Registration number: 04006225

Fostering Solutions Limited

Annual Report and Financial Statements

for the Year Ended 31 August 2020

Fostering Solutions Limited

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Fostering Solutions Limited

Company Information

Directors	D J Leatherbarrow S J Christie J-L Janet R J Cooke
Company secretary	C Duffy
Registered office	Atria Spa Road Bolton BL1 4AG
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 40 Clarendon Road Watford Hertfordshire WD17 1JJ

Fostering Solutions Limited

Strategic Report for the Year Ended 31 August 2020

The directors present their strategic report for the year ended 31 August 2020.

Principal activities
The company is an independent fostering agency which provides care for looked after children through a network of carers across the country. The company is part of the SSCP Spring Topco Limited Group ("Group"). The Group provides a range of education and care services for children with special needs and looked after children, their families and local authorities across the UK.

The Group's vision is to build incredible futures by empowering vulnerable children and young adults in the UK to be happy and make their way in the world.

Review of the business
The loss for the year, after taxation amounted to £7,801,927 (2019: profit of £2,012,671).

As at 31 August 2020, the company was in a net asset position of £12,948,227 (2019: £20,750,154).

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

	Unit	2020	2019
Turnover	£	38,466,851	38,749,521
(Loss)/profit after tax	£	(7,801,927)	2,012,671

The company monitors its performance through robust monthly management accounts and a range of indicators across the fostering regions. Further information on non financial key performance indicators can be found in the consolidated group financial statements of SSCP Spring Topco Limited.

Principal risks and uncertainties

Regulatory and legislative risks

As a care provider, the business is subject to inspection and report by Ofsted. Regular inspections are carried out for each region.

A Group wide Quality Committee including external members and an independent Chair, has been established to oversee the Group's Quality Assurance activities. The committee provides assurance to the Group board that appropriate governance structure, systems and processes are in place and that services are high quality and safe. The Group retains a fully resourced Quality Assurance team to review, control and rigorously audit the Group's practices and compliance procedures. The Group regularly updates its policies and procedures in order to ensure compliance with required standards.

The Group 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 risks

The company's principal financial instruments comprise trade and other debtors, cash and cash equivalents, trade and other creditors and amounts owed to/from fellow Group companies.

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 and have a good payment history. The directors believe that 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 each Group company's resources, although the company does have recourse to additional funding through Group banking facilities.

Interest rate risk
During the year interest rate risk was managed through the Group finance function using hedging instruments to manage the underlying exposure to fluctuations in interest rate if required. During the year under review the risk has been actively monitored by Group finance and given the strong underlying cash generation of the Group and a large proportion of borrowings at fixed rate, this was considered a low risk with no hedging instrument put in place. This risk will continue to be actively monitored by the Group finance function.

Market price risk
Due to the nature of their principal activity, the directors do not believe the Group is exposed to significant movements in market prices for its services.

In the current economic environment however, the Group's customers continue to operate under budget restrictions in addition to their statutory corporate parenting responsibilities. Through its regional management and commercial team, the Group maintains close contact with its customers at a number of levels and endeavours to provide innovative and value for money solutions to assist customers in meeting their desired levels of child focused outcomes whilst working within available budgets.

Foreign currency risk
The business has no exposure to foreign currency.

Risk from the United Kingdom leaving the European Union (Brexit)
On 1st January 2021 the United Kingdom withdrew from the European Union. The long term implications on the Group's trade, suppliers and the wider economy are uncertain. On 24th December 2020 a Trade and Cooperation Agreement was reached between the United Kingdom of Great Britain and Northern Ireland and the European Union which clarified the nature of the relationship with the European Union going forward and likely implications and reduced the potential long-term risks of Brexit.

The Group has conducted an assessment of its risks as a result of Brexit and concluded that on the basis that its turnover is 100% within the United Kingdom the impact of exiting from the European Union is unlikely to have a significant impact on the Group. In particular:

• The Cooperation Agreement established that the United Kingdom and the European Union have agreed there will be no tariffs or quotas on the movement of goods therefore disruption to the Group's supply chain is considered a low risk;

• Employees from the European Union who have been continuously resident in the United Kingdom are eligible for settled status enabling them to stay indefinitely and the Group is in regular communication with their employees, particularly those from the European Union, regarding Brexit to provide appropriate and balanced information and support.

