Arthur Topco Limited

Annual report and financial statements

Registered number 08875170

Year ended 30 November 2018

Contents

Company Information

Directors	J Bowman J Roback M Robinson S Roddis
Secretary	J Roback
Registered Office	Personnel House 99 Bridge Road East Welwyn Garden City Hertfordshire AL7 1GL
Registered Number	08875170
Auditor	KPMG LLP 58 Clarendon Road Watford Hertfordshire WD17 1DE

Strategic Report

Principal activities

The principal activity of the company for the year ended 30 November 2018 was that of a holding company for Arthur Midco 1 Limited which indirectly is a holding company for Teaching Personnel Limited, Protocol Education Limited, Intuition Clubs Limited, Fleet Education Services Limited and Best Practice Network Limited. The principal activities of these entities were that of the provision of teaching staff to schools, tutors to private individuals and schools and the provision of training programs to education professionals.

The company was incorporated on 4 February 2014. On 16 May 2014 it acquired 100% of the share capital of Arthur Midco 1 Limited.

Results and business review

The results for the year ended 30 November 2018 and financial position at the end of the year are shown in these financial statements. The review of the business is described in the Managing Director's report on page 3.

Principal risks and uncertainties

As a holding company the key risk is that the group's trading companies produce inadequate revenues in the future to enable servicing of the group's financing arrangements.

The financial gearing in the new group has been structured to match our expectations of future profitability and potential fluctuations.

Currently the key financing risks relate to interest rate variability. With this in mind the group has put in place interest rate swaps for a proportion of its bank borrowings.

As a business that provides staff that interface directly with children, there is naturally a reputation risk. The group is fully aware of this and its core quality philosophy is directed squarely at minimising that risk and simultaneously gaining competitive advantage by providing the best possible quality of service. This approach is addressed through a multitude of routes including: staff selection; independent vetting department; technology controls; intense KPI management of staff; segregation of duties and continual cultural reinforcement.

There is clearly always a level of risk in everything that we do. The directors recognise this and ensure that the business is tightly monitored on a continual basis from a multitude of angles. Great care is taken to monitor external developments as well as internal and as a group we are committed to anticipating and detecting changes at the earliest possible opportunity. We are also committed to assessing tactical reactions rapidly and implementing change quickly and effectively through technological development matched by integrated personnel involvement from thoroughly trained staff.

By order of the board

J Roback
Company Secretary

Managing Director's Report

I am reporting on a good period of trading for Arthur Topco Limited, the holding company for Arthur Midco 1 Limited, which indirectly is a holding company for: the Teaching Personnel and Protocol Education businesses: both of which provide teachers and support workers to schools in England and Wales; Fleet Education Services Limited which provides tuition support to parents and schools; and Best practice Network a provider of professional development and training to schools. The holding company also holds a minority shareholding in Ed Place Limited, a tuition content and resources platform.

For the 2017/18 financial year, I am able to highlight a return to growth in turnover for the company resulting in operating profit after amortisation of goodwill increasing 21.3% to £10.60m from £8.74m in 2016/17. It has also been a successful year in the implementation of the company's diversification strategy; adding both new school support and tuition products and services; which included the acquisition of Fleet Education Services and Best Practice Network to add to the two staffing businesses in the group.

Whilst government spending on education and schools has remained constrained as a result of its wider spending policies, the company was nevertheless able both to add new revenue streams through its acquisitions and achieve revenue growth in the combined staffing businesses through service innovation, investment in technology and increases in fee generating headcount. Prudent management of overheads continued throughout the year, contributing to the increase in operating profit highlighted above.

Group turnover increased from £159.7m in 2016/17 to £ 166.4m this year, with the detailed financial performance of the trading companies set out in their separate individual report and accounts.

We continue to be vigilant and sensitive to the obvious risks facing a business where we are involved in providing services to children, and we continue therefore to invest considerable time and resources ensuring our vetting and referencing procedures remain robust. To this end our staff is trained rigorously and our technology and business processes refined regularly to ensure our risk is minimised. In addition we continue to operate, at every level within the business, under prudent and tightly managed financial management controls.

We look forward to the year ahead with a strong focus on building and developing our business to be able to meet the variety and range of school staffing needs in 2019.

