

Fostering Solutions Limited

4006225

## Fostering Solutions Limited

Abbreviated accounts

For the year ended 31 August 2008

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**Company Information**

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**Directors**

K J McNeany  
S R Page  
M A Croghan (appointed 6 June 2008)  
D W Johnson  
S H Bhote (resigned 6 June 2008)

**Company secretary**

MA Croghan

**Company number**

04006225

**Registered office**

Burnden House  
Viking Street  
Bolton  
Lancashire  
BL3 2RR

**Auditors**

Ernst & Young LLP  
Bedford House  
16 Bedford Street  
Belfast  
BT2 7DT

**Bankers**

Allied Irish Bank  
St Jame's House  
Charlotte Street  
Manchester  
M1 4DZ

HSBC  
25 Deansgate  
Bolton  
BL1 1HG

**Solicitors**

Denton Wilde Sapte  
One Fleet Place  
London  
EC4M 7WS

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## **Directors' Report**

### **For the year ended 31 August 2008**

The directors present their report and the financial statements for the year ended 31 August 2008.

#### **Statement of directors' responsibilities**

The directors are responsible 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). The financial statements are required by law to 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 then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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 proper accounting records that 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 1985. 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.

#### **Principal activities**

The company is an independent fostering agency which provides care for children with special needs through a network of carers across the country. The company is a business that is part of the Acorn Care and Education Limited Group. The Group provides a choice of education and care for children with special needs, their families and local authorities across the UK. The Group Statement of Purpose is to establish a group of schools and care providers that meet the holistic needs of children with special needs. We aim to provide high quality care and education, to focus on the outcomes for each individual young person, to encourage success in all aspects of our work, to develop the individual character of each school and care provider within a supportive network and to provide equality of opportunity.

#### **Business review**

The key financial performance indicators during the year were as follows:

	2008 £'000	2007 £'000	Change %
Turnover	17,246	15,081	14
Profit after tax	855	692	24

The growth in reported turnover reflects growth in the business through the average number of placements including the impact of the acquisitions during the year.

Movement in profit after tax reflects a number of factors: the underlying trading performance of the business, management charges from Acorn Care and Education Limited and charges for tax losses surrendered by Acorn Care and Education Limited.

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**Directors' Report**  
**For the year ended 31 August 2008**

**Result**

The profit for the year, after taxation, amounted to £NIL (2007 - £2,264,793).

The company has not paid and does not propose to pay any dividends for the year ended 31 August 2008 (2007 - £Nil).

**Directors**

The directors who served during the year were:

K J McNeany  
S R Page  
M A Croghan (appointed 6 June 2008)  
D W Johnson  
S H Bhote (resigned 6 June 2008)

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## **Directors' Report**

**For the year ended 31 August 2008**

### **Risk management policy**

As a care provider, the company is subject to inspection and report by OfSTEd. Regular inspections are carried out for each region. The company regularly updates policy and procedures in order to ensure compliance with required standards.

In addition, the company has an obligation to meet Health and Safety requirements, which it does through internal policies and procedures and through using the services of external specialist advisers where necessary.

### **Financial Risk Management Policy**

The company's principal financial instruments comprise cash, trade debtors and creditors, group indebtedness and certain other debtors and accruals. The main risks associated with these financial assets and liabilities are set out below.

#### *Foreign Currency Risk*

The directors do not believe that the company has significant exposures arising from foreign currency risk.

#### *Credit risk*

Credit risk arises principally on third party derived revenues. Company policy is aimed at minimising such risk, and collection of debts is actively managed to ensure that payments are received in a timely manner. The company's customers are primarily local authorities. Our customers have a good payment history and the company's exposure to bad debts is not significant.

#### *Liquidity risk*

The company's liquidity risk is managed through the Group finance function. Capital expenditure is approved at group level. Day to day cash flow flexibility is maintained by retaining surplus cash in readily accessible bank accounts. Working capital requirements are funded primarily through the company's resources although the company does have recourse to additional funding through the Group banking facilities.

#### *Interest rate risk*

The company's interest rate risk is managed through the Group finance function.

Exposure to interest rate movements are managed at group level through a mixture of hedging instruments. The Group's interest rate risk is fully hedged through a combination of a fixed interest rate swap and two cap and collar instruments which have capped the maximum interest rate payable by the Group.

#### *Market price risk*

Due to the nature of their principal activity, the directors do not believe the company is not exposed to significant movements in market prices of its services.

### **Provision of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

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**Directors' Report**  
**For the year ended 31 August 2008**

**Auditors**

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

This report was approved by the board on 22nd May 2009 and signed on its behalf.



