

SENAD INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017



SENAD INVESTMENTS LIMITED

COMPANY INFORMATION

Directors

BJ Jones
JR Atkinson
N Chamdia
O Al Hamed (resigned 13 October 2016)
Dr MB Flynn
AR Bin Mohammed Ali (appointed 13 October 2016)

Company secretary

JR Atkinson

Registered number

05843085

Registered office

1 St George's House
Vernon Gate
Derby
DE1 1UQ

Independent auditor

Ernst & Young LLP
Statutory Auditor
No.1 Colmore Square
Birmingham
B4 6HQ

Bankers

HSBC Bank PLC
Corporate Service Team
2nd Floor, 62-76 Park Street
Southwark
London
SE1 9DZ

Solicitors

Marriott Harrison
Staple Court
11 Staple Inn Building
London
WC1V 7QH

SENAD INVESTMENTS LIMITED

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210.5 million

10/1/18

SENAD INVESTMENTS LIMITED

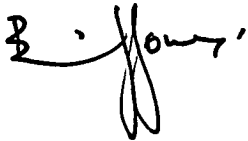
**STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2017**

Business review and key performance indicators

Senad Group Limited, the company's ultimate parent company, manages its operations on a divisional basis. For this reason, the company's directors believe key performance indicators for the company are not necessary for an understanding of the development, performance or position of the business. The performance of the company is discussed in the ultimate parent company's financial statements, which do not form part of this report.

This report was approved by the board on *24 May 2018* and signed on its behalf.

BJ Jones
Director



SENAD INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2017

The directors present their report and the financial statements for the year ended 31 August 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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 for the company's financial statements and then apply them consistently;
- make judgments 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 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 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 £3,190,000 (2016 - loss £3,481,000).

No dividends were paid during the year (2016 - £NIL).

Directors

The directors who served during the year were:

BJ Jones
JR Atkinson
N Chamdia
O Al Hamed (resigned 13 October 2016)
Dr MB Flynn
AR Bin Mohammed Ali (appointed 13 October 2016)

Future developments

Development of the groups' services, its facilities and of its staff continues to meet both the requirements of those placed and changing legislative requirements. Placement numbers, the driver of revenues, are developed through delivery of high quality services which attract new, both replacement and additional pupils, to underpin further service enhancement, and future developments.

SENAD INVESTMENTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017**

Employee involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business units and the company as a whole. Communication with employees is through the in-house newsletter and briefing groups.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

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

Post balance sheet events

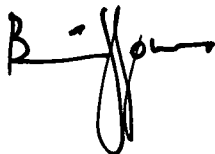
There have been no significant events affecting the company since the year end.

Auditor

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

This report was approved by the board on 24 May 2018 and signed on its behalf.

BJ Jones
Director



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SENAD INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Senad Investments Limited for the year ended 31 August 2017, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2017 and of its 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SENAD INVESTMENTS LIMITED
(CONTINUED)**

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 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.

Opinion 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 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 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.

SENAD INVESTMENTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SENAD INVESTMENTS LIMITED
(CONTINUED)**

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 2, 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.

Auditors' 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: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.

Ernst & Young LLP

Andy Williams (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditor

No.1 Colmore Square
Birmingham
B4 6HQ

Date: 29 May 2018

SENAD INVESTMENTS LIMITED

**INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £000	2016 £000
Turnover	4	27	-
Gross profit		<u>27</u>	<u>-</u>
Administrative expenses		(2,125)	(2,033)
Operating loss	5	(2,098)	(2,033)
Interest receivable and similar income	9	4	-
Interest payable and expenses	10	(1,338)	(1,682)
Loss before tax		(3,432)	(3,715)
Tax on loss	11	242	234
Loss for the financial year		<u>(3,190)</u>	<u>(3,481)</u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the income statement and statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 11 to 24 form part of these financial statements.


SENAD INVESTMENTS LIMITED
REGISTERED NUMBER: 05843085

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	12	99	129
Investments	13	37,919	37,919
		<u>38,018</u>	<u>38,048</u>
Current assets			
Debtors: amounts falling due within one year	14	413	407
Cash at bank and in hand	15	3,168	2,000
		<u>3,581</u>	<u>2,407</u>
Creditors: amounts falling due within one year	16	(18,638)	(14,304)
Net current liabilities		<u>(15,057)</u>	<u>(11,897)</u>
Total assets less current liabilities		<u>22,961</u>	<u>26,151</u>
Creditors: amounts falling due after more than one year	17	(32,000)	(40,000)
Net liabilities		<u>(9,039)</u>	<u>(13,849)</u>
Capital and reserves			
Called up share capital	20	1	1
Share premium account	21	93,880	85,880
Profit and loss account	21	(102,920)	(99,730)
		<u>(9,039)</u>	<u>(13,849)</u>

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

24 May 2018


J.R. Atkinson
 Director

The notes on pages 11 to 24 form part of these financial statements.

