

## **Star Bidco Limited**

**Annual Report  
for the year ended 31 December 2017**

**Registered number: 09692369**



## **Star Bidco Limited**

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# **Star Bidco Limited**

## **Company Information**

### **Directors**

William Etchell  
Julian Harley  
Robyn Johnstone  
Robert King

### **Registered office**

Second Floor  
Sir Wilfrid Newton House  
Thornccliffe Park  
Chapeltown  
Sheffield  
South Yorkshire  
S35 2PH

### **Company number**

09692369

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

## **Star Bidco Limited**

### **Directors' Report**

The directors present their Report and audited financial statements of the Company for the year ended 31 December 2017.

#### **Review of the business**

The Company is a holding company. The activities of the Company's indirect subsidiary undertakings relate to the supply of permanent and temporary teaching staff to schools and nurseries in the United Kingdom.

The income statement is set out on page 8 and shows a loss for the financial year of £1.9m (2016: £2.7m loss).

#### **Going concern**

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found within the accounting policies section in the notes to the financial statements.

#### **Dividends**

No dividends were paid during the year (2016: £nil). The directors do not recommend payment of a final dividend (2016: £nil).

#### **Directors**

The directors, who served throughout the year and up to the date of signing the financial statements were as follows:

William Etchell (appointed 6 June 2017)  
Julian Harley  
Robyn Johnstone  
Robert King

#### **Disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## **Star Bidco Limited**

### **Directors' Report**

#### **Independent Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the next Annual General Meeting.

This report has been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies.

Approved by the Board on 19 July 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Robyn Johnstone', with a stylized flourish at the end.

Robyn Johnstone  
Director

## **Star Bidco Limited**

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

## **Star Bidco Limited**

### **Independent auditors' report to the members of Star Bidco Limited**

#### **Report on the audit of the financial statements**

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##### **Opinion**

In our opinion, Star Bidco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance sheet as at 31 December 2017; the Income statement, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

**Independent auditors' report to the members of Star Bidco Limited**

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**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

***Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

**Responsibilities for the financial statements and the audit**

***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.



## Star Bidco Limited

### Independent auditors' report to the members of Star Bidco Limited

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#### ***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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **Other required reporting**

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#### **Companies Act 2006 exception reporting**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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#### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Nicholas Cook (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
19 July 2018

# Star Bidco Limited

## Income statement For the year ended 31 December 2017

|  | Note | 2017<br>£          | 2016<br>£          |
|--|------|--------------------|--------------------|
| Administrative expenses                        |      | (1,214,759)        | (1,449,563)        |
| Other operating income                         | 3    | 1,080,299          | 786,260            |
| <b>Operating loss before exceptional items</b> |      | <b>(37,884)</b>    | <b>(609,301)</b>   |
| Exceptional items                              | 4    | (96,576)           | (54,002)           |
| <b>Operating loss</b>                          |      | <b>(134,460)</b>   | <b>(663,303)</b>   |
| Finance income                                 | 5    | 651,759            | 541,340            |
| Finance costs                                  | 6    | (2,811,146)        | (3,208,215)        |
| <b>Loss before taxation</b>                    | 7    | <b>(2,293,847)</b> | <b>(3,330,178)</b> |
| Income tax credit                              | 10   | 441,338            | 662,759            |
| <b>Loss for the financial year</b>             |      | <b>(1,852,509)</b> | <b>(2,667,419)</b> |

All results are derived from continuing operations.

There is no difference between the loss before taxation and the loss for the financial year stated above and their historical cost equivalents.

The Company has no other comprehensive income or expense other than its loss for the financial years ended 31 December 2017 and 31 December 2016, and hence no separate statement of comprehensive income has been presented.

The notes on pages 11 to 26 form an integral part of these financial statements.

