

Registration number: 02022272

Thorpe Underwood Services Limited

Annual Report and Financial Statements

for the Year Ended 31 August 2018

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Thorpe Underwood Services Limited

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Thorpe Underwood Services Limited

Strategic Report for the Year Ended 31 August 2018

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

Principal activity

The principal activity of the company is provision of Management, Water & Sewage and Transport Services along with shop and vending facilities

Fair review of the business

The company's turnover increased by 3.5% from the previous year mainly due to an increase in capital expenditure sold on to group companies. The profit on ordinary activities before taxation was £1,822,848 (2017 - £464,184). The balance sheet on page 8 of the financial statements shows that the company's financial position has strengthened mainly because of vat and corporation tax recoveries received relating to prior years.

The company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business, and that the ones identified are the key indicators that are used by the board to monitor the company's performance.

Both the level of business for the year and the year end financial position are considered satisfactory.

Principal risks and uncertainties

The business' principal financial instruments comprise group creditors and trade creditors. The main purpose of these instruments is to finance the business' operations.

All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business may make use of money market facilities where funds are available.

Competitive pressure in the UK is a continuing risk for the company. The company manages such risks by providing appropriate quality services to its customers.

The company's transactions are all in pound sterling and therefore there is no exposure to a movement in exchange rates.

Approved by the Board on 22 May 2019 and signed on its behalf by:



C J Hall
Director

Thorpe Underwood Services Limited

Directors' Report for the Year Ended 31 August 2018

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

Directors of the company

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

C J Hall

A K Martin

F D Martin

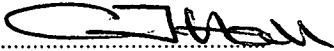
Disclosure of information to the auditors

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

Reappointment of auditors

The auditors Watson Buckle Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 22 May 2019 and signed on its behalf by:



C J Hall
Director

Thorpe Underwood Services Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Thorpe Underwood Services Limited

Independent Auditor's Report to the Members of Thorpe Underwood Services Limited

Opinion

We have audited the financial statements of Thorpe Underwood Services Limited (the 'company') for the year ended 31 August 2018, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Thorpe Underwood Services Limited

Independent Auditor's Report to the Members of Thorpe Underwood Services Limited

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 3], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Christopher Padgett FCA (Senior Statutory Auditor)
For and on behalf of Watson Buckle Limited,
Statutory Auditors & Chartered Accountants
Bradford

22 May 2019

Thorpe Underwood Services Limited

Profit and Loss Account for the Year Ended 31 August 2018

		2018		2017	
	Note	£	£	£	£
Turnover	3		23,329,225		22,546,734
Cost of sales			<u>(20,793,621)</u>		<u>(20,065,660)</u>
Gross profit			2,535,604		2,481,074
Charitable donations			(3,000,000)		(3,000,000)
Administrative expenses			(1,424,042)		(1,746,674)
Other operating income	4		<u>2,924,210</u>		<u>2,843,510</u>
Operating profit	5		1,035,772		577,910
Other interest receivable and similar income	6	603,840		474,849	
Profit/(Loss) on financial assets at fair value		739,972		-	
Interest payable and similar charges	7	<u>(556,736)</u>		<u>(588,575)</u>	
			<u>787,076</u>		<u>(113,726)</u>
Profit before tax			1,822,848		464,184
Taxation	11		<u>1,445,982</u>		<u>(276,574)</u>
Profit for the financial year			<u><u>3,268,830</u></u>		<u><u>187,610</u></u>

Thorpe Underwood Services Limited

(Registration number: 02022272)
Balance Sheet as at 31 August 2018

	Note	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	12		4,094,971		4,871,916
Investment property	13		<u>12,950,000</u>		<u>12,950,000</u>
			17,044,971		17,821,916
Current assets					
Stocks	14	521,171		464,288	
Debtors	15	28,860,121		24,040,958	
Cash at bank and in hand		<u>572,409</u>		<u>703,573</u>	
		29,953,701		25,208,819	
Creditors: Amounts falling due within one year	16	<u>(37,957,852)</u>		<u>(36,258,745)</u>	
Net current liabilities			<u>(8,004,151)</u>		<u>(11,049,926)</u>
Net assets			<u>9,040,820</u>		<u>6,771,990</u>
Capital and reserves					
Called up share capital	19	100		100	
Non-distributable reserve	20	2,018,892		1,278,920	
Profit and loss account	20	<u>7,021,828</u>		<u>5,492,970</u>	
Total equity			<u>9,040,820</u>		<u>6,771,990</u>

