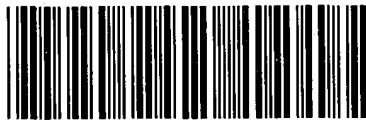


Registration number: 04006225

# Fostering Solutions Limited

Directors' Report and Financial Statements  
for the Year Ended 31 August 2015

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## **Fostering Solutions Limited Company Information**

<b>Directors</b>	J-L Janet N-J Macdonald
<b>Company secretary</b>	H Lecky
<b>Registered office</b>	1 Merchant's Place River Street Bolton Lancashire BL2 1BX
<b>Solicitors</b>	SNR Denton One Fleet Place London EC4M 7WS
<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP
<b>Auditors</b>	Ernst & Young LLP Bedford House 16 Bedford Street Belfast Northern Ireland BT2 7DT

## **Fostering Solutions Limited**

### **Strategic Report for the Year Ended 31 August 2015**

The directors present their strategic report for the year ended 31 August 2015.

#### **Principal activity**

The company is an independent fostering agency which provides care for children with special education needs through a network of carers across the country. The company is a business that is part of the Acorn Care 1 Limited Group ("Group"). The Group provides a choice of education and care for children with special education 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 education 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**

##### ***Fair review of the business***

The profit for the year, after taxation, amounted to £1,030,690 (2014: £1,662,310)

The company's key financial and other performance indicators during the year were as follows:

	Unit	2015	2014
Turnover	£	36,062,495	38,700,721
Profit after tax	£	1,030,690	1,662,310

##### ***Principal risks and uncertainties***

###### **Regulatory and legislative risks**

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**

##### ***Objectives and policies***

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.

##### ***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 has recourse to additional funding through Group banking facilities.

**Fostering Solutions Limited**  
**Strategic Report for the Year Ended 31 August 2015**

***Interest rate risk***

During the year up to 31st August 2015, the company's interest rate risk was managed through the Group finance function using hedging instruments. The group uses interest rate swaps to adjust interest rate exposures in order to guarantee fixed interest payments where payments are variable and hence exposed to interest rate movements..

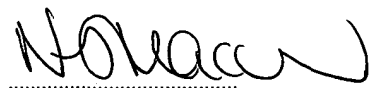
***Market price risk***

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

***Foreign currency risk***

The company has no exposure to foreign currencies.

Approved by the Board on 25 January 2016 and signed on its behalf by:



.....  
N-J Macdonald  
Director

## **Fostering Solutions Limited**

### **Directors' Report for the Year Ended 31 August 2015**

The directors present their report and the financial statements for the year ended 31 August 2015.

#### **Directors of the company**

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

J-L Janet

N-J Macdonald

#### **Dividends**

No dividends will be distributed for the year ended 31 August 2015.

#### **Future developments**

Demand for foster placements remain strong with a general shortage of foster carers in England, Wales and Scotland. The company's future growth is therefore dependant on its ability to increase its foster carer base and to train foster carers to continue providing a high quality of service and support some of the most vulnerable young people. The Group will therefore continue to invest in the recruitment, retention and ongoing training of foster carers to ensure all carers are best equipped to provide a quality service to young people in their care.

#### **Going concern**

The directors of the company believe that the bank facilities in place are more than adequate for the future needs of the Group and that the Group is well placed to manage its business risks successfully.

On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Please refer to note 1 to the financial statements for further considerations.

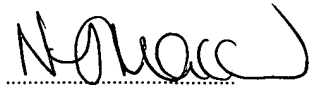
#### **Disclosure of information to the auditors**

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**

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 25 January 2016 and signed on its behalf by:



N-J Macdonald  
Director

## **Fostering Solutions Limited Directors' Responsibilities Statement**

The directors are responsible for preparing the Directors' Report, the Strategic 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.

## **Fostering Solutions Limited**

### **Independent Auditor's Report to the Members**

We have audited the financial statements of Fostering Solutions Limited which comprise of the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 22 for the year ended 31 August 2015, set out on pages 8 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report, Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2015 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Fostering Solutions Limited**  
**Independent Auditor's Report to the Members**

**Matters on which we are required to report by exception**

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.