**Star Bidco Limited**  
**Registered number: 09692369**

**Balance sheet**  
**As at 31 December 2017**

|  | Note | 2017<br>£    | 2017<br>£    | 2016<br>£    | 2016<br>£    |
|--|------|--------------|--------------|--------------|--------------|
| <b>Fixed assets</b>  |      |              |              |              |              |
| Property, plant and equipment                                  | 11   | 25,719       |              | 35,248       |              |
| Investments  | 12   | 18,423,523   |              | 18,423,523   |              |
|  |      |              | 18,449,242   |              | 18,458,771   |
| <b>Current assets</b>  |      |              |              |              |              |
| Trade and other receivables                                    | 13   | 9,431,527    |              | 7,216,212    |              |
| Cash and cash equivalents                                      |      | 91,820       |              | 363          |              |
|  |      | 9,523,347    |              | 7,216,575    |              |
| <b>Creditors: amounts falling due within one year</b>          | 14   | (22,752,067) |              | (17,895,304) |              |
| <b>Net current liabilities</b>                                 |      |              | (13,228,720) |              | (10,678,729) |
| <b>Total assets less current liabilities</b>                   |      |              | 5,220,522    |              | 7,780,042    |
| <b>Creditors: amounts falling due after more than one year</b> | 15   |              | (10,393,010) |              | (11,100,021) |
| <b>Net liabilities</b>   |      |              | (5,172,488)  |              | (3,319,979)  |
| <b>Equity</b>  |      |              |              |              |              |
| Called up share capital  | 17   |              | 1            |              | 1            |
| Accumulated losses   |      |              | (5,172,489)  |              | (3,319,980)  |
| <b>Total shareholders' deficit</b>                             |      |              | (5,172,488)  |              | (3,319,979)  |

The notes on pages 11 to 26 form an integral part of these financial statements.

The financial statements on pages 8 to 26 were approved by the board of directors on 19 July 2018 and were signed on its behalf by:

  
William Etchell  
Director

**Star Bidco Limited**

**Statement of changes in equity  
For the year ended 31 December 2017**

|  | <b>Called<br/>up share<br/>capital<br/>£</b> | <b>Accumulated<br/>losses<br/>£</b> | <b>Total<br/>shareholders'<br/>deficit<br/>£</b> |
|--|--|-------------------------------------|--|
| <b>Balance at 1 January 2016</b>                             | <b>1</b>                                     | <b>(652,561)</b>                    | <b>(652,560)</b>                                 |
| Loss for the financial year                                  | -  | (2,667,419)                         | (2,667,419)                                      |
| Total comprehensive expense for the year                     | -  | (2,667,419)                         | (2,667,419)                                      |
| <b>Balance at 31 December 2016 and<br/>at 1 January 2017</b> | <b>1</b>                                     | <b>(3,319,980)</b>                  | <b>(3,319,979)</b>                               |
| Loss for the financial year                                  | -  | (1,852,509)                         | (1,852,509)                                      |
| Total comprehensive expense for the year                     | -  | (1,852,509)                         | (1,852,509)                                      |
| <b>Balance at 31 December 2017</b>                           | <b>1</b>                                     | <b>(5,172,489)</b>                  | <b>(5,172,488)</b>                               |

The notes on pages 11 to 26 form an integral part of these financial statements.

# **Star Bidco Limited**

## **Notes to the financial statements For the period ended 31 December 2017**

### **1. Accounting policies**

#### **General information**

Star Bidco Limited ("the Company") is a holding company. The activities of the Company's subsidiary undertakings relate to the supply of permanent and temporary teaching staff to schools and nurseries in the United Kingdom.

The Company is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of its registered office is Second Floor, Sir Wilfrid Newton House, Thorncliffe Park, Chapeltown, Sheffield, S35 2PH.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and all the years presented, unless otherwise stated.

#### **Basis of accounting**

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements are prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The financial statements contain information about Star Bidco Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Education Placement Group Limited.

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 31 December 2017, have had a material impact on the company.