Approved and authorised by the Board on 22 May 2019 and signed on its behalf by:



C J Hall
Director

Thorpe Underwood Services Limited

Statement of Changes in Equity for the Year Ended 31 August 2018

	Share capital £	Non-distributable reserve £	Profit and loss account £	Total £
At 1 September 2017	100	1,278,920	5,492,970	6,771,990
Profit for the year	-	-	3,268,830	3,268,830
Total comprehensive income	-	-	3,268,830	3,268,830
Dividends	-	-	(1,000,000)	(1,000,000)
Transfers	-	739,972	(739,972)	-
At 31 August 2018	100	2,018,892	7,021,828	9,040,820

	Share capital £	Non-distributable reserve £	Profit and loss account £	Total £
At 1 September 2016	100	1,278,920	5,705,360	6,984,380
Profit for the year	-	-	187,610	187,610
Total comprehensive income	-	-	187,610	187,610
Dividends	-	-	(400,000)	(400,000)
At 31 August 2017	100	1,278,920	5,492,970	6,771,990

Thorpe Underwood Services Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Thorpe Underwood Hall

PO Box 100

Great Ouseburn

York

YO26 9SZ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

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

The company's functional and presentation currency is pound sterling.

Summary of disclosure exemptions

The company has taken advantage of the exemption to disclose certain aspects of financial instruments, transactions with key management personnel and the exemption to prepare Statement of Cash Flows in accordance with Financial Reporting Standard 102 Section 1.12.

The company has taken advantage of the exemption under Section 33 Related Party disclosures from disclosing transactions and balances with fellow group undertakings that are wholly owned.

Name of parent of group

These financial statements are consolidated in the financial statements of Care & Recreation Holdings Limited.

The financial statements of Care & Recreation Holdings Limited may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

Going concern

The financial statements have been prepared on a going concern basis which assumes that ongoing financial support will be provided by other companies within the group and accordingly do not take account of adjustments, if any, which may be necessary if the company is unable to continue as a going concern. The company has received written confirmation from group companies that there will not be a call for repayment in whole or in part of the outstanding balances if it would be prejudicial to the company continuing as a going concern.

Thorpe Underwood Services Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Shared expenses

All shared expenses are allocated across related companies via recharges. Recharge split percentages are calculated on an appropriate allocation basis, such as turnover, staff numbers and building usage, according to expense type.

Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets and their carrying amount is determined by the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually and amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

The carrying amount is £4,094,971 (2017 - £4,871,916).

Stock provision

The company makes an estimate of the recoverability of the cost of stock. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

The carrying amount is £521,171 (2017 - £464,288).

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors which include the current credit rating of the debtor, the ageing profile of debtors and historical experience. The carrying amount is £28,860,121 (2017 - £24,040,958).

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services to group companies and related undertakings in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts.

The company recognises revenue when the significant risks and rewards of ownership have been transferred to the buyer; the company retains no continuing involvement or control over the goods; the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the entity.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Thorpe Underwood Services Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Depreciation

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

Asset class	Depreciation method and rate
Short leasehold improvements	4% straight line basis
Fixtures, fittings and equipment	10% straight line basis
Motor vehicles	12.5% straight line basis
Plant and machinery	4% - 25% straight line basis

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually. Valuations are based on observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Stocks

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

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Leases

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

Thorpe Underwood Services Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared. These amounts are recognised in the statement of changes in equity.

Defined contribution pension obligation

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

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

Financial instruments

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar asset. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss and any subsequent reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Thorpe Underwood Services Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2018 £	2017 £
Rendering of services	<u>23,329,225</u>	<u>22,546,734</u>

4 Other operating income

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

	2018 £	2017 £
Rent receivable	<u>2,924,210</u>	<u>2,843,510</u>

5 Operating profit

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	971,364	1,293,350
Operating lease expense - property	12,570	12,370
Profit on disposal of property, plant and equipment	<u>(2,877)</u>	<u>-</u>

6 Other interest receivable and similar income

	2018 £	2017 £
Other interest receivable	<u>603,840</u>	<u>474,849</u>

7 Interest payable and similar expenses

	2018 £	2017 £
Loan interest	552,373	528,743
Other interest payable	<u>4,363</u>	<u>59,832</u>
	<u>556,736</u>	<u>588,575</u>

Thorpe Underwood Services Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

8 Staff costs

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

	2018 £	2017 £
Wages and salaries	266,310	278,677
Social security costs	22,748	18,462
Pension costs, defined contribution scheme	4,107	5,164
	<u>293,165</u>	<u>302,303</u>

