

**PREPARED FOR THE REGISTRAR
CAPSTONE FOSTER CARE (NORTH) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Hazlewoods LLP
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Capstone Foster Care (North) Limited

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Capstone Foster Care (North) Limited

Company Information

Directors	P J Battle R J Compton-Burnett S J Constantine
Company secretary	R J Compton-Burnett
Registered office	Wootton Chase Wootton St Lawrence Basingstoke Hampshire RG23 8PE
Solicitors	Paris Smith LLP 9 Parchment Street Winchester SO23 8AT
Bankers	Allied Irish Bank (GB) PLC 9 Waterloo Road Wolverhampton WV1 4NB
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

Capstone Foster Care (North) Limited**(Registration number: 05265423)****Balance Sheet as at 31 March 2021**

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	<u>4</u>	2,290,893	2,533,113
Tangible assets	<u>5</u>	55,473	66,700
Investments	<u>6</u>	<u>2</u>	<u>2</u>
		<u>2,346,368</u>	<u>2,599,815</u>
Current assets			
Debtors	<u>7</u>	446,072	422,996
Cash at bank and in hand		<u>146,416</u>	<u>146,401</u>
		592,488	569,397
Creditors: Amounts falling due within one year	<u>8</u>	<u>(881,507)</u>	<u>(667,007)</u>
Net current liabilities		<u>(289,019)</u>	<u>(97,610)</u>
Total assets less current liabilities		2,057,349	2,502,205
Creditors: Amounts falling due after more than one year	<u>8</u>	<u>(1,004,944)</u>	<u>(1,492,399)</u>
Net assets		<u>1,052,405</u>	<u>1,009,806</u>
Capital and reserves			
Called up share capital		100	100
Share premium reserve		34,936	34,936
Profit and loss account		<u>1,017,369</u>	<u>974,770</u>
Total equity		<u>1,052,405</u>	<u>1,009,806</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 27 September 2021 and signed on its behalf by:

P J Battle
Director

The notes on pages 3 to 10 form an integral part of these financial statements.

Capstone Foster Care (North) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

1 General information

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

The address of its registered office is:
Wootton Chase
Wootton St Lawrence
Basingstoke
Hampshire
RG23 8PE

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

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

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Summary of disclosure exemptions

The company has not presented a cash flow statement on the grounds that the company is a wholly owned subsidiary and a group cash flow statement is included in the financial statements of the parent company.

Name of parent of group

These financial statements are consolidated in the financial statements of Capstone Foster Care Limited.

The financial statements of Capstone Foster Care Limited may be obtained from Companies House.

Group accounts not prepared

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by Section 400 of the Companies Act 2006 as it is a subsidiary of Capstone Foster Care Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Judgements and estimation uncertainty

These financial statements do not contain any significant judgements or estimation uncertainty.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating

sales within the company. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity_3_ and specific criteria have been met for each of the company's activities.

Capstone Foster Care (North) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold property improvements	20% straight line
Fixtures, fittings and equipment	15%-20% straight line

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Goodwill

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

A policy of 15 years for amortising the goodwill has been retained following the transition to FRS 102 in 2016. Whilst FRS 102 recommends a default maximum economic life for goodwill of 10 years, the directors consider that there was no revision required to the existing policy and that there is an active and sustainable market for the asset that supports a longer period being used.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. 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.

Capstone Foster Care (North) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Share capital

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

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

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

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

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Capstone Foster Care (North) Limited**Notes to the Financial Statements for the Year Ended 31 March 2021****3 Staff numbers**

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

	2021 No.	2020 No.
Average number of employees	<u>45</u>	<u>47</u>

4 Intangible assets**Goodwill
£****Cost**

At 1 April 2020 and at 31 March 2021

3,633,302**Amortisation**

At 1 April 2020

1,100,189

Amortisation charge

242,220

At 31 March 2021

1,342,409**Carrying amount**

At 31 March 2021

2,290,893

At 31 March 2020

2,533,113**5 Tangible assets**

	Leasehold property improvements £	Fixtures, fittings and equipment £	Total £
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Cost

At 1 April 2020

54,174

110,320

164,494

Additions

-

9,277

9,277

At 31 March 2021

54,174119,597173,771**Depreciation**

At 1 April 2020

17,808

79,986

97,794

Charge for the year

10,8359,66920,504

At 31 March 2021

28,64389,655118,298**Carrying amount**

At 31 March 2021

25,53129,94255,473

At 31 March 2020

36,36630,33466,700

Capstone Foster Care (North) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

6 Investments

	2021	2020
	£	£
Investments in subsidiaries	2	2

Subsidiaries

£

Cost and carrying amount

At 1 April 2020 and at 31 March 2021

2

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	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
Classic Foster Care Limited	England and Wales	Ordinary	100%	100%

Subsidiary undertakings

Classic Foster Care Limited

The principal activity of Classic Foster Care Limited is as a dormant company.

7 Debtors

	2021	2020
	£	£
Trade debtors	329,078	340,262
Amounts owed by group undertakings	1,144	-
Other debtors	43,040	37,552
Prepayments	19,036	7,056
Deferred tax assets	53,774	38,126
	446,072	422,996

Capstone Foster Care (North) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

8 Creditors

	2021 £	2020 £
Due within one year		
Trade creditors	62,524	18,334
Amounts owed to group undertakings	677,266	505,700
Social security and other taxes	31,682	36,046
Outstanding defined contribution pension costs	5,141	6,124
Other creditors	17,269	25,472
Accrued expenses	40,125	27,831
Corporation tax	47,500	47,500
	<u>881,507</u>	<u>667,007</u>
Due after one year		
Amounts owed to group undertakings	<u>1,004,944</u>	<u>1,492,399</u>

9 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £26,502 (2020 - £28,138).

Contributions totalling £5,141 (2020 - £6,124) were payable to the scheme at the end of the year and are included in creditors.

10 Contingent liabilities

The company has provided a cross guarantee with fellow group companies for loans held by Capstone Foster Care Limited, its ultimate parent company. The total borrowings secured on these loans as at 31 March 2021 is £6,100,000 (2020 - £8,500,000). The security on this guarantee is a fixed and floating charge over the assets of the company in favour of Allied Irish Bank Group (UK) PLC.

11 Operating lease commitments

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	53,492	54,789
Later than one year and not later than five years	61,238	112,866
	<u>114,730</u>	<u>167,655</u>

12 Parent and ultimate parent undertaking

The company's immediate parent company is Capstone Foster Care Limited, incorporated in England and Wales. On 7 December 2020, the ultimate controlling party of the parent company became Capstone EOT Trustee Limited. Prior to that date, the parent company had no single ultimate controlling party.

Capstone Foster Care (North) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

13 Disclosure under Section 444(5B) CA 2006 relating to the independent auditor's report

As permitted by Section 444 CA 2006, these accounts do not contain a copy of the company's Profit and Loss account or a copy of the Directors' Report. Accordingly, the Independent Auditors' Report has also been omitted. The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 27 September 2021 was Simon Worsley, who signed for and on behalf of Hazlewoods LLP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.