



somax

Somax Limited

Annual report and Financial Statements

For the 16 months ended 31 July 2018

Registered number: 05135093

**Annual Report and Financial Statements
For the 16 Months Ended 31 July 2018**

Contents

Directors report.....	2
Independent Auditors' report.....	5
Statement of Income and Retained Earnings.....	8
Statement of Financial Position.....	9
Notes to the financial statements.....	10

Directors' report for the 16 Months Ended 31 July 2018

The Directors present their Annual report and the audited financial statements of the Company for the period ended 31 July 2018. This annual report represents the first annual report since of the acquisition of the company on 31 August 2017 by Weston College. This period of reporting represents an extended period of sixteen months to replicate the accounting year end date of 31 July in line with the remainder of the College Group.

Principal activities and business review

The Company's principal activity is the provision of logistics and vehicle training. Results for the current year show an operating profit of £35,599 (2016/17 £6,594) with trading forecasts from 1 August 2018 expected to show improved results. The Company had net assets of £492,432 at 31 July 2018 (31 March 2017: £456,554).

Shareholding and Directors

On 31st August 2017, the Weston College Group purchased 100% of the shares in Somax Limited. As an acquisition, the College Group paid £462,000 for the business, with £162,000 of this sum deferred until the anniversary of purchase and related to financial results. The value of the company at the date of acquisition was £418,000 with the remaining sum of £44,000 representing goodwill. Since the acquisition, the company continues to perform at expected levels of activity and remains a going concern. Due to the conditions included within the acquisition relating to the deferred payments, the final outstanding sum of £61,000 is not included in the accounts at this point.

The Directors who served during the year and up to the date of the signing of the financial statements were:-

Simon Peter Werkshagen (resigned 31 August 2017)
Jude Ferguson (Chair) (appointed 31 August 2017)
Linda Mary Burlison (appointed 31 August 2017, resigned 19 September 2018)
Christopher James Carter (appointed 2 November 2017)
Dr Paul Phillips CBE (appointed 31 August 2017)
Peter Keith Sloman (appointed 31 August 2017)

Political and charitable contributions

The Company made no political or charitable contributions during the year other than a commitment to pay any profit, net of inter-group management charges, to Weston College under Gift Aid, following acquisition.

Disability statement

Somax Limited seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Needs and Disability Act 2001.

The Company is committed to ensuring equality of opportunity for all who work at the Company. It respects and values differences in race, gender, sexual orientation, able-bodiedness, class and age and strives vigorously to remove conditions which place people at a disadvantage.

The Company considers all applications from people with disabilities, bearing in mind the aptitudes of the individuals concerned. Where an existing employee experiences a disability, every effort is made to ensure that employment with the Company continues. The Company's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

Principal risk and uncertainties

Somax Limited is a wholly owned subsidiary of Weston College and its activities are included within the Group Risk Management procedures. The Directors have confirmed that it is appropriate for the risks to be managed by each Company and reported at a group level. The Risk Register identifies the key risks of the Company, the likelihood of those risks occurring, their potential impact on the Group and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. The Directors also consider any risks which may arise as a result of a new area of work being undertaken by the Group. In terms of key risks, the following are considered as key factors that will potentially impact on the continuing success and growth of the business:

Directors' report for the 16 Months Ended 31 July 2018

- Somax Limited has grown with involvement with the OLS prison education contract team. These contracts are currently up for renewal, and there is a risk that the College will not be successful in being awarded the new contracts. However, to mitigate, Somax Limited will become an approved supplier on the Dynamic Purchasing System, irrespective of whether the College is successful in the contract process.
- Delivery of apprenticeships remains complex with Level 2's being the most challenging when looking at the amount of work that is required to meet the 20% off the job training. Somax Limited is now focusing on the Level 3's and 4's as the candidate churn rate is much lower than those at level 2.
- Commercial income is always competitive and dictated by price and not quality by most potential customers.
- Staff - retaining and attracting good staff so that we can deliver in all existing areas of the business, existing and new.