J Bowman
Managing Director

Directors' Report

Proposed dividend

The directors do not recommend the payment of a dividend *(2017: £nil)*.

Directors

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

J Bowman
J Roback
M Robinson
S Roddis

Financial instruments

The company closely monitors price pressure in the market and the creditworthiness of its customers, the majority of which are funded by the state. Cash is reviewed daily and sufficient controls put in place to minimise cash flow risk.

Political contributions

Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year *(2017: £nil)*.

Employees

It is the company's policy to communicate with and involve employees on matters affecting their interests at work, and inform them of the performance of the business. It is also the company's policy to treat all employees and potential employees equally and to give full consideration to suitable applications for employment from disabled persons, where they have the necessary abilities and skills for the position, and wherever possible to re-train employees who become disabled, so that they can continue their employment in another position.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

J Roback
Company Secretary

Personnel House
99 Bridge Road East
Welwyn Garden City
Hertfordshire
AL7 1GL

Statement of directors' responsibilities in respect of the Strategic report, the Managing Director's report, the Directors' Report and the financial statements

The directors are responsible for preparing the Annual Report, Strategic Report, the Managing Director's report, 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP
58 Clarendon Road
Watford
WD17 1DE
United Kingdom

Independent auditor's report to the members of Arthur Topco Limited

Opinion

We have audited the financial statements of Arthur Topco Limited ("the company") for the year ended 30 November 2018 which comprise the Strategic Report, the Managing Director's Report, the Directors' report, the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of receivables and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group and this is particularly the case in relation to Brexit.

Independent auditor's report to the members of Arthur Topco Limited (continued)

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report, Managing Director's report and Directors' Report

The directors are responsible for the strategic report, the managing director's report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

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

- we have not identified material misstatements in the strategic report, the managing director's report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in these respects.

Independent auditor's report to the members of Arthur Topco Limited(continued)

Directors' responsibilities

As explained more fully in their statement set out on page 5 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

David Burridge

2nd May 2019

David Burridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
58 Clarendon Road
Watford
Hertfordshire, WD17 1DE
United Kingdom

Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 30 November 2018

	Notes	**2018**	2017
		£000	£000
Group turnover	*1,2*	**166,351**	159,683
Cost of sales		**(132,056)**	(127,941)
Gross profit		**34,295**	31,742
Administrative expenses		**(23,690)**	(23,000)
Group operating profit		**10,605**	8,742
Operating profit before amortisation of goodwill		**25,382**	23,396
Amortisation of goodwill	*9*	**(14,777)**	(14,654)
Group operating profit		**10,605**	8,742
Other interest receivable and similar income	*6*	**40**	11
Interest payable and similar charges	*7*	**(39,814)**	(36,255)
Loss on ordinary activities before taxation		**(29,169)**	(27,502)
Tax on loss on ordinary activities	*8*	**(3,384)**	(5,120)
Loss for the financial year		**(32,553)**	(32,622)
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		**-**	(7)
Total comprehensive deficit for the year		**(32,553)**	(32,629)

All the turnover and profits for the current year is derived from continuing operations *(2017: derived from continuing operations).*

The company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own profit and loss account; the profit retained in the company was £201,000 *(2017: profit £126,000).* The company has no Other Comprehensive Income *(2017: £nil).*

The notes on pages 15 to 34 form part of these financial statements.

Consolidated Balance Sheet
at 30 November 2018

	Notes	**2018 £000**	**2018 £000**	2017 £000	2017 £000
Fixed assets					
Intangible assets	*9*	**231,722**		241,167	
Tangible assets	*10*	**873**		926	
Investments	*11*	**1,025**		-	
			233,620		242,093
Current assets					
Debtors	*12*	**27,593**		24,163	
Cash at bank and in hand		**12,489**		5,762	
		40,082		29,925	
Creditors: amounts falling due within one year	*13*	**(20,548)**		(22,770)	
Net current assets			**19,534**		7,155
Total assets less current liabilities			**253,154**		249,248
Creditors: amounts falling due after more than one year	*14*		**(376,694)**		(340,257)
Net liabilities			**(123,540)**		(91,009)
Capital and reserves					
Called up share capital	*17*		**125**		125
Share premium account			**908**		876
Own share reserve	*17*		**(109)**		(85)
Profit and loss account			**(124,464)**		(91,925)
Shareholder's deficit			**(123,540)**		(91,009)

The notes on pages 15 to 34 form part of these financial statements.