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

	2018 No.	2017 No.
Administration and support	2	2
Other departments	8	7
	<u>10</u>	<u>9</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	21,020	21,525
Contributions paid to money purchase schemes	1,495	3,622
	<u>22,515</u>	<u>25,147</u>

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

	2018 No.	2017 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

10 Auditors' remuneration

	2018 £	2017 £
Audit of the financial statements	<u>6,900</u>	<u>6,700</u>

Thorpe Underwood Services Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

11 Taxation

Tax charged/(credited) in the income statement

	2018 £	2017 £
Current taxation		
UK corporation tax	233,900	215,800
UK corporation tax adjustment to prior periods	<u>(1,414,882)</u>	<u>25,774</u>
	<u>(1,180,982)</u>	<u>241,574</u>
Deferred taxation		
Arising from origination and reversal of timing differences	123,000	29,900
Arising from changes in tax rates and laws	<u>(388,000)</u>	<u>5,100</u>
Total deferred taxation	<u>(265,000)</u>	<u>35,000</u>
Tax (receipt)/expense in the income statement	<u>(1,445,982)</u>	<u>276,574</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 19%).

The differences are reconciled below:

	2018 £	2017 £
Profit before tax	<u>1,822,848</u>	<u>464,184</u>
Corporation tax at standard rate	346,341	88,195
Effect of expense not deductible for tax purposes	213	2,380
Non taxable income fair value adjustment	(140,595)	-
Changes in tax rates	-	5,401
Decrease from effect of capital allowances claimed on prior periods	(1,415,090)	-
Deferred tax credit from unrecognised temporary difference from a prior period	(388,037)	-
Corporation tax adjustment to prior periods	208	25,774
Effect of capital allowances and depreciation	46	5,124
Effect of depreciation on property not qualifying for capital allowances	<u>150,932</u>	<u>149,700</u>
Total tax (credit)/charge	<u>(1,445,982)</u>	<u>276,574</u>

The decrease from the effect of capital allowances claimed on prior periods of £1,415,090 above relates to unclaimed capital allowances between 2006 and 2017 which HMRC have now agreed to repay to the company.

Thorpe Underwood Services Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

Deferred tax

Deferred tax assets and liabilities

	Asset £
2018	
Accelerated capital allowances	<u>656,000</u>
2017	
Accelerated capital allowances	<u>391,000</u>

The amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting period is £94,000 (2017 - £7,700).

12 Tangible assets

	Short leasehold improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2017	4,588,119	4,670,825	6,817,536	601,522	16,678,002
Additions	-	6,839	-	210,203	217,042
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,888)</u>	<u>(117,888)</u>
At 31 August 2018	<u>4,588,119</u>	<u>4,677,664</u>	<u>6,817,536</u>	<u>693,837</u>	<u>16,777,156</u>
Depreciation					
At 1 September 2017	2,121,800	3,679,518	5,508,954	495,814	11,806,086
Charge for the year	183,524	90,296	681,755	15,789	971,364
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,265)</u>	<u>(95,265)</u>
At 31 August 2018	<u>2,305,324</u>	<u>3,769,814</u>	<u>6,190,709</u>	<u>416,338</u>	<u>12,682,185</u>
Carrying amount					
At 31 August 2018	<u>2,282,795</u>	<u>907,850</u>	<u>626,827</u>	<u>277,499</u>	<u>4,094,971</u>
At 31 August 2017	<u>2,466,319</u>	<u>991,307</u>	<u>1,308,582</u>	<u>105,708</u>	<u>4,871,916</u>

The short leasehold improvements have been built on land owned by Foxlow Limited, the ultimate parent undertaking, and is subject to ground rent leases of £10,380 (2017 - £10,280) per annum.

Thorpe Underwood Services Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

13 Investment properties

	2018 £
At 1 September 2017 and 31 August 2018	<u>12,950,000</u>

The company's investment properties were revalued on 22 February 2017 at £12,950,000 by an independent valuer Eddisons Taylors Chartered Surveyors, RICS.

The valuations have been undertaken in accordance with the current edition of the RICS Valuation - Professional Standards issued by the Royal Institution of Chartered Surveyors (RICS) - the "Red Book", having regards to the requirements of FRS 102. As the property forms part of a larger college campus the property could not be sold on the open market except as an overall sale of the whole campus.

Due to the above and the specialised nature of the buildings the Depreciated Replacement Cost has been adopted in assessing the Fair Value in accordance with Valuation Statement 1 and Guidance Note 6 of the RICS Red Book.