SENAD INVESTMENTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2017**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 September 2016	1	85,880	(99,730)	(13,849)
Loss for the year	-	-	(3,190)	(3,190)
Total comprehensive loss for the year	-	-	(3,190)	(3,190)
Shares issued during the year	-	8,000	-	8,000
At 31 August 2017	1	93,880	(102,920)	(9,039)

2017 financial year

2017.11.17

SENAD INVESTMENTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2016**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 September 2015	1	85,880	(96,249)	(10,368)
Loss for the year	-	-	(3,481)	(3,481)
Total comprehensive loss for the year	-	-	(3,481)	(3,481)
At 31 August 2016	1	85,880	(99,730)	(13,849)

The notes on pages 11 to 24 form part of these financial statements.

SENAD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1. General information

Senad Investments Limited is a private company limited by shares, registered in England and Wales. The address of the registered office and principal place of business is 1 St George's House, Vernon Gate, Derby, DE1 1UQ.

The principal activity of the company is that of an intermediate holding company.

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

The following principal accounting policies have been applied:

2.2 Going concern

The company is a party to the group financing arrangements. During the year the primary funders reorganised the financing of the group and released £8 million of debt, with the consideration being the issue of further equity instruments in the ultimate holding company, Senad Group Limited. In addition to returning the group to net assets, the transaction also reduces the future interest burden on the group.

The directors have prepared forecasts for the group including cash flow forecasts which incorporate the new funding structure and are for a period in excess of 12 months from the signing of these financial statements. The forecasts demonstrate that the group has sufficient headroom within its revised facilities to meet its liabilities as they fall due. On this basis the directors believe it is appropriate to prepare the company's financial statements on a going concern basis.

2.3 Cash flow

The company, being a qualifying entity whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 102.

2.4 Related party transactions

As the company is a wholly owned subsidiary, the company has taken advantage of the exemption contained within FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Senad Group Limited, within which the company is included, can be obtained from the address given in note 25.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

2. Accounting policies (continued)**2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 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:

Leasehold improvements	- over the life of the lease
Motor vehicles	- 25%
Fixtures & fittings	- 15%
Office equipment	- 15%
Computer equipment	- 25%

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 the Statement of comprehensive income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

2. Accounting policies (continued)

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 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.

2.10 Financial instruments

The company only enters into basic financial instruments 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 non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

2. Accounting policies (continued)**2.11 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Finance costs

Finance costs are charged to the Income statement 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.

2.13 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.14 Pensions**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Income statement 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 company in independently administered funds.

2.15 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.16 Borrowing costs

All borrowing costs are recognised in the Income statement in the year in which they are incurred.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. Significant areas of estimation and judgement for the company include:

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and project disposal values.

Impairment of non-current assets

The directors assess the impairment of fixed asset investments when a trigger event occurs, or annually as appropriate.

SENAD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

4. Turnover

The whole of the turnover is attributable to the company's principal activity.

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets	47	113
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	13	13
Other operating lease rentals	79	58
Defined contribution pension cost	53	68
	<u>192</u>	<u>252</u>

6. Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	13	13
	<u>13</u>	<u>13</u>

7. Employees

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

	2017 £000	2016 £000
Wages and salaries	1,264	1,267
Social security costs	145	146
Cost of defined contribution scheme	53	68
	<u>1,462</u>	<u>1,481</u>

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

	2017 No.	2016 No.
Administrative	30	29
	<u>30</u>	<u>29</u>

SENAD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

8. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	519	505
Company contributions to defined contribution pension schemes	52	52
	<u>571</u>	<u>557</u>

During the year retirement benefits were accruing to 3 directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £177,000 (2016 - £152,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £28,000 (2016 - £28,000).

9. Interest receivable

	2017 £000	2016 £000
Other interest receivable	4	-
	<u>4</u>	<u>-</u>

10. Interest payable and similar charges

	2017 £000	2016 £000
Loans from group undertakings	1,338	1,682
	<u>1,338</u>	<u>1,682</u>

SENAD INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

11. Taxation

	2017	2016
	£000	£000
Corporation tax		
Current tax on loss for the year	(234)	(234)
Adjustments in respect of previous periods	18	-
Total current tax	(216)	(234)
Deferred tax		
Origination and reversal of timing differences	(26)	-
Total deferred tax	(26)	-
Taxation on loss on ordinary activities	(242)	(234)

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2016 - *lower than*) the standard rate of corporation tax in the UK of 19.58% (2016 - 20%). The differences are explained below:

	2017	2016
	£000	£000
Loss on ordinary activities before tax	(3,432)	(3,715)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.58% (2016 - 20%)	(672)	(743)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	23	-
Adjustments to tax charge in respect of prior periods	18	-
Adjustment to deferred tax rate	2	7
Deferred tax not recognised	(34)	(11)
Transfer pricing adjustments	421	513
Total tax credit for the year	(242)	(234)