These financial statements were approved by the board of directors on 2/5/19 and were signed on its behalf by:

J Bowman

Company Balance Sheet
at 30 November 2018

	Note	**2018**	**2018**	2017	2017
		£000	**£000**	£000	£000
Fixed assets					
Investments	*11*		**514**		500
Current assets					
Debtors	*12*	**1,327**		1,203	
Cash at bank and in hand		**410**		408	
		1,737		1,611	
Creditors: amounts falling due within one year	*13*	**(310)**		(403)	
Net current assets			**1,427**		1,208
Total assets less current liabilities			**1,941**		1,708
Creditors: amounts falling due after more than one year	*14*		**(35)**		(25)
Net assets			**1,906**		1,683
Capital and reserves					
Called up share capital	*17*		**125**		125
Share premium account			**908**		876
Own share reserve	*17*		**(109)**		(85)
Profit and loss account			**982**		767
Shareholders' funds			**1,906**		1,683

The notes on pages 15 to 34 form part of these financial statements.

These financial statements were approved by the board of directors on 2/5/19 and were signed on its behalf by:

J Bowman
Director

Company registered number: 08875170

Consolidated Cash Flow Statement

for the year ended 30 November 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Loss for the year		**(32,553)**	(32,622)
Adjustments for:			
Depreciation and amortisation	*9,10*	**15,359**	15,165
Equity settled share based payment		**14**	-
Interest receivable and similar income	*6*	**(40)**	(11)
Interest payable and similar charges	*7*	**39,814**	36,255
Taxation	*8*	**3,384**	5,120
		25,978	23,907
Decrease /(increase) in trade and other debtors		**(1,278)**	1,032
Increase/(decrease) in trade and other creditors		**190**	(319)
		24,890	24,620
Tax paid		**(2,827)**	(5,701)
Net cash inflow from operating activities		**22,063**	18,919
Cash flows from investing activities			
Interest received		**40**	11
Acquisition of investment	*11*	**(6,387)**	-
Acquisition of intangible assets	*9*	**(76)**	-
Acquisition of tangible fixed assets	*10*	**(380)**	(352)
Net cash outflow from investing activities		**(6,803)**	(341)
Cash flows from financing activities			
Share premium received		**32**	-
Proceeds from new loan		**91,400**	-
Repurchase of own shares		**(24)**	-
Interest paid		**(6,561)**	(7,885)
Loan negotiation costs paid		**(3,282)**	-
Repayment of borrowings		**(90,500)**	(10,000)
Net cash outflow from financing activities		**(8,935)**	(17,885)
Net increase/(decrease) in cash and cash equivalents		**6,325**	693
Cash and cash equivalents of subsidiaries acquired		**402**	-
Cash and cash equivalents at 1 December		**5,762**	5,069
Cash and cash equivalents at 30 November		**12,489**	5,762

The notes on pages 15 to 34 form part of these financial statements.

Consolidated Statement of Changes in Equity

	Called up Share capital £000	Share premium account £000	Own share reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 December 2016	125	876	(85)	(59,296)	(58,380)
Total comprehensive income for the period					
Profit or loss year	-	-	-	(32,622)	(32,622)
Other comprehensive income					
Foreign exchange adjustments				(7)	(7)
Total comprehensive income for the period	-	-	-	(32,629)	(32,629)
Balance at 30 November 2017	125	876	(85)	(91,925)	(91,009)

	Called up Share Capital £000	Share Premium account £000	Own share reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 December 2017	125	876	(85)	(91,925)	(91,009)
Transactions with owners					
Issue and repurchase of own shares	-	32	(24)	-	8
Equity settled share based payment	-	-	-	14	14
Total transactions with owners	-	32	(24)	14	22
Total comprehensive income for the period					
Profit or loss for the year	-	-	-	(32,553)	(32,553)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(32,553)	(32,553)
Balance at 30 November 2018	**125**	**908**	**(109)**	**(124,464)**	**(123,540)**

The notes on pages 15 to 34 form part of these financial statements.