Future Planning

This first year of activity has seen Somax Limited make a positive contribution to the College Group both in terms of synergy of activity as well as financially. In 2018/19, the Company is anticipated to make an operating surplus of around £500,000, and has identified the following as key elements of activity in its growth plan:

- Apprenticeships - marketing the level 3 and 4 apprenticeships
- Growing the adult education portfolio of courses to be able to maximise those in Job Centre Plus and those employees earning less than £16.9k per year.
- Setting up and growing the Construction Skills Certificate Scheme with the College with a new suite of courses
- Planning and delivering the Driver Certificate of Professional Competence (CPC) market in 2019 to meet the demands of CPC courses for all drivers to gain their 35 hours of Continuing Professional Development. The deadline for this, September 2019 will mean an unprecedented uplift in classroom training in the summer of 2019.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Statement of directors' responsibilities

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 16 month period. 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102, 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

Directors' report for the 16 Months Ended 31 July 2018

- 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 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.

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.

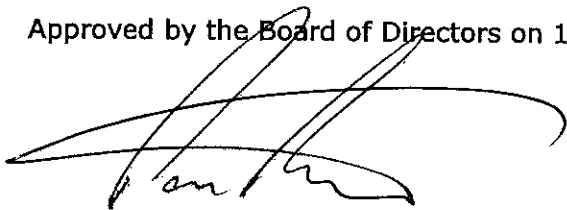
Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the 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.

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

Approved by the Board of Directors on 12 December 2018 and signed on its behalf by:



Dr Paul Phillips CBE



Jude Ferguson

Independent auditors' report to the members of Somax Limited

Report on the audit of the financial statements

Opinion

In our opinion, Somax Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its profit for the 16 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 July 2018; the statement of income and retained earnings for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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.

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.

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 period ended 31 July 2018 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 set out on page 3, 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.

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. 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.

Other required reporting

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.

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: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

Other matter

The financial statements for the period ended 31 March 2017, forming the corresponding figures of the financial statements for the 16 month period ended 31 July 2018, are unaudited.



Craig Sullivan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

December 2018

20

Somax Limited
Statement of Income and Retained Earnings

	Note	16 months to 31 July 2018 £	12 months to 31 March 2017 £
Turnover		1,216,388	764,759
Cost of Sales		(712,824)	(368,758)
Gross Profit		503,564	396,001
Administrative expenses		(467,965)	(389,407)
Operating profit	4	35,599	6,594
Interest receivable and similar income		279	223
Interest payable and similar charges		-	(20)
Profit on ordinary activities before taxation		35,878	6,797
Tax on profit on ordinary activities	6	2,987	(2,961)
Profit for the financial year		38,865	3,836
Retained Profit at the beginning of the period		456,552	513,716
Dividends paid			(61,000)
Distribution of Profits through donation to Weston College		(45,405)	-
Retained Profit at the end of the period		450,013	456,552

The Company will continue all of its operations and there were no acquisitions or discontinued operations in the period / year.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial period / year as stated above and their historical cost equivalents.

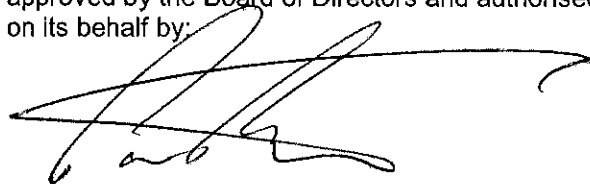
The Company has no recognised gains and losses other than those included in the results above.

Somax Limited
Statement of Financial Position

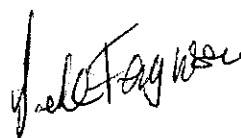
	Note	31 July 2018 £	31 March 2017 £
Fixed assets			
Tangible Fixed Assets	7	65,409	72,764
Intangible Assets (Goodwill)	8	1,087	1,800
		66,496	74,564
Current assets			
Debtors	9	237,054	249,447
Cash at bank and in hand		409,528	179,983
		646,582	429,430
Creditors - amounts falling due within one year	10	252,351	33,734
Net current assets		394,231	395,696
Total assets less current liabilities		460,727	470,260
Creditors – amounts falling due after more than one year	11	10,712	13,706
Total net assets		450,015	456,554
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account		450,013	456,552
Total shareholders' funds		450,015	456,554

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and 'The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008'.