Covid-19

The COVID-19 pandemic and the resulting measures taken by the UK government to contain the outbreak has not significantly impacted the business during the financial year ended 31 August 2020 or the period since then up to the signing of these financial statements. The Group has been able to maintain normal operations within the guidelines of governmental requirements and while keeping the safety of its employees and service users in mind.

Throughout the COVID-19 pandemic the Group's Board has been actively involved in agreeing the Group's response to the crisis and its possible impact on stakeholders. The Board has supported the introduction of significant operational measures to ensure the Group's employees could continue to provide a high-quality service in a safe manner and to protect its service users.

Other than usual measures in place to protect working capital, no exceptional financial measures have had to be implemented as Local Authorities have continued their support to the Independent Sector with invoices paid as usual. Overall even in a severe and prolonged lockdown scenario the Group is considered well placed to continue operating as normal.

Statement by the directors in performance of their statutory duties as per s172(1) Companies Act 2006

The Company, as part of the SSCP Spring Topco Limited Group ("the Group"), shares the same values, principals and practices with that of the wider Group. The board of directors of the Group believe, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefits of its members as a whole in the decisions taken during the year ended 31 August 2020, having regards to the stakeholders and matters set out in s172(1)(a-f) of the Act, namely:

(a) the likely consequences of any decision in the long term,
(b) the interests of the company's employees,
(c) the need to foster the company's business relationships with suppliers, customers and others,
(d) the impact of the company's operations on the community and the environment,
(e) the desirability of the company maintaining a reputation for high standards of business conduct, and
(f) the need to act fairly as between members of the company.

That is particularly the case for important strategic decisions such as the approval of financial plans for the year under review and future years and the response of the Group, including the company, to the COVID-19 pandemic. The Board of directors meet monthly and considers the impact of its decisions on the stakeholders listed above. During the COVID-19 pandemic additional review meetings have also taken place to ensure the board agreed the company's response to the crisis and its possible impact on stakeholders and to increase scrutiny on the likely consequences of decisions on the long-term sustainability of the company as the market environment was more uncertain.

The company's key strategic priorities include a continual focus on improving the quality and scope of its business, increasing market share and delivering sustainable and reliable growth. The directors recognise that key to achieving its strategy is the attraction and retention of talented and committed personnel at every level of the organisational hierarchy as well as recruiting, supporting and training a stable base of foster carers. A key part of the board monthly focus is to review a range of quality and employment indicators. This is completed by regular employment surveys and foster carer surveys, both conducted by independent third party organisations.

The company aims to be a socially responsible employer and the board has been supportive of ongoing improvements in pay and benefits schemes across the Group, as a whole. This was particularly important during the year under review in the context of the COVID-19 pandemic during which time the Group implemented measures beyond statutory requirements.

Fostering Solutions Limited

Strategic Report for the Year Ended 31 August 2020 (continued)

The Group as a whole is targeting paying at least the Real Living Wage for all qualified staff who support children, young people and adults directly, recognising the difference its employees make every day to the Group's pupils and residents. In addition all staff employed by the Group have access to a range of employment benefits, including pensions, life insurance, a wellbeing support programme with access to financial assistance if needed, private health insurance and a range of shopping discounts.

The directors review the company's approach to Environmental, Social and Governance Policies at least annually, undertaking a detailed evaluation of performance against some key indicators and agreeing priorities and initiatives for the year ahead.

In delivering its Environmental, Social and Governance Policies, the board is supported by a number of committees which report directly to the board:

• A Safeguarding and Quality Committee, made up of three members who are independent from the main board and the Group Director of Quality & Compliance;
• A Remuneration Committee which ensures pay policies are fair and equitable.
• An Audit Committee
• An Investment Committee which reviews all investment decisions, including any business acquisitions, and considers the impact of these decisions on the long-term future of the group.

The board and its sub-committees have adequate representation from non-executive members and non-executive members can impose limits or conditions when giving authorisation if they think this is appropriate.

Finally, a strong emphasis is placed on developing sustainable and strategic relationship with external stakeholders, namely the company's customers and suppliers and the company believe this is an integral part of supporting long-term growth. Supporting the company's customers and supplier base has been particularly important during the COVID-19 pandemic, during which times all services have managed to remain opened and growth initiatives involving supply chains have continued to progress.