Company Statement of Changes in Equity

	Share capital £000	Share premium account £000	Own share reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 December 2016	125	876	(85)	641	1,557
Total comprehensive income for the period					
Profit or loss	-	-	-	126	126
Other comprehensive income					
Total comprehensive income for the period	-	-	-	126	126
Balance at 30 November 2017	**125**	**876**	**(85)**	**767**	**1,683**

	Called up Share capital £000	Share Premium account £000	Own share reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 December 2017	125	876	(85)	767	1,683
Transactions with owners					
Issue and repurchase of own shares	-	32	(24)	-	8
Equity settled share based payment	-	-	-	14	14
	-	32	(24)	14	22
Total comprehensive income for the period					
Profit or loss	-	-	-	201	201
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	201	201
Balance at 30 November 2018	**125**	**908**	**(109)**	**982**	**1,906**

The notes on pages 15 to 34 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Arthur Topco Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These group and parent company 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"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1 December 2014 have not been restated.
- Separate financial instruments – carrying amount of the company's cost of investment in subsidiaries is its deemed cost at 1 December 2015.
- Lease incentives – for leases commenced before 1 December 2014 the company continued to account for lease incentives under previous UK GAAP.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time;
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

There are no judgments made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern

Notwithstanding net liabilities of £123,540,000 as at 30 November 2018 and a loss for the year then ended of £32,553,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for the group for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the group will have sufficient funds, through cash from operations to meet its liabilities as they fall due for that period. The forecast cash flow shows an increase in the cash and cash equivalents over the 12 months from the date of approval of these financial statements and demonstrate that the group should be able to operate within the current facilities. In doing so, the directors have considered all factors likely to affect future developments, performance and the business financial position including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to business activities and current economic climate. The directors have considered compliance with covenants on bank loans and are satisfied that no events of default have occurred. The directors are confident that the group can meet repayments as they fall due and that no default events will be experienced in the foreseeable future.

Consequently, the directors are confident that the group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 November 2018. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

1.4 Foreign currency

Transactions in foreign currencies are translated to the group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Foreign currency (continued)

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.5 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.6 Basic financial instruments

Trade and other debtors / creditors

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

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- fixtures and fittings 4-5 years
- computer equipment 3-4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.9 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The company/group elected not to restate business combinations that took place prior to 1 December 2014. In respect of acquisitions prior to 1 December 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

Other intangible assets

Other intangible assets are stated at cost less accumulated amortization and less accumulated impairment losses.

Amortisation

Amortization is charged to the profit or loss on a straight line basis over the estimated useful lives of the intangible assets. The estimated useful lives of intangible assets are as follows:

- Goodwill 20 years
- Other intangible assets 2-4 years

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.12 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 Impairment excluding deferred tax assets (continued)

Non-financial assets

The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss recognized on goodwill is not reversed. An impairment loss recognized for other assets is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Provisions

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

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.14 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Notes *(continued)*

1 Accounting policies *(continued)*

1.14 Expenses (continued)

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.16 Employee benefits

Post-retirement benefits

Protocol Education Limited, Teaching Personnel Limited, Intuition Clubs Limited, Fleet Education Services Limited and Best Practice Network Limited, subsidiaries of Arthur Topco Limited operate defined contribution and stakeholder pension schemes respectively. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Own shares held by ESOP trust

Transactions of the company-sponsored ESOP trust are treated as being those of the company and are therefore reflected in the company and group financial statements. In particular, the trust's purchases and sales of shares in the company are debited and credited directly to equity.

Notes *(continued)*

1 Accounting policies *(continued)*

1.17 Turnover

Turnover represents invoiced services provided, excluding value added tax. Invoices are raised in arrears for the services delivered. Turnover for significant outstanding days is accrued for.

2 Analysis of turnover

Turnover is derived in the UK from the company's principal activity, the provision of teaching staff to schools and home tutors to private customers and training programmes to education professionals.