*Ernst & Young LLP*

Michael Kidd (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor

Belfast

Date: *25 January 2016*

**Fostering Solutions Limited**  
**Profit and Loss Account for the Year Ended 31 August 2015**

	Note	2015 £	2014 £
Turnover		36,062,495	38,700,721
Cost of sales		<u>(27,027,799)</u>	<u>(28,016,652)</u>
Gross profit		9,034,696	10,684,069
Administrative expenses		(9,140,346)	(9,272,450)
Other operating income		<u>369,850</u>	<u>106,753</u>
Operating profit	3	264,200	1,518,372
Other interest receivable and similar income	6	1,269,293	1,268,600
Interest payable and similar charges	7	<u>(11,068)</u>	<u>(15,386)</u>
Profit on ordinary activities before taxation		1,522,425	2,771,586
Tax on profit on ordinary activities	8	<u>(491,735)</u>	<u>(1,109,276)</u>
Profit for the financial year	17	<u><u>1,030,690</u></u>	<u><u>1,662,310</u></u>

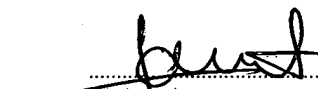
Turnover and operating profit derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

**Fostering Solutions Limited**  
**(Registration number: 04006225)**  
**Balance Sheet as at 31 August 2015**

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Intangible assets	9	560,054	1,388,724
Tangible assets	10	590,938	791,591
Investments	11	<u>33,535,374</u>	<u>33,587,522</u>
		<u>34,686,366</u>	<u>35,767,837</u>
<b>Current assets</b>			
Debtors	12	3,827,824	26,261,239
Cash at bank and in hand		<u>859,680</u>	<u>1,484,614</u>
		4,687,504	27,745,853
Creditors: Amounts falling due within one year	13	<u>(28,446,466)</u>	<u>(53,565,664)</u>
Net current liabilities		<u>(23,758,962)</u>	<u>(25,819,811)</u>
Total assets less current liabilities		10,927,404	9,948,026
Creditors: Amounts falling due after more than one year	14	<u>(14,103)</u>	<u>(65,415)</u>
Net assets		<u>10,913,301</u>	<u>9,882,611</u>
<b>Capital and reserves</b>			
Called up share capital	16	10	10
Profit and loss account	17	<u>10,913,291</u>	<u>9,882,601</u>
Shareholders' funds	18	<u>10,913,301</u>	<u>9,882,611</u>

Approved by the Board on 25 January 2016 and signed on its behalf by:

  
 J-L Janet  
 Director

# **Fostering Solutions Limited**

## **Notes to the Financial Statements for the year ended 31 August 2015**

### **1 Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards (UK GAAP).

#### **Exemption from preparing a cash flow statement**

The company is exempt from preparing a cash flow statement in accordance with FRS1 as 90% or more of the voting rights are held within the Group.

#### **Exemption from preparing group accounts**

The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 and has not prepared group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### **Going concern**

The Company is a subsidiary of Acorn Care 1 Limited and its financial resources are managed on a Group basis. In 2015 the Group generated strong cash flows and held a group cash balance of £6.4m at 31 August 2015. The Directors have confirmed that Group support will continue to be made available to the company where required.

The Group is financed by a mixture of equity funding (ordinary and preference shares), unsecured loan notes, senior banking facilities and operating cash flows from the underlying business of the Group. During the year the company successfully refinanced its senior debt facility. The new facilities are non amortising and available to the Group until 2020.

Forward projections prepared by the Board sensitised on a prudent basis indicate the group will continue to generate positive operating cash flows after servicing its financing and meet all of its financing requirements going forward. As a result of their considerations, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of signing these financial statements. Accordingly the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

#### **Turnover**

Turnover represents amounts chargeable in respect of services provided during the year. Where invoices are raised and the services to which they relate have not been performed, the extent of the invoice relating to the unperformed service is carried forward as deferred income.