The directors' intention is to behave responsibly towards all stakeholders and ensure that management operates with high standards of business conduct and good governance and in doing so, continue the delivery of high quality, long-term sustainable and reliable growth of our services.

Approved by the Board and signed on its behalf by:

....
J-L Janet
Director

21 May 2021

Fostering Solutions Limited

Directors' Report for the Year Ended 31 August 2020

The directors present their report and the audited financial statements for the year ended 31 August 2020.

Directors of the company
The directors of the company who were in office during the year and up to the date of signing the financial statements were:

D J Leatherbarrow

R D Edwards (resigned 29 October 2020)

S J Christie

J-L Janet

The following director was appointed after the year end:

R J Cooke (appointed 6 November 2020)

The Company purchased qualifying third party indemnity arrangements for the benefit of all its Directors and which were in force throughout the year and remain in force

Proposed dividend
The directors do not recommend the payment of a dividend (2019: none).

Political and charitable donations
During the year the company made no political or charitable donations (2019: nil).

Employees and employment policies
The company has a policy of involving employees at all levels and keeping them informed through regular briefing sessions conducted by senior management, conferences and an annual staff engagement survey.

The company follows an employment policy of non-discrimination on the grounds of sex, race or age and gives full consideration to the employment of disabled persons.

The company is committed to all employees and will make every effort to accommodate staff that are disabled or suffer illness during the course of their employment.

Stakeholder relations
A strong emphasis is placed on developing sustainable and strategic relationship with external stakeholders, namely the Group's customers and suppliers and the Group believe this is an integral part of supporting long-term growth. Supporting our customers and supplier base has been particularly important during the COVID-19 pandemic, during which times all services have managed to remain open and growth initiatives involving supply chains have continued to progress.

Future developments
Demand for fostering placements remains strong with a general shortage of foster carers in England, Wales and Scotland. The company's future growth is therefore dependent on its ability to increase its foster carer base and to train foster carers to continue providing a high quality of service and support to 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.

Matters covered in the strategic report
The directors assessment of the company's principal risks and uncertainties and financial risk management is set out in the Strategic Report.

Going concern

The company is a subsidiary of SSCP Spring Topco Limited and its financial resources are managed on a Group basis. For the year ended 31 August 2020 the Group generated strong cash flows and held a group cash balance of £6m at 31 August 2020. During the year, the Group was 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.

The company has received confirmation from its parent undertaking, SSCP Spring Topco Limited, that it will provide such support as is required to allow the company to pay its debts as they fall due for a period of at least one year from the date of signing these financial statements. On this basis, the directors believe it is appropriate to prepare the financial statements on a going concern basis.

On the basis of the above 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.

COVID-19 pandemic has resulted in significant disruptions in global economic activities, though the impact on the business is currently limited. The Company has been able to maintain normal operations within the guidelines of governmental requirements and while keeping the safety of its employees in mind.

While the scale and duration, as well as the impact of COVID-19, remain uncertain, Management is of the opinion that the Group's cash flows from operations will continue to provide the cash necessary to satisfy the Company's working capital requirements for twelve months from the date of approval and signing of the financial statements by the directors.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "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 FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

Reappointment of independent auditors

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

Approved by the Board and signed on its behalf by:

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J L Janet
Director

21 May 2021

Independent Auditors' Report to the Members of Fostering Solutions Limited

Report on the audit of the financial statements

Opinion

In our opinion, Fostering Solutions Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 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 Balance Sheet as at 31 August 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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 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.

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

Independent Auditors' Report to the Members of Fostering Solutions Limited (continued)

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 Strategic Report and 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.

Strategic Report and Directors' Report

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 year ended 31 August 2020 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 Strategic Report and 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 in respect of the financial statements set out on page 7, 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.

Independent Auditors' Report to the Members of Fostering Solutions Limited (continued)

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.

Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

24 May 2021

Fostering Solutions Limited

Statement of Comprehensive Income for the Year Ended 31 August 2020

	Note	2020 £	2019 £
Turnover		38,466,851	38,749,521
Cost of sales		(26,296,765)	(26,322,523)
Gross profit		12,170,086	12,426,998
Administrative expenses		(11,194,363)	(11,389,437)
Exceptional item	2	(9,824,379)	-
Other operating income		6,776	14,297
Operating (loss)/profit	2	(8,841,880)	1,051,858
Interest receivable and similar income	3	1,268,600	1,268,600
(Loss)/profit before taxation		(7,573,280)	2,320,458
Tax on (loss)/profit	5	(228,647)	(307,787)
(Loss)/profit for the financial year and Total comprehensive (expense)/ income		(7,801,927)	2,012,671

Turnover and operating (loss)/ profit derive wholly from continuing operations.

The notes on pages 15 to 25 form an integral part of these financial statements.

Fostering Solutions Limited

(Registration number: 04006225)
Balance Sheet as at 31 August 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	6	195,517	222,356
Investments	7	23,512,583	33,336,962
		23,708,100	33,559,318
Current assets			
Debtors	8	11,655,288	8,072,258
Cash at bank and in hand		33,763	2,635,396
		11,689,051	10,707,654
Creditors: Amounts falling due within one year	9	(22,035,343)	(23,165,953)
Net current liabilities		(10,346,292)	(12,458,299)
Total assets less current liabilities		13,361,808	21,101,019
Provisions for liabilities	11	(413,581)	(350,865)
Net assets		12,948,227	20,750,154
Capital and reserves			
Called up share capital	12	10	10
Profit and loss account		12,948,217	20,750,144
Total equity		12,948,227	20,750,154

The financial statements on pages 12 to 25, were approved by the Board and signed on its behalf by:

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J-L Janet
Director

21 May 2021

The notes on pages 15 to 25 form an integral part of these financial statements.

Fostering Solutions Limited

Statement of Changes in Equity for the Year Ended 31 August 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 September 2018	10	18,737,473	18,737,483
Profit for the year	-	2,012,671	2,012,671
Other comprehensive income	-	-	-
Total comprehensive income	-	2,012,671	2,012,671
At 31 August 2019	10	20,750,144	20,750,154

	Called up share capital £	Profit and loss account £	Total equity £
At 1 September 2019	10	20,750,144	20,750,154
Loss for the year	-	(7,801,927)	(7,801,927)
Other comprehensive income	-	-	-
Total comprehensive expense	-	(7,801,927)	(7,801,927)
At 31 August 2020	**10**	**12,948,217**	**12,948,227**

The notes on pages 15 to 25 form an integral part of these financial statements.

1 Accounting policies

Fostering Solutions Limited ("the company") is a private company limited by shares incorporated in England, United Kingdom.

The Registered Office is Atria, Spa Road, Bolton, BL1 4AG.

Statement of compliance

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within this note.

The financial statements have been prepared in Sterling, which is the functional currency.

Significant accounting policies

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.

Summary of exemptions - Reduced Disclosure Framework

In preparing the separate financial statements of the company, advantage has been taken of the exemption provided by FRS 102 paragraph 1.12 (b) to not prepare a cash flow statement.

In preparing the separate financial statements of the company, advantage has been taken of the exemptions provided by FRS 102 Sections 11 and 12 to provide financial instruments disclosures, including categories of financial instruments, items of income, expense, gains or losses relating to financial instruments, and exposure to and management of financial risks.

In preparing the separate financial statements of the company, advantage has been taken of the exemptions provided by FRS 102 Section 33.7 to provide aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Name of parent of group

These financial statements are consolidated in the financial statements of SSCP Spring Topco Limited.

Group financial statements not prepared

The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 and has not prepared group financial statements.

The financial statements present information about Fostering Solutions Limited as an individual company and do not contain consolidated financial information of it as a parent of its fellow group constituents. The results of the company and its group are included in the consolidated financial statements of SSCP Spring Topco Limited which are publicly available.

1 Accounting policies (continued)

Going concern

The company is a subsidiary of SSCP Spring Topco Limited and its financial resources are managed on a Group basis. For the year ended 31 August 2020 the Group generated strong cash flows and held a group cash balance of £6m at 31 August 2020. During the year, the Group was 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.

The company has received confirmation from its parent undertaking, SSCP Spring Topco Limited, that it will provide such support as is required to allow the company to pay its debts as they fall due for a period of at least one year from the date of signing these financial statements. On this basis, the directors believe it is appropriate to prepare the financial statements on a going concern basis.