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2018	2017
	£000	£000
Depreciation and other amounts written off tangible fixed assets:		
Owned (see note 10)	**524**	511
Amortisation of goodwill (see note 9)	**14,777**	14,654
Amortization of other intangible assets (see note 9)	**58**	-

Auditor's remuneration:

	2018	2017
	£000	£000
Audit of these financial statements	**17**	14
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**137**	59
Taxation compliance services	**-**	-
Other tax advisory services	**-**	12

Amounts paid to the company's auditor and its associates in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

Notes *(continued)*

4 Remuneration of directors

	2018	2017
	£000	£000
Directors' emoluments	**375**	431

£1,336 (2017: £769 to 2 director's personal pension plan) of retirement benefits was paid to 2 director's personal pension plan.
There were no directors in respect of whose services shares were received or receivable under long term incentive schemes *(2017: nil)*.

The aggregate emoluments of the highest paid director was £219,000 *(2017: £194,000)*.

5 Staff numbers and costs

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

	Number of employees	
	Group	Group
	2018	2017
Administration	**591**	536

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£000	£000
Wages and salaries	**21,930**	20,488
Social security costs	**2,330**	2,166
Other pension costs	**317**	55
	24,577	22,709

Notes *(continued)*

6 Other interest receivable and similar income

	2018 £000	2017 £000
Bank interest	**40**	11
	40	11

7 Interest payable and similar charges

	2018 £000	2017 £000
On bank loans and overdrafts	**5,008**	5,272
On all other loans	**31,834**	28,448
Amortisation of capitalised finance costs	**2,968**	2,531
Dividend payable on preference shares	**4**	4
	39,814	36,255

Notes *(continued)*

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2018	2018	2017	2017
	£000	£000	£000	£000
UK corporation tax				
Current tax on income for the year	3,383		2,669	
Adjustments to tax charge in respect of prior periods	3		2,358	
Total current tax		3386		5,027
Deferred tax (see note 16)				
Origination/reversal of timing differences	(2)		(2)	
Adjustments in respect of prior periods	-		95	
Total deferred tax		(2)		93
Total tax		3,384		5,120

All amounts in the current and prior year above have been recognised in the profit and loss account.
Current tax recognised entirely relates to UK Corporation tax in the current and prior year.

Reconciliation of effective tax rate

	2018	2017
	£000	£000
Loss for the year	(32,553)	(32,622)
Total tax expense	3,384	5,120
Loss excluding taxation	(29,169)	(27,502)
Tax using the UK corporation tax rate of 19% *(2017: 19.33%)*	(5,542)	(5,316)
Expenses not deductible for tax purposes (primarily goodwill amortisation and disallowable interest)	7,771	7,399
Permanent differences	39	-
Income not taxable	(40)	(295)
Reduction in tax rate on deferred tax balances	1,147	873
Adjustments in respect of prior years	3	2,455
Effects of overseas tax rates	6	4
Total tax expense included in profit or loss	3,384	5,120

Reductions in the UK corporation tax rate from 21% to 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 and 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 at 30 November 2018 has been calculated based on these rates.

Notes *(continued)*

9 Intangible assets

Group

	Goodwill £000	Other intangible assets £000	Total £000
Cost			
At beginning and end of year	293,078	-	293,078
Intangibles in the books of subsidiaries acquired	3	522	525
Additions	4,904	76	4,980
At the end of year	297,985	598	298,583
Amortisation			
At beginning of year	51,911	-	51,911
Amortization in the books of acquired subsidiaries	3	112	115
Charged in year	14,777	58	14,835
At end of year	66,691	170	66,861
Net book value			
At 1 December 2017	241,167	-	241,167
At 30 November 2018	**231,294**	**428**	**231,722**

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. On the acquisition of Education Personnel Holdco Limited, Fleet Education Services Limited and Best Practice Network Holdings Limited, goodwill of £293,078,000, £2,551,000 and £2,353,000 respectively arose. The directors have decided to amortise this over 20 years.

The amortisation charge is recognised within the administration expenses line of the profit and loss account in the current and prior years.