Had this class of asset been measured on a historical cost basis, their carrying amount would have been £8,612,340 (2017 - £9,932,004).

The investment property has been built on land owned by Foxlow Limited, the ultimate parent undertaking, and is subject to a ground rent lease of £7,000 (2017 - £7,000) per annum.

14 Stocks

	2018 £	2017 £
Finished goods and goods for resale	<u>521,171</u>	<u>464,288</u>

The cost of stocks recognised as an expense in the year amounted to £476,841 (2017 - £429,171).

Impairment of stocks

The amount of impairment loss included in profit or loss is £Nil (2017 - £Nil). The amount of reversal of impairment recognised in profit or loss is £Nil (2017 - £87,385).

15 Debtors

	2018 £	2017 £
Amounts owed by group undertakings	24,041,051	21,412,505
Other debtors	3,032,651	923,970
Amounts owed by related parties	1,130,419	1,313,483
Deferred tax	<u>656,000</u>	<u>391,000</u>
	<u>28,860,121</u>	<u>24,040,958</u>

Thorpe Underwood Services Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

16 Creditors

	2018 £	2017 £
Due within one year		
Trade creditors	3,394,584	3,457,712
Amounts due to related parties	32,347,538	31,381,617
Social security and other taxes	490,918	487,674
Other creditors	1,342,089	735,873
Accruals	16,252	61,962
Corporation tax liability	366,471	133,907
	<u>37,957,852</u>	<u>36,258,745</u>

17 Deferred tax and other provisions

	Deferred tax £
At 1 September 2017	391,000
Increase (decrease) in existing provisions	<u>265,000</u>
At 31 August 2018	<u>656,000</u>

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £4,107 (2017 - £5,164).

19 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

All shares rank pari passu for income, capital and voting rights.

Thorpe Underwood Services Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

20 Reserves

Share capital

Represents the nominal value of issued shares

Profit and loss account

Includes all current and prior periods distributable profits and losses

Profit and loss account - non distributable

Represents the fair value gains on revaluation of the investment property

21 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	120,516	191,283
Later than one year and not later than five years	190,426	-
Later than five years	16,000	17,000
	<u>326,942</u>	<u>208,283</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £217,183 (2017 - £415,465).

The operating leases information given above represents the full commitment and charge before recharges to other group companies and related entities.

Thorpe Underwood Services Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

22 Related party transactions

Income and receivables from related parties

	Parent £	Other related parties £
2018		
Receipt of services	2,419,523	12,252,707
Leases	-	2,924,210
	<u>2,419,523</u>	<u>15,176,917</u>
Amounts receivable from related party	<u>-</u>	<u>1,130,419</u>

	Parent £	Other related parties £
2017		
Receipt of services	834,262	11,600,781
Leases	-	2,843,510
	<u>834,262</u>	<u>14,444,291</u>
Amounts receivable from related party	<u>-</u>	<u>1,313,483</u>

Expenditure with and payables to related parties

	Parent £	Other related parties £
2018		
Donations	-	3,000,000
Leases	10,380	-
Loan interest	126,877	134,200
	<u>137,257</u>	<u>3,134,200</u>
Amounts payable to related party	<u>23,835,813</u>	<u>8,511,725</u>

	Parent £	Other related parties £
2017		
Donations	-	3,000,000
Leases	10,280	-
Loan interest	135,805	136,924
	<u>146,085</u>	<u>3,136,924</u>
Amounts payable to related party	<u>20,503,155</u>	<u>10,878,462</u>

Thorpe Underwood Services Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

Loans from related parties

Terms of loans from related parties

The balances bear interest at 1% over the Bank of England base rate, are unsecured and repayable on demand.

23 Financial instruments

Categorisation of financial instruments

	2018	2017
	£	£
Financial assets measured at fair value through the profit and loss	<u>12,950,000</u>	<u>12,950,000</u>
	<u>12,950,000</u>	<u>12,950,000</u>

24 Parent and ultimate parent undertaking

The company's immediate parent is The Collegiate Formation Limited, incorporated in England and Wales. The registered address of the Collegiate Formation Limited is Thorpe Underwood Hall, PO Box 100, Great Ouseburn, York, YO26 9SZ.

The ultimate parent is Foxlow Limited, incorporated in the British Virgin Islands. The ultimate controlling party is not known.

The most senior parent entity producing publicly available financial statements is Care & Recreation Holdings Limited. These financial statements are available upon request from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.