The financial statements of Somax Limited, registered number 05135093, on pages 8 to 15 were approved by the Board of Directors and authorised for issue on 12 December 2018 and were signed on its behalf by:



Dr Paul Phillips CBE



Jude Ferguson

1 Company Information

Somax Limited is a private company limited by shares and incorporated in England and Wales.

The Registered Office is situated at:

Weston College
Knightstone Road
Weston –super- Mare
BS23 2AL

The ultimate parent company and controlling party is Weston College, a Further and Higher Education college, incorporated under the Further and Higher Education Act 1992.

2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£).

In preparing these financial statements Somax Limited has, with the approval of the shareholder (Weston College) taken full advantage of the disclosure exemptions available under para 1.12 of FRS102. The Company has therefore adopted the following exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures – including
 - o categories of financial instruments
 - o items of income, expenses, gains or losses related to financial instruments
 - o exposure to and management of financial risks
- the requirement to disclose key management personnel compensation.

The financial statements of Somax Limited are consolidated into the financial statements of the Weston College Group and its parent company Weston College. The Financial Statements of Weston College are available on application to the Clerk to the Corporation, Weston College, Knightstone Road, Weston-super-Mare; North Somerset, BS23 2AL. Weston College is the only entity to consolidate the Company's financial statements.

Going Concern

The financial position of the Company, its liquidity and borrowings are described in the Financial Statements and accompanying Notes. The Company has no loans outstanding and forecasts and financial projections indicate that it will be able to operate within this existing facility for the foreseeable future. Accordingly the Company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Key judgements / estimates

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 period. However, the nature of estimation means that actual outcomes could differ from those estimates.

3 Accounting policies

Non-current Assets - Tangible fixed assets

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

Tangible fixed assets are depreciated over their expected economic life on a reducing balance basis as follows:

Motor Vehicles	25%
Plant and Machinery	25%
Computer Equipment and Software	25%
Fixtures and Fittings	15%

The accounting of fixed assets within the statements is consistent with the policies adopted by Somax Limited prior to acquisition. It is intended in 2018/19 that policies and calculations are further reviewed to ensure they are fully aligned with existing College Group policies.

Non-current Assets - Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised over their expected economic life on a straight line basis as follows:

Goodwill	10%
----------	-----

Recognition of Income

Income from contracts and other services is included to the extent of the completion of the contract or service concerned.

Debtors

Debtors are measured at transaction price and included in the Statement of Financial Position to the extent that they are deemed to be recoverable. Any doubtful debts are provided at 100% and the balance sheet valuation of total debtors written down by such provisions. At the reporting date, no doubtful debts were provided against (2017 Nil).

Creditors

Creditors are measured at transaction price and classified as falling due within one year, unless the Company has an unconditional right, at the end of the reporting period to defer settlement for at least 12 months after the reporting date.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the scheme are charged to profit and loss in the period to which they relate.

Gift Aid donations

The company has committed to pay profits, net of inter-group management charges, to Weston College under Gift Aid. In accordance with ICAEW guidance, this donation has been accounted for as a distribution from reserves

Somax Limited
Notes to financial statements for the 16 months ended 31 July 2018

4 Operating Profit

Operating Profit is stated after charging	2018 £	2017 £
Auditors' remuneration – statutory audit	9,100	-
Auditors' remuneration – other services provided	2,000	-
Depreciation of tangible fixed assets	23,873	23,888
Amortisation of goodwill	713	950

Since the acquisition on 31st August 2017 the Directors did not receive any emoluments from the Company in respect of their services. Prior to this date emoluments of £5,750 (2017 £94,213) were paid to the Director. Somax Limited paid Weston College £Nil (2017: n/a) for the services provided by the Directors.