10 Tangible fixed assets

	Fixtures, and fittings £000	Computer equipment £000	Total £000
Group			
Cost			
At beginning of year	1,015	1,718	2,733
Additions	204	176	380
Tangibles in the books of subsidiaries	65	351	416
Disposals	-	(4)	(4)
At end of year	**1,284**	**2,241**	**3,525**
Depreciation			
At beginning of year	662	1,145	1,807
Charge for year	292	232	524
Depreciation in the books of subsidiaries acquired	48	275	323
Disposal	-	(2)	(2)
At end of year	**1,002**	**1,650**	**2,652**
Net book value			
At 1 December 2017	353	573	926
At 30 November 2018	**282**	**591**	**873**

Notes *(continued)*

11 Fixed asset investments- Company

	Shares in group undertakings £000
Cost and net book value at 1 December 2017	500
Additions during the year	14
Cost and net book value at 30 November 2018	514

The only undertakings in which the Company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held Group	Class and percentage of shares held Company
Subsidiary undertakings				
Arthur Midco 1 Limited	UK	Holding company	100% ordinary shares	100% ordinary shares
Supporting Education Group Limited (formerly Arthur Bidco Limited*)	UK	Holding company	100% ordinary shares	100% ordinary shares
Arthur Midco 2 Limited*	UK	Holding company	100% ordinary shares	100% ordinary shares
Arthur PIKCo Limited*	UK	Holding company	100% ordinary shares	100% ordinary shares
Education Personnel Holdco Limited *	UK	Holding company	100% ordinary shares	100% ordinary shares
Education Personnel Bidco Limited*	UK	Holding company	100% ordinary shares	100% ordinary shares
Education Personnel Share Trust Limited*	UK	Held shares in trust	100% ordinary shares	100% ordinary shares
Teaching Personnel Holdings Limited*	UK	Holding company	100% ordinary shares	100% ordinary shares
Teaching Personnel Loans Limited*	UK	Loan company (dormant)	100% ordinary shares	100% ordinary shares
Personnel Holdings Limited*	UK	Holding company	100% ordinary shares	100% ordinary shares
Teaching Personnel Limited*	UK	Provision of teaching staff	100% ordinary shares	100% ordinary shares
Protocol Education Limited*	UK	Provision of teaching staff	100% ordinary shares	100% ordinary shares
Protocol Teachers International Pty Limited*	Australia	Provision of teaching staff	100% ordinary shares	100% ordinary shares
Protocol Education Limited*	New Zealand	Provision of teaching staff	100% ordinary shares	100% ordinary shares
Protocol Teachers Limited*	New Zealand	Provision of teaching staff	100% ordinary shares	100% ordinary shares
Protocol Education (Canada) Limited*	Canada	Provision of teaching staff	100% ordinary shares	100% ordinary shares
Intuition Clubs Limited*	UK	Provision of tuition services	100% ordinary shares	100% ordinary shares
Fleet Education Services Limited*	UK	Provision of teaching staff	100% ordinary shares	100% ordinary shares
Best Practice Network Holdings Limited*	UK	Holding company	100% ordinary shares	100% ordinary shares
Best Practice Network Limited*	UK	Provision of education and training programs	100% ordinary shares	100% ordinary shares

* indirectly held

Notes *(continued)*

11 Fixed asset investments- Company (continued)

During the year ended 30 November 2018, the Group has made the following investments:

Fleet Education Services Limited:

On 12 January 2018, the Group acquired 100% of the share capital of Fleet Services Limited against a total consideration of £3,413,000. The consideration comprises the cash consideration paid, value of shares issued by Arthur Topco Limited, loan notes issued by Arthur Midco 1 Limited to the erstwhile shareholders of Fleet Education Services Limited. The consideration also includes the directly attributable costs incurred by the Company relating to the acquisition of Fleet Education Services Limited.

Fleet Education Services Limited is engaged in the provision of tuition to schools and home tutors to private individuals. The acquisition will enable the Group to diversity its portfolio of products and services.

The following table summarizes the acquisition of the subsidiary:

	2018
	£000
Fair value of consideration	**3,000**
Directly related acquisition cost	**413**
Total consideration	**3,413**
Less: Fair value of assets acquired	**(862)**
Goodwill recognized on the acquisition	**2,551**

Best Practice Network Holding Limited and its subsidiary Best Practice Network Limited:

On 31 October 2018, the Group acquired 100% of the share capital of Best Practice Network Holdings Limited and its subsidiary Best Practice Network Limited against a total consideration of £ 1,950,000. The consideration comprises the cash consideration paid, value of shares issued by Arthur Topco Limited, loan notes issued by Arthur Midco 1 Limited to the erstwhile shareholders of Best Practice Network Holdings Limited. The consideration also includes the directly attributable costs incurred by the Group relating to the acquisition of Best Practice Network Holdings Limited.