As permitted by FRS 101, the Company has taken advantage of some of the disclosure exemptions available under that standard. The key exemptions taken are as follows:

IAS 1 – Information on management of capital

IAS 7 – statement of cash flows

IAS 8 - disclosures in respect of new standards and interpretations that have been issued but are not yet effective

IAS 24 - disclosure of key management compensation and for related party disclosures entered into between two or more members of a group;

IFRS 7 – disclosures in respect of financial instruments

Where required, equivalent disclosures are given in the group financial statements of Education Placement Group Limited. The group financial statements of Education Placement Group Limited are available to the public and can be obtained as set out in note 21.

## **Star Bidco Limited**

### **Notes to the financial statements For the period ended 31 December 2017**

#### **1. Accounting policies (continued)**

##### **Going concern**

The Company's ultimate parent company, Education Placement Group Limited, has provided confirmation that it will continue to fund the financial liabilities of the Company for a period of at least twelve months from the date of signing these financial statements, and therefore, the validity of the going concern assumption depends on the Education Placement Group Limited group ("the Group") being able to manage its finances within its own available funding.

In their consideration of going concern, the directors have taken account of the financial forecasts of the Group for the next 12 months. In particular they have considered both the sufficiency of the Group's current banking facilities and its ability to meet the banking covenants associated with these facilities. As a result of this review the directors consider that the facilities available are adequate and that compliance with covenants can be managed.

##### **Property, plant and equipment**

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset, less any residual value, on a straight-line basis over its expected useful life, as follows:

|                     |                        |
|---------------------|------------------------|
| Plant and machinery | 20% to 33.3% per annum |
|---------------------|------------------------|

Useful lives are reviewed, and adjusted if appropriate, at the end of every reporting period.

##### **Impairment of tangible assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

# **Star Bidco Limited**

## **Notes to the financial statements For the period ended 31 December 2017**

### **1. Accounting policies (continued)**

#### **Investments**

Except as stated below, fixed asset investments, including investments in subsidiaries and associates, are shown at cost less provision for impairment.

#### **Taxation**

Current tax, including United Kingdom corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### **Current tax and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## **Star Bidco Limited**

### **Notes to the financial statements For the period ended 31 December 2017**

#### **1. Accounting policies (continued)**

##### **Dividend and interest income**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

##### **Pension costs**

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### **Foreign currency**

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

##### **Finance costs**

As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in the income statement within finance costs.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

##### **Exceptional items**

Exceptional items are disclosed separately on the face of the income statement. They include any components of financial performance which management consider significant to the Group's results and/or which separate disclosure would provide further understanding of the financial performance of the Group. Such items may include:

- Costs relating to business combinations
- Restructuring or rationalisation programmes
- The sale or impairment of tangible or intangible assets
- Other non-recurring items



## **Star Bidco Limited**

### **Notes to the financial statements For the period ended 31 December 2017**

#### **1. Accounting policies (continued)**

##### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

##### ***Financial Assets***

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

##### ***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

##### ***Loans and receivables***

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### ***Impairment of financial assets***

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

## **Star Bidco Limited**

### **Notes to the financial statements For the period ended 31 December 2017**

#### **1. Accounting policies (continued)**

##### ***Impairment of financial assets (continued)***

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

##### ***Derecognition of financial assets***

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### ***Financial liabilities and equity***

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

##### ***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

# **Star Bidco Limited**

## **Notes to the financial statements For the period ended 31 December 2017**

### **1. Accounting policies (continued)**

#### ***Financial liabilities***

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

#### ***Other financial liabilities***

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### ***Derecognition of financial liabilities***

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

### **2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management have considered critical accounting judgements and the key sources of estimation uncertainty within the financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### **Impairment of investments in subsidiaries**

Determining whether the company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. No impairment loss has been recognised in the current year or prior year.