5 Staff costs

The monthly average number of persons (including senior post-holders) either employed by the Company, or by the Group specifically to carry out work for the Company, during the year, expressed as full-time equivalents, was:

	2018 Number	2017 Number
Teaching Staff	2	3
Non-teaching Staff	2	3
Total Staff	4	6

Staff costs for the above persons

	2018 £	2017 £
Wages and salaries	141,117	193,761
Social security costs	9,408	18,974
Other pension costs	927	101,425
	151,452	314,160

Somax Limited
Notes to financial statements for the 16 months ended 31 July 2018

6 Tax on profit on ordinary activities

	2018 £	2017 £
Current year:		
Origination and reversal of timing differences	(1,383)	2,787
Adjustment in respect of previous periods	360	242
Effect of changes in tax rates	(1,964)	(68)
Tax on profit on ordinary activities	<u>(2,987)</u>	<u>2,961</u>
Factors affecting the tax charge		
Profit on ordinary activities before taxation	<u>35,878</u>	<u>6,797</u>
Tax on profit on ordinary activities at 19.00% (2017:19.25%)	6,817	1,308
Effects of:-		
Expenses not deductible	420	1,479
Tax rate changes	(1,964)	(68)
Adjustments in respect of prior years	367	242
Qualifying charitable donation	(8,627)	-
Current year tax (credit) / charge	<u>(2,987)</u>	<u>2,961</u>
Statement of Financial Position		
Corporation tax payable	<u>-</u>	<u>7,393</u>

7 Tangible fixed assets

	Plant and machinery	Fixtures and fittings	Motor vehicles	Computer equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2017	86,752	3,804	31,502	74,860	196,918
Additions	-	-	22,740	2,412	25,152
Disposals	-	-	(20,114)	(4,812)	(24,926)
At 31 July 2018	86,752	3,804	34,128	72,460	197,144
Depreciation					
At 1 April 2017	40,788	1,468	20,775	61,123	124,154
Charge for the period	15,322	467	3,346	4,738	23,873
Eliminated on disposals	-	-	(13,284)	(3,008)	(16,292)
At 31 July 2018	56,110	1,935	10,837	62,853	131,735
Net book value at 31 July 2018	30,642	1,869	23,291	9,607	65,409
Net book value at 31 March 2017	45,964	2,336	10,727	13,737	72,764

Somax Limited
Notes to financial statements for the 16 months ended 31 July 2018

8 Intangible assets (Goodwill)

	Goodwill
Cost	£
At 1 April 2017 and 31 July 2018	<u>9,500</u>
Amortisation	
At 1 April 2017	7,700
Charge for the period	713
At 31 July 2018	<u>8,413</u>
Net book value at 31 July 2018	<u>1,087</u>
Net book value at 31 March 2017	<u>1,800</u>

9 Debtors

	2018	2017
	£	£
Amounts owed by group undertakings	144,143	-
Trade receivables	71,134	134,766
Prepayments and accrued income	21,598	-
Other debtors	179	114,681
	<u>237,054</u>	<u>249,447</u>

10 Creditors - amounts falling due within one year

	2018	2017
	£	£
Amounts owed to group undertakings	121,920	-
Trade Creditors	75,505	11,687
Corporation tax	-	-
Other creditors including taxation and social security	7,087	22,047
Accruals and deferred income	47,839	-
	<u>252,351</u>	<u>33,734</u>

11 Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Deferred taxation	10,712	13,706
	<u>10,712</u>	<u>13,706</u>

12 Called up share capital

	2018	2017
	£	£
Allotted, and fully paid		
Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

13 Related Party Transactions

In accordance with exemptions available under paragraph 33.1A of FRS 102 the Company has not disclosed any details of Related Party Transactions with other group undertakings as part of these financial statements. The Company is a wholly owned subsidiary undertaking of a UK parent (Weston College, the ultimate parent undertaking) and the Related Party Transactions of this Company are disclosed in the consolidated financial statements of the parent company. There were no other related party transactions requiring disclosure during the financial year.