Best Practice Network Limited is engaged in providing training and assessment programs for schools and private individuals. The acquisition will enable the Group to diversify its portfolio of products and services.

The following table summarizes the acquisition of the subsidiary:

	2018
	£000
Fair value of consideration	**1,500**
Directly related acquisition cost	**450**
Total consideration	**1,950**
Add: Fair value of liabilities assumed	**403**
Goodwill recognized on acquisition	**2,353**

Notes *(continued)*

11 Fixed asset investments- Company (continued)

Edplace Limited:

On 12 July 2018, the company acquired 19.9% shares of Edplace Limited against a consideration (including directly attributable transaction costs) of £1,025,000. The investment is classified as other investments other than loan. Since, the investment does not result in control over Edplace Limited, the financial statements of Edplace Limited have not been consolidated in the financial statements of the Group. The investment has been recognized at cost in the balance sheet. No goodwill has been recognized for this investment.

12 Debtors

	Group 2018 £000	**Company 2018 £000**	Group 2017 £000	Company 2017 £000
Trade debtors	**20,145**	**-**	18,496	-
Amounts owed by group undertakings	**-**	**476**	-	517
Deferred tax asset *(see note 16)*	**298**	**-**	304	-
Prepayments and accrued income	**7,150**	**851**	5,363	686
	27,593	**1,327**	24,163	1,203

Management have prepared forecasts that support the recoverability of the deferred tax asset.

13 Creditors: amounts falling due within one year

	Group 2018 £000	**Company 2018 £000**	Group 2017 £000	Company 2017 £000
Bank loans *(see note 15)*	**140**	**-**	6,892	-
Trade creditors	**880**	**-**	768	-
Amounts owed to group undertaking	**-**	**275**	-	324
Corporation tax creditor	**1,685**	**-**	1,051	-
Taxation and social security	**8,728**	**-**	7,163	-
Accruals and deferred income	**9,115**	**35**	6,896	79
	20,548	**310**	22,770	403

14 Creditors: amounts falling due after more than one year

	Group 2018 £000	**Company 2018 £000**	Group 2017 £000	Company 2017 £000
Bank loans *(see note 15)*	**86,667**	**-**	82,216	-
Other loans *(see note 15)*	**180,545**	**-**	177,656	-
Accruals	**109,457**	**-**	80,360	-
Shares classified as debt *(see note 15)*	**25**	**35**	25	25
	376,694	**35**	340,257	25

Notes *(continued)*

15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 2018 £000	**Company 2018 £000**	Group 2017 £000	Company 2017 £000
Creditors falling due more than one year				
Secured bank loans	**86,667**	-	82,216	-
Other loans	**180,545**	-	177,656	-
Shares classified as debt	**25**	25	25	25
	267,237	25	259,897	25
Creditors falling due within less than one year				
Secured bank loans	**140**	-	6,892	-
	140	-	6,892	-

Included within Bank loans category are amounts repayable after more than five years of £86,500,000 (2017: nil). Included within Other loans category are amounts repayable after more than five years of £ 180,545 (2017: £140,733,000).

Terms and debt repayment schedule

Group	**Currency**	**Nominal interest rate**	**Year of Maturity**	**Repayment schedule**	**2018 £000**	2017 £000
Bank loans (refer (i) note below)	GBP	LIBOR+ 4.75%	Facility B: 2024 RCF: 2024	Facility B: Yearly payment with remainder full repayment in August 2024. RCF Facility: Repayment in full in August 2024.	**86,807**	-
Bank loans (refer (i) note below)	GBP	LIBOR + 3.25% - 4.5%	Term loan A: 2020 Term loan B: 2021 Term loan C: 2021	£3-4m 6 monthly instalments In full on maturity In full on maturity	-	89,108
Mezzanine facility (refer (iii) note below)	GBP	LIBOR +11%	2025	In full on maturity	**37,339**	36,923
PIK notes (refer (iii) note below)	GBP	12%	2025	In full on maturity	**72,272**	71,726
Loan notes (refer (iii) note below)	GBP	12%	2025	In full on maturity	**70,934**	69,007
Preference shares	GBP	13%	N/A	N/A	**25**	25
					267,377	266,789

(i) During the year, the Group has refinanced its bank loans by obtaining new bank loans amounting to £ 90,000,000 and repaid old bank loans outstanding on the date the loans were refinanced. The new loans are presented net of loan arrangement fee of £ 3,193,000.