# Star Bidco Limited

## Notes to the financial statements For the period ended 31 December 2017

### 3. Other operating income

Other operating income relates to management charges raised to group undertakings.

### 4. Exceptional items

|   | 2017<br>£     | 2016<br>£     |
|---|---------------|---------------|
| Credit related to the acquisition of Synarbor Limited | -             | (15,568)      |
| Exceptional legal, advisory and restructuring costs   | 96,576        | 69,570        |
|   | <u>96,576</u> | <u>54,002</u> |

Exceptional income for the year ended 31 December 2016 was recorded due to the settlement of the final acquisition payments, as provided for in the period ended 31 December 2015 financial statements, being lower than the amount previously provided.

### 5. Finance Income

|                               | 2017<br>£      | 2016<br>£      |
|-------------------------------|----------------|----------------|
| Loans with group undertakings | <u>651,759</u> | <u>541,340</u> |

### 6. Finance costs

|                               | 2017<br>£        | 2016<br>£        |
|-------------------------------|------------------|------------------|
| Bank loans and overdrafts     | 566,519          | 630,313          |
| Loans with group undertakings | 1,766,152        | 2,083,680        |
| Amortised bank fees           | 439,548          | 476,993          |
| Other interest                | 38,927           | 17,229           |
|                               | <u>2,811,146</u> | <u>3,208,215</u> |

### 7. Loss before taxation

Loss before taxation is stated after charging:

|   | 2017<br>£      | 2016<br>£        |
|---|----------------|------------------|
| Depreciation of owned tangible fixed assets | 12,930         | 10,885           |
| Operating lease charges – plant & machinery | 18,198         | 16,825           |
| Staff costs (see note 9)                    | <u>865,863</u> | <u>1,022,968</u> |

## Star Bidco Limited

### Notes to the financial statements For the period ended 31 December 2017

#### 8. Auditors' remuneration

No auditors' remuneration was charged to the Company in the year (2016: £24,900). The audit cost has been borne by Education Placement Group Limited, the ultimate parent company.

Fees payable to the Company's auditor and its associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the ultimate parent company disclose such fees on a consolidated basis.

#### 9. Staff costs

The average monthly number of employees (including executive directors) was:

|                | 2017<br>Number | 2016<br>Number |
|----------------|----------------|----------------|
| Administration | 25             | 24             |

Their aggregate remuneration comprised:

|                                   | 2017<br>£      | 2016<br>£        |
|-----------------------------------|----------------|------------------|
| Wages and salaries                | 755,662        | 902,051          |
| Social security costs             | 92,460         | 99,483           |
| Other pension costs (see note 19) | 17,741         | 21,434           |
|                                   | <u>865,863</u> | <u>1,022,968</u> |

Directors' remuneration:

|   | 2017<br>£      | 2016<br>£      |
|---|----------------|----------------|
| Aggregate emoluments                                    | 192,256        | 192,094        |
| Company contributions to money purchase pension schemes | 5,400          | 5,400          |
|   | <u>197,656</u> | <u>197,494</u> |

There was one director in respect of whom the Company paid contributions to individual money purchase pension schemes on their behalf.

# Star Bidco Limited

## Notes to the financial statements For the period ended 31 December 2017

### 10. Income tax credit

Tax credit included in the loss for the year:

|   | 2017<br>£        | 2016<br>£        |
|---|------------------|------------------|
| <b>Current tax</b>                                  |                  |                  |
| United Kingdom corporation tax on loss for the year | (440,348)        | (670,679)        |
| Adjustment in respect of prior years                | (3,029)          | 10,097           |
| <b>Total current tax</b>                            | <u>(443,377)</u> | <u>(660,582)</u> |
| <b>Deferred tax</b>                                 |                  |                  |
| Origination and reversal of timing differences      | (568)            | (2,177)          |
| Effect of changes in tax rates                      | 20               | -                |
| Adjustment in respect of prior years                | 2,587            |                  |
| <b>Total deferred tax (see note 16)</b>             | <u>2,039</u>     | <u>(2,177)</u>   |
| <b>Total income tax credit</b>                      | <u>(441,338)</u> | <u>(662,759)</u> |