**D W Johnson**  
Director

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**Independent Auditors' report to Fostering Solutions Limited**  
**Under section 247B of the Companies Act 1985**

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We have examined the company's abbreviated accounts for the year ended 31 August 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Shareholders' Funds and the related notes 1 to 15, which have been prepared in accordance with applicable United Kingdom law, together with the company's financial statements for the year ended 31 August 2008 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state in an auditors' 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, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

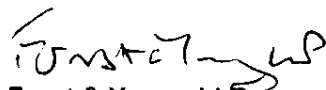
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

  
**Ernst & Young LLP**

Registered Auditors

Bedford House  
16 Bedford Street  
Belfast  
BT2 7DT

Date: 25 May 2009



**Abbreviated Profit and Loss Account  
For the Year Ended 31 August 2008**

	<i>Note</i>	<i>2008</i> £	<i>2007</i> £
<b>Gross profit</b>		5,080,707	4,422,915
Administrative expenses		(3,917,883)	(3,475,339)
<b>Operating profit</b>	2	1,162,824	947,576
Interest receivable		44,428	45,978
<b>Profit on ordinary activities before taxation</b>		1,207,252	993,554
Tax on profit on ordinary activities	5	(352,018)	(301,189)
<b>Profit for the financial year</b>	13	855,234	692,365

All amounts relate to continuing operations.

There were no recognised gains and losses for 2008 or 2007 other than those included in the Profit and Loss Account.

The notes on pages 8 to 14 form part of these financial statements.

**Abbreviated Balance Sheet**  
**As at 31 August 2008**

	Note	£	2008 £	£	2007 £
<b>Fixed assets</b>					
Intangible fixed assets	6		579,683		745,306
Tangible fixed assets	7		157,219		151,877
Fixed asset investments	8		10,042,512		5,042,396
			<u>10,779,414</u>		<u>5,939,579</u>
<b>Current assets</b>					
Debtors	9	3,713,491		2,729,446	
Cash at bank and in hand		929,116		983,928	
		<u>4,642,607</u>		<u>3,713,374</u>	
<b>Creditors: amounts falling due within one year</b>	10	(12,734,760)		(7,820,004)	
<b>Net current liabilities</b>			(8,092,153)		(4,106,630)
<b>Total assets less current liabilities</b>			<u>2,687,261</u>		<u>1,832,949</u>
<b>Provisions for liabilities</b>					
Deferred tax	11		-		(922)
<b>Net assets</b>			<u>2,687,261</u>		<u>1,832,027</u>
<b>Capital and Reserves</b>					
Called up share capital	12		10		10
Profit and loss account	13		2,687,251		1,832,017
<b>Shareholders' funds</b>	14		<u>2,687,261</u>		<u>1,832,027</u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved and authorised for issue by the board and were signed on its behalf on

D W Johnson  
Director

22-09 May 2009

The notes on pages 8 to 14 form part of these financial statements.

## Notes to the abbreviated accounts

### For the year ended 31 August 2008

#### 1. Accounting Policies

##### 1.1 Basis of preparation of financial statements

The full , from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention.

The directors have taken advantage of the exemption provided by Section 228 of the Companies Act 1985 not to prepare group accounts, on the grounds that the company itself a subsidiary undertaking and the results are included in the consolidated accounts of the ultimate parent undertaking, Acorn Care and Education Limited. The accounts present information about the company as an individual undertaking and not as a group.

The parent company has indicated its willingness to continue to support the company and in particular not to recall the amounts advanced to the company which at the balance sheet date amounted to £XX.

Accordingly the directors believe it is appropriate to prepare the financial statements on the going concern basis.

##### 1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### 1.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life of 5 years.

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leaschold improvement	-	10%	straight line
Furniture, fittings and equipment	-	25%	straight line

##### 1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

## Notes to the abbreviated accounts

For the year ended 31 August 2008

### 1. Accounting Policies (continued)

#### 1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

#### 1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

### 2. Operating profit

The operating profit is stated after charging:

	2008 £	2007 £
Amortisation - intangible fixed assets	165,623	82,812
Depreciation of tangible fixed assets:		
- owned by the company	78,975	91,294
Auditors' remuneration	16,090	9,700
Auditors' remuneration - non-audit	2,585	2,185
	<u>263,273</u>	<u>185,991</u>

### 3. Staff costs

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

	2008 £	2007 £
Wages and salaries	2,604,753	2,448,592
Social security costs	255,762	239,084
Other pension costs	57,033	49,966
	<u>2,917,548</u>	<u>2,737,642</u>

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

	2008 No.	2007 No.
Teaching, care and support staff	<u>92</u>	<u>83</u>

**Notes to the abbreviated accounts**  
**For the year ended 31 August 2008**

**4. Directors' remuneration**

	2008 £	2007 £
Emoluments	113,891	55,223

**5. Taxation**

	2008 £	2007 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax (see note below)</b>		
UK corporation tax charge on profit for the year	370,196	315,680
Adjustments in respect of prior periods	(6,411)	(108)
<b>Total current tax</b>	363,785	315,572
<b>Deferred tax</b>		
Increase/(decrease) in deferred tax provision	(12,417)	(13,398)
Adjustments in respect of previous periods	650	(985)
<b>Total deferred tax (see note 11)</b>	(11,767)	(14,383)
<b>Tax on profit on ordinary activities</b>	352,018	301,189