On the basis of the above 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.

COVID-19 pandemic has resulted in significant disruptions in global economic activities, though the impact on the business is currently limited. The Company has been able to maintain normal operations within the guidelines of governmental requirements and while keeping the safety of its employees in mind.

While the scale and duration, as well as the impact of COVID-19, remain uncertain, Management is of the opinion that the Group's cash flows from operations will continue to provide the cash necessary to satisfy the Company's working capital requirements for twelve months from the date of approval and signing of the financial statements by the directors.

Judgements

Preparation of the financial statements requires management to make significant 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 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. Items in the financial statements where these judgements and estimates have been made include:

• Recoverability of Amounts owed by Group Undertakings – The company makes an estimate of the recoverable value of amounts owed from group companies. When assessing the recoverable value management considers the financial position and underlying performance of related undertakings within the group.

Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty:

• Taxation – Provisions are based on reasonable estimates based on various factors including experience and interpretation of regulations.

• Provisions - Provisions are made for dilapidations. This requires management's best estimate of the costs that will be incurred based on contractual requirements.

1 Accounting policies (continued)

Turnover

Turnover is generated from the provision of care for looked after children.

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. Where services are performed during the year but the invoices relating to these services have not yet been raised, accrued income is recognised as an asset. All turnover arose within the United Kingdom.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Turnover is recognised on the basis of the daily placements made with a full day's revenue recognised for every night a placement is with a foster carer. Revenue is measured at the fair value of the consideration received, excluding VAT and discounts.

Exceptional item

The company classifies certain irregular charges or credits that have a material impact on the company's financial results as exceptional items. These are disclosed separately to provide further understanding of the financial performance of the company.

Current and deferred tax

The tax expense for the period comprises current and deferred tax.

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in respect of all timing differences at the reporting date. Deferred income tax is determined on an undiscounted basis using the rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable benefits.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation.

At each reporting date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit and loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

1 Accounting policies (continued)

Depreciation

Depreciation is provided on all tangible assets at the following 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. Freehold land is not depreciated.

Asset class	Depreciation method and rate
Long leasehold land and buildings	2% straight line
Fixtures, fittings and equipment	15-33% straight line

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Provisions for liabilities

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Payments made under operating leases are charged to profit and loss on a straight line basis over the period of the lease. Lease incentives are recognised over the lease term on a straight line basis.

Basic financial instruments

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

Basic financial assets, including trade and other debtors, cash and cash equivalents, are initially recognised at transaction price. Such assets are subsequently measured at amortised cost using the effective interest rate, less provision for impairment.

Basic financial liabilities, including trade and other payables, bank loans, loan notes, 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 future receipts discounted as a market rate of interest. Such liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit or loss.

Pensions

A defined contribution scheme is operated for employees. The company pays fixed contributions to a separate entity and once contributions have been paid, the company has no further payment obligations. The contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme. The assets of the plans are held separately from the company in independently administered funds.

1 Accounting policies (continued)

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.

2 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2020 £	2019 £
Depreciation expense	75,038	77,062
Depreciation expense – assets held under finance lease and hire purchase	-	1,110
Exceptional item - Impairment loss	9,824,379	-
Operating lease expense - property	339,774	352,127
Operating lease expense - other assets	9,429	9,429
Auditors' remuneration for the audit of the financial statements	32,192	31,162

The impairment loss relates to the recognition of an impairment charge of £9,824,379 arising due to the transfer of trade of certain subsidiaries held directly or indirectly by the company to another group undertaking. See note 7.

3 Interest receivable and similar income

	2020 £	2019 £
Other interest receivable	1,268,600	1,268,600

At 31 August 2020 an intra group loan of £15,311,815 (2019: £15,311,815) was owed to the Company by Pathway Care Group Limited, a group undertaking. This loan carries an interest rate of 8% per annum. Interest relating to this loan during the year was £1,268,600 (2019: £1,268,600). The loan has no fixed date of repayment and is repayable on demand.