The credit for the year can be reconciled to the standard rate of corporation tax in the United Kingdom applied to the loss before taxation for the year as follows:

|   | 2017<br>£          | 2016<br>£          |
|---|--------------------|--------------------|
| <b>Loss before taxation</b>   | <u>(2,293,847)</u> | <u>(3,330,178)</u> |
| Tax on loss at standard United Kingdom corporation tax rate of 19.25% (2016: 20%) | (441,566)          | (666,036)          |
| Effects of:   |                    |                    |
| Expenses not deductible for tax purposes  | 650                | (6,820)            |
| Tax rate changes  | 20                 | -                  |
| Adjustment in respect of prior period   | (442)              | 10,097             |
| <b>Total tax credit for the year</b>  | <u>(441,338)</u>   | <u>(662,759)</u>   |

## Star Bidco Limited

### Notes to the financial statements For the period ended 31 December 2017

#### 11. Property, plant and equipment

|                                 | <b>Plant and<br/>machinery<br/>£</b> |
|---------------------------------|--------------------------------------|
| <b>Cost</b>                     |                                      |
| At 1 January 2017               | 49,847                               |
| Additions                       | 3,401                                |
| At 31 December 2017             | <u>53,248</u>                        |
| <b>Accumulated depreciation</b> |                                      |
| At 1 January 2017               | 14,599                               |
| Depreciation                    | 12,930                               |
| At 31 December 2017             | <u>27,529</u>                        |
| <b>Net book value</b>           |                                      |
| At 31 December 2017             | <u><b>25,719</b></u>                 |
| At 31 December 2016             | <u><b>35,248</b></u>                 |

#### 12. Investments

|  | <b>£</b>                 |
|--|--------------------------|
| <b>Cost</b>                              |                          |
| At 1 January 2017 and 31 December 2017   | <u>18,423,523</u>        |
| <b>Provisions for impairment</b>         |                          |
| At 1 January 2017 and 31 December 2017   | <u>-</u>                 |
| <b>Net book value</b>                    |                          |
| At 31 December 2016 and 31 December 2017 | <u><b>18,423,523</b></u> |

## Star Bidco Limited

### Notes to the financial statements For the period ended 31 December 2017

#### 12. Investments in subsidiaries (continued)

The Company has the following wholly owned subsidiary undertakings at 31 December 2017.

| Name  | Country of incorporation or registration | Proportion of Ownership Interest | Nature of business    |
|---|--|----------------------------------|-----------------------|
| Synarbor Limited                                | England                                  | 100%                             | Holding Company       |
| Supply Desk Limited                             | England                                  | 100%                             | Education Recruitment |
| Synarbor Education Limited                      | England                                  | 100%                             | Education Recruitment |
| Kellis Group Limited                            | England                                  | 100%                             | Holding Company       |
| Synarbor Support Services Limited               | England                                  | 100%                             | Support Services      |
| Synarbor Resource Solutions Limited             | Canada                                   | 100%                             | Education Recruitment |
| Headsearch Recruitment Limited                  | England                                  | 100%                             | Dormant               |
| LEA Direct Limited                              | England                                  | 100%                             | Dormant               |
| Teach In Qualified Limited                      | England                                  | 100%                             | Dormant               |
| Academy Supply Agency Limited                   | England                                  | 100%                             | Dormant               |
| Levy Direct Limited                             | England                                  | 100%                             | Dormant               |
| School Improvement and Support Services Limited | England                                  | 100%                             | Dormant               |
| Global Education Limited                        | England                                  | 100%                             | Dormant               |
| Intercede 2500 Limited                          | England                                  | 100%                             | Dormant               |
| Global IT & Finance Limited                     | England                                  | 100%                             | Dormant               |
| Kellis Limited                                  | England                                  | 100%                             | Dormant               |
| Planetteach Limited                             | England                                  | 100%                             | Dormant               |
| Public Recruitment Group Limited                | England                                  | 100%                             | Dormant               |
| Intercede 3000 Limited                          | England                                  | 100%                             | Dormant               |
| TeachLondon Limited                             | England                                  | 100%                             | Dormant               |

All undertakings are held indirectly by the Company, with the exception of Synarbor Limited.