Turnover is attributable to one class of business, being the provision of care for looked after children. All turnover arose within the United Kingdom.

#### **Revenue recognition**

Revenue is recognised on the provision of care for looked after children. Revenue is measured at the fair value of the consideration received, excluding VAT and discounts.

**Fostering Solutions Limited**  
**Notes to the Financial Statements for the year ended 31 August 2015**

**Goodwill**

Purchased goodwill, representing the excess of fair value of the consideration given over the fair values of identifiable net assets acquired, is capitalised and amortised over its estimated useful life.

Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods when events or changes in circumstances indicate that the carrying value may not be recoverable.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at the following annual rates calculated to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold and leasehold property	2% straight line or over the period of the lease
Plant and machinery	15% straight line
Fixtures, fittings and equipment	15 - 33% straight line
Motor vehicles	25% straight line

**Fixed asset investments**

Fixed asset investments are stated at historical cost less provision for any diminution in value.

**Deferred tax**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

# Fostering Solutions Limited

## Notes to the Financial Statements for the year ended 31 August 2015

### Hire purchase and leasing

Rental payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

### Pensions

The company operates a defined contribution pension scheme and also makes pension contributions to employees' private pension plans. Contributions to both the schemes and plans are recognised in the profit and loss account in the period in which they become payable.

## 2 Other Operating Income

	2015 £	2014 £
Other operating income	<u>369,850</u>	<u>106,753</u>

## 3 Operating profit

Operating profit is stated after charging:

	2015 £	2014 £
Operating leases - other assets	474,312	759,510
Loss on sale of tangible fixed assets	-	53
Depreciation of owned assets	217,990	205,743
Depreciation of assets held under finance lease and hire purchase contracts	66,021	56,763
Amortisation	828,670	964,084
Auditors remuneration	<u>33,789</u>	<u>33,008</u>

Fees paid to the company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit of the company are disclosed in Acorn Care 1 Limited on a consolidated basis.

**Fostering Solutions Limited**  
**Notes to the Financial Statements for the year ended 31 August 2015**

**4 Particulars of employees**

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

	<b>2015 No.</b>	<b>2014 No.</b>
Care and support staff	254	205

The aggregate payroll costs were as follows:

	<b>2015 £</b>	<b>2014 £</b>
Wages and salaries	6,067,298	6,246,570
Social security costs	625,202	569,162
Other pension schemes	<u>127,852</u>	<u>127,793</u>
	<u><u>6,820,352</u></u>	<u><u>6,943,525</u></u>

**5 Directors' remuneration**

The directors are also directors of Acorn Care 1 Limited, the ultimate parent company and its subsidiaries. The directors received total remuneration of £442,859 (2014 - £428,921) from Acorn Care & Education Limited, the immediate parent company during the year, but it is not practical to allocate this between their services as directors of Acorn Care 1 Limited and its subsidiaries. In addition, one director (2014 - one) received defined contributions from Acorn Care & Education Limited towards their personal pension plan in respect of their services to the group companies.

The directors' remuneration for the year met by the company was as follows:

	<b>2015 £</b>	<b>2014 £</b>
Remuneration	-	142,404
Contributions paid to money purchase schemes	<u>-</u>	<u>38,385</u>
	<u><u>-</u></u>	<u><u>180,789</u></u>

During the year the number of directors who were receiving benefits and share incentives met by the company was as follows:

	<b>2015 No.</b>	<b>2014 No.</b>
Accruing benefits under money purchase pension scheme	<u>-</u>	<u>1</u>

In respect of the highest paid director paid by the company:

	<b>2015 £</b>	<b>2014 £</b>
Remuneration	-	142,404
Company contributions to money purchase pension schemes	<u>-</u>	<u>33,385</u>

