,079,523	1,047,500
Pension costs	1,830,411	1,662,986
	13,784,023	13,244,060

7 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	139,405	129,901
Company pension contributions to defined contribution schemes	13,939	29,010
	153,344	158,911

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 2).

8 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	7,862	13,134

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	7,862	13,134

9 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	64,316	82,021
Deferred tax		
Origination and reversal of timing differences	(416)	19,898
Total tax charge	63,900	101,919

9 Taxation (Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	334,131	478,350
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	63,485	95,670
Tax effect of expenses that are not deductible in determining taxable profit	366	8,293
Effect of change in corporation tax rate	49	(2,044)
Taxation charge for the year	63,900	101,919

10 Intangible fixed assets

	Website costs £
Cost	
At 1 April 2017 and 31 March 2018	99,280
Amortisation and impairment	
At 1 April 2017	26,787
Amortisation charged for the year	33,097
At 31 March 2018	59,884
Carrying amount	
At 31 March 2018	39,396
At 31 March 2017	72,493

11 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 April 2017	157,051
Additions	33,763
At 31 March 2018	190,814
Depreciation and impairment	
At 1 April 2017	38,191
Depreciation charged in the year	51,452
At 31 March 2018	89,643
Carrying amount	
At 31 March 2018	101,171
At 31 March 2017	118,860

12 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,602,986	455,488
Carrying amount of financial liabilities		
Measured at amortised cost	393,704	450,488

13 Stocks

	2018 £	2017 £
Finished goods and goods for resale	105,192	202,052

14 Debtors

Amounts falling due within one year:	2018 £	2017 £
Trade debtors	411,936	380,270
Amounts due from associated undertakings	2,172,912	66,735
Other debtors	18,138	8,483
Prepayments and accrued income	785,375	1,477,456
	3,388,361	1,932,944
Deferred tax asset (note 16)	2,964	2,548
	3,391,325	1,935,492

15 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	229,746	251,115
Corporation tax	64,316	82,021
Other taxation and social security	903,985	477,074
Other creditors	163,958	199,373
Accruals and deferred income	3,594,786	2,913,319
	4,956,791	3,922,902

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Assets 2018 £	Assets 2017 £
Accelerated capital allowances	(17,199)	(20,206)
Other timing differences	20,163	22,754
	2,964	2,548

Movements in the year:	2018 £
Liability/(Asset) at 1 April 2017	(2,548)
Credit to profit or loss	(416)
Liability/(Asset) at 31 March 2018	(2,964)

16 Deferred taxation (Continued)

The deferred tax asset set out above is expected to reverse within 12 months and relates to timing differences which will be set against future expected profits.

17 Pension commitments

The company participates in a multi-employer defined benefit pension scheme, the Local Government Pension scheme. During the year the terms of the Admission Agreement by which the company joined the scheme were varied and the company has agreed to continue to make a contribution of £225,000 per annum in addition to its normal contributions to the scheme (until 31 March 2020) as a payment in lieu of bond regarding the company's share of the scheme's deficit. The terms of the varied Admission Agreement state that, through the additional contribution, the responsibility for unfunded pension and benefit liabilities that now arise until 31 March 2020 rest with Hertfordshire County Council. As such, the scheme has been accounted for as a defined contribution pension scheme.

Defined contributions are also made to certain employees' personal pension plans. The assets of these plans are held separately from those of the company. The pension cost represents contributions payable by the company to the plans.

Contributions totalling £146,894 (2017: £170,691) were outstanding at the year end.

18 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
126 ordinary A shares of £25 each	3,150	3,150
83 ordinary B shares of £25 each	2,075	2,075
412 ordinary C shares of £25 each	10,300	10,300
26 ordinary D shares of £25 each	650	650
	16,175	16,175

All classes of shares rank parri passu, with the exception of rights to appoint non-executive directors.

18 Share capital (Continued)

Reconciliation of movements during the year:

	A ordinary Number	B ordinary Number	C ordinary Number	D ordinary Number
At 1 April 2017	126	83	412	26
Issue of fully paid shares	-	1	-	-
Redemption of shares	-	(1)	-	-
At 31 March 2018	126	83	412	26

During the year 1 ordinary B share of £25 was issued at par fully paid for cash. In addition 1 ordinary B share of £25 was redeemed at par.

19 Reserves

Capital redemption reserve
This reserve records the nominal value of shares repurchased by the company.

Profit and loss reserves
This reserve records the amount of profit after tax retained by the company and not paid out as dividends.

20 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	335,500	306,701

21 Controlling party

The directors are of the opinion there is no single controlling party.

22 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	476,050	467,955

22 Related party transactions (Continued)

Transactions with related parties

During the year the company entered into transactions in the normal course of business with schools and other establishments which hold minority shareholdings in the company.

During the period, the company entered into the following transactions with Hertfordshire County Council which owned 20% of the issued share capital of the company at the period end:

Purchases of £*143,463* (2017: £4,183,144) were made by the company from Hertfordshire County Council for the supply of support services and IT services for resale to schools, of which £143,463 (2017: £1,125,136) has been accrued for at the year end. At the year end date the company owed £118,692 (2017: £117,057) in respect of these purchases.

Sales of £6,657,663 (2017: £5,555,409) were made to Hertfordshire County Council for the provision of school improvement services of which £1,936,930 (2017: £556,820) has been included in deferred income at the year end. At the year end date the company was owed £2,291,604 (2017: £183,792) in respect of these sales.

23 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	270,231	376,431
Adjustments for:		
Taxation charged	63,900	101,919
Investment income	(7,862)	(13,134)
Amortisation and impairment of intangible assets	33,097	20,037
Depreciation and impairment of tangible fixed assets	51,452	18,393
Movements in working capital:		
Decrease/(increase) in stocks	96,860	(121,309)
(Increase) in debtors	(1,455,417)	(947,761)
Increase in creditors	1,051,594	691,938
Cash generated from operations	103,855	126,514