For all undertakings listed above the country of operation is the same as the country of incorporation or registration.

The registered office address for all of the undertakings incorporated in England listed above is; Second Floor, Sir Wilfrid Newton House, Thorncliffe Park, Chapeltown, Sheffield, S35 2PH.

The registered office address for Synarbor Resource Solutions Limited registered in Canada is; 1959 Upper Water Street, Suite 900, Halifax NS, Canada, B3J 3N2.

On the 15 November 2017 the Company's former indirect Australian subsidiaries Global Education Synarbor Pty Ltd, Kellis Group (Australia) Pty Ltd, Synarbor Resource Solutions Pty Ltd and Teachlondon Pty Ltd were deregistered with ASIC, following a voluntary deregistration application.



# Star Bidco Limited

## Notes to the financial statements For the period ended 31 December 2017

### 13. Trade and other receivables

|                                    | 2017<br>£        | 2016<br>£        |
|------------------------------------|------------------|------------------|
| Amounts owed by group undertakings | 9,368,385        | 7,093,199        |
| VAT receivable                     | 36,073           | 80,451           |
| Prepayments and accrued income     | 26,262           | 39,716           |
| Deferred taxation (note 16)        | 807              | 2,846            |
|                                    | <u>9,431,527</u> | <u>7,216,212</u> |

Amounts owed by group undertakings include a balance of £6,083,064 (2016: £5,431,307) in respect of intra-group loan agreements that attract interest at a rate of 12% per annum. The remaining balances are interest free. The amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

All amounts shown under trade and other receivables fall due for payment within one year.

### 14. Creditors: amounts falling due within one year

|                                    | 2017<br>£         | 2016<br>£         |
|------------------------------------|-------------------|-------------------|
| Bank loans (note 15)               | 947,470           | 843,660           |
| Trade creditors                    | 2,460             | 47,408            |
| Amounts owed to group undertakings | 21,438,346        | 16,553,116        |
| Other taxation and social security | 72,640            | 27,449            |
| Other creditors                    | 15,540            | 16,000            |
| Accruals and deferred income       | 36,559            | 82,703            |
| Accrued interest                   | 239,052           | 324,968           |
|                                    | <u>22,752,067</u> | <u>17,895,304</u> |

Amounts owed to group undertakings include a balance of £16,484,115 (2016: £14,717,960) in respect of intra-group loan agreements that attract interest at a rate of 12% per annum. The remaining balances are interest free. The amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

# Star Bidco Limited

## Notes to the financial statements For the period ended 31 December 2017

### 15. Creditors: amounts falling due after more than one year

|            | 2017<br>£         | 2016<br>£         |
|------------|-------------------|-------------------|
| Bank loans | <u>10,393,010</u> | <u>11,100,021</u> |

Bank loans are shown net of unamortised issue costs of £1,120,020 (2016: £1,559,569).

Bank loans falling due after more than five years amount to £nil (2016: £nil).