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2007 - higher than) the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	1,207,252	993,554
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007 - 30%)	338,031	298,066
<b>Effects of:</b>		
Expenses not deductible for tax purposes	5,021	4,282
Capital allowances for year in excess of depreciation	8,249	13,332
Short term timing differences	4,168	-
Profits taxed at higher rate	14,727	-
Adjustments to tax charge in respect of prior periods	(6,411)	(108)
<b>Current tax charge for the year (see note above)</b>	363,785	315,572

**Notes to the abbreviated accounts**  
For the year ended 31 August 2008

**6. Intangible fixed assets**

	<i>Goodwill</i> £
<b>Cost</b>	
At 1 September 2007 and 31 August 2008	828,118
<b>Amortisation</b>	
At 1 September 2007	82,812
Charge for the year	165,623
At 31 August 2008	248,435
<b>Net book value</b>	
At 31 August 2008	579,683
At 31 August 2007	745,306

**7. Tangible fixed assets**

	<i>Leasehold improvement</i> £	<i>Furniture, fittings and equipment</i> £	<i>Total</i> £
<b>Cost or valuation</b>			
At 1 September 2007	70,556	401,448	472,004
Additions	16,681	67,630	84,311
At 31 August 2008	87,237	469,078	556,315
<b>Depreciation</b>			
At 1 September 2007	65,701	254,426	320,127
Charge for the year	2,209	76,760	78,969
At 31 August 2008	67,910	331,186	399,096
<b>Net book value</b>			
At 31 August 2008	19,327	137,892	157,219
At 31 August 2007	4,855	147,022	151,877

**Notes to the abbreviated accounts**  
**For the year ended 31 August 2008**

**8. Fixed asset investments**

**Cost or valuation**

At 1 September 2007	5,042,396
Additions	5,000,116
At 31 August 2008	<u>10,042,512</u>

*Shares in group  
under-takings  
£*

**Subsidiary undertaking**

The following were subsidiary undertaking's of the company:

Advance Foster Care Limited  
 Focus on Fostering Limited  
 Kids and Carers Limited  
 JAFA North East UK Limited  
 JAFA (Pipss) Limited\*  
 Happen Foster care Limited

\* - Held by subsidiary company

**9. Debtors**

	2008 £	2007 £
Trade debtors	2,454,529	1,921,862
Amounts owed by group undertakings	1,015,408	307,603
Other debtors	8,686	4,858
Prepayments and accrued income	223,631	495,123
Deferred tax asset (see note 11)	11,237	-
	<u>3,713,491</u>	<u>2,729,446</u>

**Notes to the abbreviated accounts**  
**For the year ended 31 August 2008**

**10. Creditors:**  
**Amounts falling due within one year**

	2008 £	2007 £
Trade creditors	258,196	201,703
Amounts owed to group undertakings	10,272,822	5,902,240
Corporation tax	238,434	94,319
Social security and other taxes	83,648	64,996
Other creditors	25,219	9,429
Accruals and deferred income	1,856,441	1,547,317
	<u>12,734,760</u>	<u>7,820,004</u>

**11. Deferred taxation**

	2008 £	2007 £
At beginning of year	(922)	(15,304)
Released during year	12,159	14,382
	<u>11,237</u>	<u>(922)</u>

The deferred taxation balance is made up as follows:

	2008 £	2007 £
Accelerated capital allowances	5,372	2,877
Short term timing differences	5,865	(1,955)
	<u>11,237</u>	<u>922</u>

**12. Share capital**

	2008 £	2007 £
<b>Authorised</b>		
50,000 Ordinary Shares of £1 each	<u>50,000</u>	<u>50,000</u>
<b>Allotted, called up and fully paid</b>		
10 Ordinary Shares of £1 each	<u>10</u>	<u>10</u>



**Notes to the abbreviated accounts**  
**For the year ended 31 August 2008**

**13. Reserves**

	<i>Profit and loss account £</i>
At 1 September 2007	1,832,017
Profit for the year	855,234
	<hr/>
At 31 August 2008	<u>2,687,251</u>

**14. Reconciliation of movement in shareholders' funds**

	<i>2008 £</i>	<i>2007 £</i>
Opening shareholders' funds	1,832,027	1,139,662
Profit for the year	855,234	692,365
	<hr/>	<hr/>
Closing shareholders' funds	<u>2,687,261</u>	<u>1,832,027</u>

**15. Ultimate parent undertaking and controlling party**

In the opinion of the directors Acorn Care and Education Limited is the company's ultimate parent company and ultimate controlling party.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Acorn Care and Education Limited. Consolidated accounts are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.