**Fostering Solutions Limited**  
**Notes to the Financial Statements for the year ended 31 August 2015**

**6 Other interest receivable and similar income**

	2015 £	2014 £
Other interest receivable	<u>1,269,293</u>	<u>1,268,600</u>

**7 Interest payable and similar charges**

	2015 £	2014 £
Finance charges	<u>11,068</u>	<u>15,386</u>

**Fostering Solutions Limited**  
**Notes to the Financial Statements for the year ended 31 August 2015**

**8 Taxation**

**Tax on profit on ordinary activities**

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
<b>Current tax</b>		
Group relief	479,242	1,142,188
<b>Deferred tax</b>		
Origination and reversal of timing differences	(20,991)	(36,373)
Deferred tax adjustment relating to previous years	33,484	(87)
Effect of changes in tax rates	-	3,548
Total deferred tax	<u>12,493</u>	<u>(32,912)</u>
Total tax on profit on ordinary activities	<u>491,735</u>	<u>1,109,276</u>

**Factors affecting current tax charge for the year**

The tax on profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK (2014 - lower than the standard rate of corporation tax in the UK) of 20.58% (2014 - 22.16%).

The differences are reconciled below:

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
Profit on ordinary activities before tax	<u>1,522,425</u>	<u>2,771,586</u>
Corporation tax at standard rate	313,327	614,228
Capital allowances in excess of depreciation	28,086	36,374
Short term timing differences	(6,897)	-
Non-taxable income	(196,608)	(63,722)
Expenses not deductible for tax purposes	341,334	555,308
Adjustment for prior periods	-	(923,432)
Total current tax	<u>479,242</u>	<u>218,756</u>

**Factors that may affect future tax charges**

Deferred tax has been calculated at the rates at which timing differences are expected to reverse. The corporation tax rate fell from 21% to 20% from 1 April 2015.

The Summer Budget, announced on 8 July 2015 included a drop in the rate of corporation tax to 19% and 18%, effective from 1 April 2017 and 1 April 2020 respectively as part of the Summer Finance Bill 2015. These rates were substantively enacted in October 2015.

**Fostering Solutions Limited**  
**Notes to the Financial Statements for the year ended 31 August 2015**

**9 Intangible fixed assets**

	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 September 2014	7,423,014	7,423,014
At 31 August 2015	7,423,014	7,423,014
<b>Amortisation</b>		
At 1 September 2014	6,034,290	6,034,290
Charge for the year	828,670	828,670
At 31 August 2015	6,862,960	6,862,960
<b>Net book value</b>		
At 31 August 2015	560,054	560,054
At 31 August 2014	1,388,724	1,388,724

**10 Tangible fixed assets**

	<b>Long leasehold land and buildings £</b>	<b>Fixtures and fittings £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 September 2014	500,648	1,502,764	2,003,412
Additions	17,463	65,895	83,358
At 31 August 2015	518,111	1,568,659	2,086,770
<b>Depreciation</b>			
At 1 September 2014	141,648	1,070,173	1,211,821
Charge for the year	88,947	195,064	284,011
At 31 August 2015	230,595	1,265,237	1,495,832
<b>Net book value</b>			
At 31 August 2015	287,516	303,422	590,938
At 31 August 2014	359,000	432,591	791,591

**Leased assets**

Included within the net book value of tangible fixed assets is £65,540 (2014 - £123,536) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £65,928 (2014 - £56,769).

**Fostering Solutions Limited**  
**Notes to the Financial Statements for the year ended 31 August 2015**

**11 Investments held as fixed assets**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Shares in group undertakings and participating interests	18,223,559	18,275,707
Loans to group undertakings and participating interests	<u>15,311,815</u>	<u>15,311,815</u>
	<u><u>33,535,374</u></u>	<u><u>33,587,522</u></u>

**Shares in group undertakings and participating interests**

	<b>Subsidiary undertakings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Cost</b>		
At 1 September 2014	18,275,707	18,275,707
Disposals	<u>(52,148)</u>	<u>(52,148)</u>
<b>Net book value</b>		
At 31 August 2015	<u>18,223,559</u>	<u>18,223,559</u>
At 31 August 2014	<u><u>18,275,707</u></u>	<u><u>18,275,707</u></u>