SENAD INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

11. Taxation (continued)

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

The deferred tax asset/liability at 31 August 2017 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

12. Tangible fixed assets

	S/Term Leasehold Property £000	Motor vehicles £000	Fixtures & fittings £000	Equipment £000	Total £000
Cost or valuation					
At 1 September 2016	60	225	22	736	1,043
Additions	-	-	-	26	26
Disposals	-	(102)	-	-	(102)
At 31 August 2017	60	123	22	762	967
Depreciation					
At 1 September 2016	55	134	21	704	914
Charge for the year on owned assets	2	30	-	15	47
Disposals	-	(93)	-	-	(93)
At 31 August 2017	57	71	21	719	868
Net book value					
At 31 August 2017	3	52	1	43	99
At 31 August 2016	5	91	1	32	129

SENAD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

13. Fixed asset investments

	Investments in subsidiary companies £000	Loans to subsidiaries £000	Total £000
Cost or valuation			
At 1 September 2016	42,303	17,000	59,303
At 31 August 2017	42,303	17,000	59,303
Impairment			
At 1 September 2016	21,384	-	21,384
At 31 August 2017	21,384	-	21,384
Net book value			
At 31 August 2017	20,919	17,000	37,919
At 31 August 2016	20,919	17,000	37,919

14. Debtors

	2017 £000	2016 £000
Amounts owed by group undertakings	-	229
Prepayments and accrued income	387	178
Deferred taxation	26	-
	413	407

SENAD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

15. Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	3,168	2,000
Less: bank overdrafts	-	(7,928)
	<u>3,168</u>	<u>(5,928)</u>

16. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Bank overdrafts	-	7,928
Trade creditors	374	169
Amounts owed to group undertakings	17,475	4,767
Accruals and deferred income	789	1,440
	<u>18,638</u>	<u>14,304</u>

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

	2017 £000	2016 £000
Amounts owed to ultimate controlling party	32,000	40,000
	<u>32,000</u>	<u>40,000</u>

Secured loans

The loan due to the ultimate controlling party is secured against properties owned by the Senad Group Limited group.

The rate of interest on the ultimate controlling party loan is 3%.

As set out within note 2, during the year, the holder of the loan agreed to reduce the loan by £8 million with the consideration being the issue of equity by the company.

SENAD INVESTMENTS LIMITED

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18. Loans

Analysis of the maturity of loans is given below:

	2017 £000	2016 £000
Amounts falling due 2-5 years		
Amounts owed to ultimate controlling party	32,000	40,000
	<u>32,000</u>	<u>40,000</u>

19. Deferred taxation

	2017 £000
Charged to profit or loss	26
At end of year	<u>26</u>

The deferred tax asset is made up as follows:

	2017 £000
Accelerated capital allowances	26
	<u>26</u>

20. Share capital

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
113,200 (2016 - 110,000) ordinary shares of £0.01 each	<u>1</u>	<u>1</u>

During the year the company issued 3,200 ordinary shares of 1p shares at a premium of £7,999,968 as part of the recapitalisation of the Senad Group described in note 2. The shares were issued in consideration for the transfer of debt (owed to the company's ultimate controlling party) to the company's immediate parent undertaking, Senad Group Limited (see note 17).

SENAD INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

21. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit & loss account

This reserve records the company's retained profits and losses.

22. Contingent liabilities

Cross guarantees are in place in relation to the group's loan with Qatar Holdings LLC of £32 million (2016 - £40 million). In addition the company is subject to a charge to Qatar Holdings LLC over all property and other assets held and all monies due or to become due.

23. Pension commitments

The company contributes to a number of defined contribution pension schemes. The pension cost charge for the year represents contributions payable to the schemes and amounted to £53,000 (2016 - £68,000).

There were no contributions outstanding at the end of the year (2016 - £NIL).

24. Commitments under operating leases

At 31 August 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Not later than 1 year	42	21
Later than 1 year and not later than 5 years	73	-
	115	21
	2017 £000	2016 £000
Not later than 1 year	27	18
Later than 1 year and not later than 5 years	53	20
	80	38

SENAD INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

25. Related party transactions

At the year end a sum of £32 million (2016 - £40 million) was due from the company to the ultimate controlling party. These monies are repayable in accordance with the loan repayment profile detailed in note 16. During the year interest of £1.3 million (2016 - £1.7 million) was payable in respect of the loan.

26. Ultimate parent undertaking and controlling party

The largest group in which the results of the company are consolidated is that headed by Senad Group Limited, a company incorporated in the Isle of Man and the ultimate parent company. The consolidated financial statements of Senad Group Limited may be obtained from Senad Group Limited, 33-37 Athol Street, Douglas, Isle of Man, IM1 1LB.

By declaration of Trust dated 27 June 2008, Garbara Limited, the shareholder of Senad Group Limited, is The Nominee for the Beneficial Owner, and the ultimate controlling party, the Qatar Investment Authority.