4 Staff costs

The aggregate payroll costs were as follows:

	2020 £	2019 £
Wages and salaries	3,688,714	3,802,473
Social security costs	407,958	396,144
Other pension costs	114,803	109,161
	4,211,475	4,307,778

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

	2020 No.	2019 No.
Teaching, care and support staff	111	122

4 Staff costs (continued)

The directors did not receive any remuneration from the company during the year ended 31 August 2020 (2019: nil) for their services to the company. The directors were employed and their remuneration costs borne by another group company. No charge (2019: nil) has been made to the company as in the opinion of the directors it is not possible to determine with reasonable accuracy the split by company.

5 Tax on (loss)/profit

Tax charged in the statement of comprehensive income

	2020 £	2019 £
Current taxation		
UK corporation tax	208,585	287,258
Deferred taxation		
Arising from origination and reversal of timing differences	23,560	23,851
Arising from changes in tax rates and laws	(11,192)	(2,510)
Adjustments in respect of prior periods	7,694	(812)
Total deferred taxation	20,062	20,529
Tax expense in the statement of comprehensive income	228,647	307,787

Factors affecting total tax charge

The tax on (loss)/ profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
(Loss)/profit before tax	(7,573,280)	2,320,458
Corporation tax at standard rate	(1,438,923)	440,887
Adjustments in respect of prior periods	7,694	(812)
Effect of expense not deductible in determining taxable profit	1,898,303	22,929
Deferred tax income relating to changes in tax rates or laws	(11,192)	(2,510)
Tax decrease from transfer pricing adjustments	(227,235)	(152,707)
Total tax charge	228,647	307,787

Factors that may affect future tax charges

Deferred tax has been calculated at 19%, reflecting the enacted rate applicable at the balance sheet date.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This new law has not yet been substantively enacted. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

5 Tax on (loss)/profit (continued)

Deferred tax

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

	Asset £
At 01 September 2019	102,829
Movement in the year	(12,368)
Adjustments in respect of prior years	(7,694)
At 31 August 2020	82,767

The analysis of deferred tax assets is as follows:

2020	Asset £
Short term timing differences	2,647
Accelerated capital allowances	80,120
	82,767

2019	Asset £
Short term timing differences	3,982
Accelerated capital allowances	98,847
	102,829

6 Tangible assets

	Long leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 September 2019	602,438	1,699,545	2,301,983
Additions	2,766	45,433	48,199
At 31 August 2020	605,204	1,744,978	2,350,182
Accumulated depreciation			
At 1 September 2019	528,691	1,550,936	2,079,627
Charge for the year	33,725	41,313	75,038
At 31 August 2020	562,416	1,592,249	2,154,665
Carrying amount			
At 31 August 2020	42,788	152,729	195,517
At 31 August 2019	73,747	148,609	222,356

7 Investments

	2020 £	2019 £
Investments in subsidiaries	8,200,768	18,025,147
Loans to group undertakings	15,311,815	15,311,815
	23,512,583	33,336,962

Subsidiaries	£
Cost	
At 1 September 2019	18,025,147
Impairment	(9,824,379)
At 31 August 2020	8,200,768
Carrying amount	
At 31 August 2020	8,200,768
At 31 August 2019	18,025,147

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:

Undertaking	Country of incorporation	Percentage holding	Principal activity
Subsidiary undertakings			
Advance Foster Care Limited	United Kingdom	100%	Dormant
Careforward Limited	United Kingdom	100%	Dormant
Focus on Fostering Limited	United Kingdom	100%	Foster care services
Fostering Solutions (Northern) Limited ^	United Kingdom	100%	Foster care services
Fostering Solutions (Hitchin) Limited	United Kingdom	100%	Foster care services
Happen Fostercare Limited*	United Kingdom	100%	Dormant
Happen Holdings Limited	United Kingdom	100%	Dormant
JAFA North East UK Limited	United Kingdom	100%	Dormant
JAFA (Pipss) Limited*	United Kingdom	100%	Dormant
Kids and Carers Limited	United Kingdom	100%	Dormant
National Fostering Agency West Limited*	United Kingdom	100%	Foster care services
Partners in Parenting Limited*	United Kingdom	100%	Foster care services

7 Investments (continued)

Undertaking	Country of incorporation	Percentage holding	Principal activity
Pathway Care Group Limited	United Kingdom	100%	Intermediate parent undertaking
Pathway Care (Bristol) Limited*	United Kingdom	100%	Foster care services
Pathway Care (Holdings) Limited*	United Kingdom	100%	Intermediate parent undertaking
Pathway Care (Midlands) Limited*	United Kingdom	100%	Foster care services
Pathway Care South West Limited*	United Kingdom	100%	Foster care services
Pentangle Management and Consultancy Limited*	United Kingdom	100%	Dormant
The Clarion Agency	United Kingdom	100%	Dormant

* Held by subsidiary undertaking

^ Fostering Solutions (Northern) Limited is a private company limited by guarantee; the holding therefore represents sole membership. All other holdings are Ordinary share capital.