**Loans to group undertakings and participating interests**

	<b>Subsidiary undertakings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Cost</b>		
At 1 September 2014	<u>15,311,815</u>	<u>15,311,815</u>
At 31 August 2015	<u><u>15,311,815</u></u>	<u><u>15,311,815</u></u>

**Fostering Solutions Limited**  
**Notes to the Financial Statements for the year ended 31 August 2015**

**Details of undertakings**

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

<b>Undertaking</b>	<b>Country of incorporation</b>	<b>Percentage shareholding</b>	<b>Principal activity</b>
<b>Subsidiary undertakings</b>			
Advance Foster Care Limited	United Kingdom	100%	Foster care services
Focus on Fostering Limited	United Kingdom	100%	Foster care services
Fostering Solutions (Northern) Limited	United Kingdom	100%	Foster care services
Kids and Carers Limited	United Kingdom	100%	Dormant
JAFa North East UK Limited	United Kingdom	100%	Dormant
JAFa (Pipss) Limited *	United Kingdom	100%	Dormant
Happen FosterCare Limited *	United Kingdom	100%	Foster care services
The Clarion Agency Limited	United Kingdom	100%	Foster care services
Careforward Limited	United Kingdom	100%	Foster care services
Happen Holdings Limited	United Kingdom	100%	Foster care services
Pathway Care Group Limited	United Kingdom	100%	Intermediate parent undertaking
Pathway Care Limited *	United Kingdom	100%	Foster care services
Pathway Care (Holdings) Limited *	United Kingdom	100%	Intermediate parent undertaking
Pathway Care (West Wales) Limited *	United Kingdom	100%	Foster care services
Pathway Care (Midlands) Limited *	United Kingdom	100%	Foster care services
Pathway Care (Bristol) Limited *	United Kingdom	100%	Foster care services
Families First (South West) Limited *	United Kingdom	100%	Foster care services
Partners in Parenting Limited *	United Kingdom	100%	Foster care services
Pentangle Management and Consultancy Limited *	United Kingdom	100%	Dormant
Swan Fostering Limited	United Kingdom	100%	Foster care services
Swan Independent Living Limited	United Kingdom	100%	Care and education services

\* Held by subsidiary undertaking

**Fostering Solutions Limited**  
**Notes to the Financial Statements for the year ended 31 August 2015**

**12 Debtors: Amounts falling due within one year**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Trade debtors	3,328,257	4,974,273
Amounts owed by group undertakings	65,348	20,654,954
Other debtors	25,321	65,999
Deferred tax	66,946	79,439
Prepayments and accrued income	341,952	486,574
	<u>3,827,824</u>	<u>26,261,239</u>

**Deferred tax**

The movement in the deferred tax asset in the year is as follows:

	<b>Deferred tax</b>
	<b>£</b>
At 1 September 2014	79,439
Charged to the profit and loss account	<u>(12,493)</u>
At 31 August 2015	<u>66,946</u>

**Analysis of deferred tax**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Difference between accumulated depreciation and amortisation and capital allowances	66,946	75,325
Other timing differences	<u>-</u>	<u>4,114</u>
	<u>66,946</u>	<u>79,439</u>

**13 Creditors: Amounts falling due within one year**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Trade creditors	184,155	227,487
Obligations under finance lease and hire purchase contracts	52,779	58,042
Amounts owed to group undertakings	23,818,389	47,161,704
Intercompany group relief	2,553,378	2,074,136
Other taxes and social security	184,543	180,572
Other creditors	49,464	74,339
Accruals and deferred income	1,603,758	3,789,384
	<u>28,446,466</u>	<u>53,565,664</u>

**Fostering Solutions Limited**  
**Notes to the Financial Statements for the year ended 31 August 2015**

**14 Creditors: Amounts falling due after more than one year**

	2015 £	2014 £
Obligations under finance lease and hire purchase contracts	<u>14,103</u>	<u>65,415</u>

**15 Obligations under leases and hire purchase contracts**

Amounts repayable under finance leases and hire purchase contracts:

	2015 £	2014 £
Within one year	52,779	58,042
In two to five years	<u>14,103</u>	<u>60,508</u>
	66,882	118,550
Less finance charges allocated to future periods	<u>(7,123)</u>	<u>(14,356)</u>
	<u>59,759</u>	<u>104,194</u>

**Operating lease commitments**

As at 31 August 2015 the company had annual commitments under non-cancellable operating leases as follows:

**Operating leases which expire:**

	2015 £	2014 £
<b>Land and buildings</b>		
Within one year	39,725	-
Within two to five years	221,297	327,745
Over five years	<u>162,428</u>	<u>162,428</u>
	<u>423,450</u>	<u>490,173</u>
<b>Other</b>		
Within one year	24,155	54,983
Within two to five years	<u>297,120</u>	<u>256,935</u>
	<u>321,275</u>	<u>311,918</u>

**Fostering Solutions Limited**  
**Notes to the Financial Statements for the year ended 31 August 2015**

**16 Share capital**

**Allotted, called up and fully paid shares**

	2015		2014	
	No.	£	No.	£
Ordinary shares of £1 each	10	10	10	10
B Ordinary Shares of £0.10 each	1	0.10	1	0.10
	<u>11</u>	<u>10</u>	<u>11</u>	<u>10</u>

**17 Reserves**

	Profit and loss account £	Total £
At 1 September 2014	9,882,601	9,882,601
Profit for the year	<u>1,030,690</u>	<u>1,030,690</u>
At 31 August 2015	<u>10,913,291</u>	<u>10,913,291</u>

**18 Reconciliation of movement in shareholders' funds**

	2015 £	2014 £
Profit attributable to the members of the company	<u>1,030,690</u>	<u>1,662,310</u>
Shareholders' funds at 1 September	<u>9,882,611</u>	<u>8,220,301</u>
Shareholders' funds at 31 August	<u>10,913,301</u>	<u>9,882,611</u>

**19 Pension 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 £127,852 (2014 - £127,793).

Contributions totalling £18,972 (2014 - £20,823) were payable to the scheme at the end of the year and are included in creditors.

**20 Contingent liabilities**

The company has given security by way of unlimited fixed and floating charges over all of its assets to the finance parties providing banking facilities to Acorn Care 4 Limited, a fellow subsidiary undertaking of the Acorn Care 1 Limited Group. The amount outstanding to the finance parties providing the banking facilities to Acorn Care 4 Limited at 31 August 2015 was £161,139,969 (2014 : £81,749,002).

**Fostering Solutions Limited**  
**Notes to the Financial Statements for the year ended 31 August 2015**

**21 Related party transactions**

During the year, the company entered into transactions, in the ordinary course of business, with other related parties, including management charges, interest and amounts paid on behalf of the company. Transactions, entered into, and trading balances, excluding group relief, outstanding at 31 August 2015 are as follows:

	<i>Sales to related parties</i>	<i>Purchases from related parties</i>	<i>Amounts owed by related parties</i>	<i>Amounts owed to related parties</i>
	£	£	£	£
Amounts with Parent Company				
2015		4,624,380		(23,818,389)
2014	(311,704)	4,614,126	133,778	-
Amounts with Subsidiary Companies				
2015	-	-	-	-
2014	-	157,531	19,744,069	(11,175,076)
Amounts with Fellow Undertakings				
2015	-	-	-	-
2014	-	301,130	777,107	(35,986,628)

**22 Ultimate parent undertaking and controlling party**

The immediate parent company is Acorn Care & Education Limited, a company incorporated in England and Wales.

The ultimate parent undertaking is Acorn Care 1 Limited, a company incorporated in England and Wales.

However, by virtue of its shareholdings in Acorn Care 1 Limited, the ultimate controlling party is Ontario Teachers' Pension Plan Board.

Acorn Care 1 Limited is both the largest and smallest parent in which results are consolidated. Copies of the financial statement of Acorn Care 1 Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.