Principal terms and the debt repayment schedule of the Company's bank loans are as follows:

|  | Currency | Nominal<br>rate % | Year of<br>Maturity | Security           |
|--|----------|-------------------|---------------------|--------------------|
| Bank term loan of £3,150,000 repayable in 10 semi-annual instalments | Sterling | 3.75% plus Libor  | 2020                | Fixed and floating |
| Bank term loan of £1,750,000 repayable in 9 semi-annual instalments  | Sterling | 3.75% plus Libor  | 2020                | Fixed and floating |
| Bank term loan of £3,250,000 repayable in full by the maturity date  | Sterling | 4.25% plus Libor  | 2021                | Fixed and floating |
| Bank term loan of £5,850,000 repayable in full by the maturity date  | Sterling | 4.25% plus Libor  | 2021                | Fixed and floating |

### 16. Deferred Tax

The analysis of deferred tax assets is as follows:

|                     | 2017<br>£  | 2016<br>£    |
|---------------------|------------|--------------|
| Deferred tax assets | <u>807</u> | <u>2,846</u> |

The movement in deferred tax is as follows:

|                                      | Accelerated<br>tax<br>depreciation<br>£ | Short term<br>timing<br>differences<br>£ | Total<br>£   |
|--------------------------------------|---|--|--------------|
| At 1 January 2016                    | 743                                     | (74)                                     | 669          |
| Credited to income statement         | 2,177                                   | -  | 2,177        |
| <b>At 31 December 2016</b>           | <u>2,920</u>                            | <u>(74)</u>                              | <u>2,846</u> |
| Credited to income statement         | 568                                     | -  | 568          |
| Effect of change in tax rate         | (20)                                    | -  | (20)         |
| Adjustment in respect of prior years | (2,661)                                 | 74                                       | (2,587)      |
| <b>At 31 December 2017</b>           | <u>807</u>                              | <u>-</u>                                 | <u>807</u>   |

# Star Bidco Limited

## Notes to the financial statements For the period ended 31 December 2017

### 17. Called up share capital

|                                       | 2017<br>£ | 2016<br>£ |
|---------------------------------------|-----------|-----------|
| <b>Allotted and fully paid</b>        |           |           |
| 1 (2016: 1) ordinary share of £1 each | <u>1</u>  | <u>1</u>  |

### 18. Financial commitments

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

|                            | Other<br>2017<br>£ | Other<br>2016<br>£ |
|----------------------------|--------------------|--------------------|
| Within one year            | 18,198             | 18,198             |
| Between two and five years | 4,615              | 22,812             |
| After five years           | -                  | -                  |
|                            | <u>22,813</u>      | <u>41,010</u>      |

### 19. Retirement benefit schemes

#### *Defined contribution schemes*

The Company's subsidiary undertaking Synarbor Limited operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of Synarbor Limited in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Synarbor Limited are reduced by the amount of forfeited contributions. Synarbor Limited recharges costs incurred in respect of the Company's employees to the Company.

The total cost charged to the income statement of £17,741 (2016: £21,434) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 December 2017, employer contributions of £nil (2016: £nil) due in respect of the current reporting period had not been paid over to the schemes.

### 20. Contingent liabilities

The Company has guaranteed secured loan notes issued to Sovereign Capital IV Limited Partnership and associated co-investors by Star Midco 1 Limited, another group company. At 31 December 2017 the amounts outstanding in respect of these loan notes were £21,492,631 (2016: £21,492,631).

In the directors' opinion, no outflow will occur in respect of this guarantee.

## **Star Bidco Limited**

### **Notes to the financial statements For the period ended 31 December 2017**

#### **21. Controlling party**

The Company's immediate parent undertaking is Star Midco 2 Limited.

The Company's ultimate parent undertaking is Education Placement Group Limited, a company incorporated in the United Kingdom.

The Company's ultimate controlling party is Sovereign Capital IV Limited Partnership. The registered office of Sovereign Capital IV Limited Partnership is 25 Victoria Street, London, SW1H 0EX.

Education Placement Group Limited is the smallest and largest group to consolidate these financial statements.

Copies of the Education Placement Group Limited group financial statements are publicly available and can be obtained from Education Placement Group Limited, Sir Wilfrid Newton House, Thorncliffe Park, Chapeltown, Sheffield, S35 2PH.