The registered office of the subsidiaries named above is Atria, Spa Road, Bolton, BL1 4AG.

All undertakings operate within their country of operation and are included within the consolidated financial statements of SSCP Spring Topco Limited.

8 Debtors

	Note	2020 £	2019 £
Trade debtors		3,451,920	2,645,821
Amounts owed by group undertakings		7,779,570	4,938,955
Other debtors		2,902	1,958
Deferred tax assets	5	82,767	102,829
Prepayments and accrued income		338,129	382,695
Total current trade and other debtors		11,655,288	8,072,258

With the exception of deferred tax all amounts fall due within one year.

Trade debtors are stated after provisions for impairment of £39,577 (2019: £213,041).

9 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	631,996	274,622
Amounts owed to group undertakings	20,776,320	22,192,738
Taxation and social security	97,752	116,993
Outstanding defined contribution pension costs	13,931	23,424
Obligations under finance lease and hire purchase contracts	-	3,643
Other creditors	5,619	24,844
Accruals and deferred income	509,725	529,689
	22,035,343	23,165,953

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10 Commitments under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments under non-cancellable operating leases is as follows:

	2020 £	2019 £
Not later than one year	258,533	328,495
Later than one year and not later than five years	427,957	283,500
	686,490	611,995

The amount of non-cancellable operating lease payments recognised as an expense during the year was £349,203 (2019 - £361,556).

11 Provisions for liabilities

	Onerous leases £	Dilapidations £	Total £
At 1 September 2019	42,049	308,816	350,865
Increase in existing provisions	-	82,716	82,716
Provisions used	(20,000)	-	(20,000)
At 31 August 2020	22,049	391,532	413,581

Dilapidations

As part of the company's property leasing arrangements there is an obligation to repair damages which are incurred during the life of the lease, such as wear and tear. The cost is charged to profit and loss as the obligation arises. The provision is expected to be utilised between September 2020 and December 2025 as the leases terminate.

11 Provisions for liabilities (continued)

Onerous leases

Provision for onerous leases relates to a number of vacant lease properties, calculated at the present value of the unavoidable costs over the remainder of the lease term. The cost is charged to profit and loss on initial recognition and reviewed at each balance sheet date to ensure the provision remains appropriate. The provision will be utilised over the life of the related leases and is expected to be fully utilised by June 2024 when the final lease expires.

12 Called up share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
A Ordinary shares of £1 each	10	10.00	10	10.00
B Ordinary shares of £0.10 each	1	0.10	1	0.10
	11	10.10	11	10.10

13 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 Outcomes First Group Limited (formerly known as SSCP Spring Bidco Limited), a fellow subsidiary undertaking of the SSCP Spring Topco Limited Group.

The amount outstanding to the finance parties providing the banking facilities to Outcomes First Group Limited (formerly known as SSCP Spring Bidco Limited) at 31 August 2020 was £513.0m (2019: £513.2m).

14 Controlling party

The company's immediate parent is Acorn Care and Education Limited, a company incorporated in England and Wales. SSCP Spring Topco Limited, a company incorporated in England and Wales, is an intermediate parent company. SSCP Spring Holdings SCA, a company incorporated in Luxembourg, owns 83.51% (2019: 83.51%) of SSCP Spring Topco Limited's equity share capital and is deemed to be the ultimate parent undertaking.

The directors consider funds managed by Stirling Square Capital Partners Jersey AIFM Limited to be the ultimate controlling parties.

The smallest group to consolidate these financial statements is SSCP Spring Midco 2 Limited and the largest group to consolidate these financial statements is SSCP Spring Topco Limited. These consolidated financial statements are publicly available upon request from Atria, Spa Road, Bolton, BL1 4AG.