Notes *(continued)*

15 Interest-bearing loans and borrowings (continued)

(ii) A mortgage debenture over the assets of certain subsidiaries has been granted and a cross guarantee is in place with the subsidiary undertakings. The subsidiary undertakings have provided charges over their property assets, intellectual property rights and account balances.

(iii) During the year, the maturity of these loans has changed to August 2025.

16 Deferred tax asset

Group	**2018** **£000**	2017 £000
At beginning of year	**304**	397
Adjustments in respect to prior periods	**-**	(95)
Charge for the year *(note 8)*	**2**	2
Movement arising from acquisition of subsidiaries	**(8)**	-
At end of year	**298**	304

The elements of deferred taxation are as follows:

	2018 **£000**	2017 £000
Difference between accumulated depreciation and amortisation and capital allowances	**96**	83
Other timing differences	**202**	221
Deferred tax asset *(see note 12)*	**298**	304

Personnel Holdings Limited has unrecognised tax losses carried forward of £5,875,000 *(2017: £ 5,875,000)*. The deferred tax asset of £ 999,000 *(2017:* £999,000*)* has not been recognised due to uncertainty of recoverability and will be recognised when utilised.

17 Capital and reserves

Share capital

	2018 **£000**	2017 £000
Allotted, called up and fully paid		
800,000 A Ordinary shares of £0.01 each	**8**	8
115,000 B Ordinary shares of £1.00 each	**115**	115
117,000 C Ordinary shares of £0.01 each *(2017: 85,000 C Ordinary shares of £0.01 each)*	**1**	1
85,000 D Ordinary shares of £0.01 each	**1**	1
Shares classified in shareholders' funds	**125**	125

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Notes *(continued)*

17 Capital and reserves *(continued)*

Reserves

Own share reserve

The Own share reserve comprises the costs of shares in Arthur Topco Limited held by the Employee Benefit Trust, to the extent that they have not become realised losses. When they become realised losses, they are transferred to retained earnings. The shares are held in Trust on behalf of employees that have been granted shares under equity-settled share-based payment plans.

At the balance sheet date 109,000 shares *(2017: 85,000 shares)* with a value of £109,000 *(2017: £85,000)* were held by the Trust which had not yet vested unconditionally with employees. Shareholders' funds have been reduced by £109,000 *(2017: £85,000)* in respect of the purchase price of these shares.

At the year-end 78,909 shares *(2017:* 73,217*)* have been awarded to employees.

18 Contingent liabilities

Certain subsidiaries of the group are guarantors for the payment or repayment of money, whether present or future, actual or contingent, joint or several including principal, interest, commission, fees, other charges and overdrafts to certain providers of finance. The net amount outstanding in the group as at 30 November 2018 was £79,686,000 *(2017:* £85,147,000*)*.

19 Financial instruments

19 (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2018	2017
	£000	£000
Assets measured at amortised cost	**39,784**	29,621
Liabilities measured at amortised cost	**(386,829)**	(354,813)

Notes *(continued)*

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018 Land and buildings £000	2017 Land and buildings £000
Group		
Operating leases which expire:		
Less than one year	**2,070**	1,774
Between one and five years	**3,024**	3,197
More than five years	**627**	512
	5,721	5,483

During the year £2,225,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2017:* £1,908,000*)*.

Company
The company had no commitments under non-cancellable operating leases *(2017: £nil)*.

21 Commitments

The group and company had no capital commitments at the end of the financial year *(2017: £nil)*.

22 Ultimate controlling party

There is no ultimate controlling party.

23 Related parties

Group

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £1,296,000 *(2017:* £1,094,000*)*.

24 Subsequent Events

Subsequent to the year ended 30 November 2018, the company acquired 19.97% shares of Bramble Technologies Limited against a consideration (including directly attributable transaction costs) of £583,165. The investment is classified as other investments other than loan. The investment has been recognized at cost in the post year-end balance sheet of the Company. No goodwill has been recognized for this investment.