SSCP Spring Topco Limited

Directors' report and consolidated financial statements

Registered number 09248650

for the period 3 October 2014 to 31 March 2016

Contents

Group Strategic report

The directors present their strategic report and the financial statements for the 18 month period ended 31 March 2016.

Definitions
Throughout this report and the financial statements, the term "Company" or "Spring" refers to SSCP Spring Topco Limited and the term "Group" refers to the Company and all the subsidiary undertakings listed in note 12 to the financial statements.

Principal activities
The principal activity of the Company is the holding of investments for the Group. The principal activities of the Group are the provision of foster placements and services for local authorities throughout England, Scotland, Wales and Northern Ireland. Details of the development and performance of the Group's activities during the year and an indication of likely future performance indicators and information regarding principal risks and uncertainties are set out below.

Overview
Economic and budgetary pressures remain at the forefront of Local Authorities' strategy to continue to achieve sustainable cost reductions in all areas' including children's services. Fee rates for fostering services are almost entirely managed and controlled by Local Authorities through sophisticated contract tendering processes. Despite this ongoing pressure to reduce unit costs, the Group has maintained its revenue levels and improved profitability, through its focus on providing a relevant and focussed high quality service that offers value for money and measurable outcomes. The Group's principal revenue sources are within the public sector, substantially reducing the risk of bad debt.

The Group has formal contract arrangements with the majority of local authorities, reflecting its ability to respond successfully to a wide range of tender opportunities, contract extensions and the various renewal processes within existing contracts. This has resulted in sustained and increased levels of referrals for placements from customers. Placements have continued to increase in complexity, as Local Authorities consider the options of placing young people with challenging behaviours into a foster care family environment as an alternative to more expensive residential environments. The Group offers a range of appropriately priced service offers and solutions to meet these varied requirements. The Group has invested in maintaining and enhancing its programme of up-skilling its carers, particularly through its carer academy, to ensure carers have the skills and confidence to manage a range of placement types. In addition, an extensive analysis of customer need and geography has been aligned to local carer recruitment to ensure availability of the right carers in the right place at the right time.

Objectives and strategy

A comprehensive planning process is undertaken each year with strategy and commercial objectives being clearly identified for a three year period and a detailed business plan with KPI measurement for the current trading year.

The Group continues to develop its culture and operating focus around its Vision and Mission through the inculcation of its Values as the guiding principles at all levels of its business activities:

Vision:
The vision is to be "Simply the Best" fostering provider.

Mission Statement:
Delivering outstanding services for children and young people through enthusiasm and commitment.

Group Strategic report *(continued)*

Values:

People:
"Respect and consideration in how we treat people"

Respect for others and a commitment to working together to collectively achieve our goals and aspirations.

Service:
"Passion and integrity in what we do"

Extraordinary creativity in service and innovation by demonstrating our willingness to explore new approaches to improve the quality of life for children and young people in our care.

Quality:
"Excellence and trust in our outcomes"

All we do meets or exceeds all statutory requirements and aims to achieve excellence through attention to detail and demonstrating best practice.

Finance:
"Ethical and transparent in what we charge"

Being open and honest with our customers in being able to demonstrate value for money though our propositions and service offers.

Markets and regulatory

The Group operates throughout the United Kingdom via a number of geographic regions and subsidiaries, each having a registered or regional manager with accountability for their individual local budget and practice responsibility for leading a team of fully qualified social workers.

The regulatory regimes across the United Kingdom vary. In England, it is the responsibility of Ofsted, in Wales, it is the Care and Social Services Inspectorate Wales and in Scotland, it is the Care Inspectorate. The regulatory regime in Northern Ireland is currently being established, but for the avoidance of any doubt the Group's business operations are managed through compliance with the Ofsted regulations in England. The Group's processes and procedures are uniform throughout the United Kingdom enabling performance comparisons, whilst individual country practice compliance is in accordance with local obligations.

Qualified data published by the UK Statistics Authority, Scottish Government, Department of Education (England), Northern Ireland Statistics and Research Agency and the Welsh Government Statistics, shows consistent historic growth in numbers of looked after children, and this is likely to continue into the foreseeable future. Therefore, the Group is committed to maximising its ability to respond with innovative solutions to support customers in addressing their budgetary restrictions, whilst focussing on the quality of the outcomes for the children and young people in its care.

The Group uses these data trends, national and country specific policy guidelines and regulatory guidance to prepare and direct its strategy.

The Group continues to invest in both carer and staff training through a dedicated national department, supported by specialist external trainers where required, in order to maintain quality and evidence competence and capacity for the future.

Group Strategic report *(continued)*

Technology

The Group's database systems provide a sophisticated IT platform that underpins the ability to measure and record the required key outcomes for children in its care. The secure data enables individual monitoring, recording and evidencing of all foster carer and child activities on a daily basis. A group intranet provides an extensive repository for policies, procedures, guidance and general information and is always available.

Investment in financial systems and upgrades in web communication tools have further improved information gathering and direct communication with carers. Plans continue to develop these initiatives into the future, using technology advances as appropriate to enhance the Group's information capability.

Performance

The results for the Group show a loss on ordinary activities before taxation of £21.3m for the period and turnover of £104.4m.

The Group monitors its performance through robust monthly management accounts and a range of indicators measuring regional and national outturns. Management accounts, KPIs and rolling actions are reviewed monthly with individual responsible managers. The principal KPI is placement numbers, which were 2,877 at 31 March 2016.

Risk and uncertainties

The Group has put in place a series of processes and procedures to mitigate identified areas of risk and minimise its exposure, investing appropriately in resources to enable these risks to be effectively managed, for example:

- Regulatory compliance: The Group retains a fully resourced Quality Assurance team to review, control and rigorously audit the Group's social work practices and compliance procedures. Team members are located at all the Group's practice centres and cover the entire UK operation.
- Economic risk: In the current economic environment, 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 provides value solutions to assist customers in meeting their desired levels of child focussed outcomes whilst addressing maximum value from available budgets.
- Carer recruitment and retention: The Group has a structured team of carer recruitment officers embedded within its operations and co-ordinated centrally to maximise information flows and optimise campaign implementation. Carer types and levels of recruitment are aligned to local need, location and referral volumes.

People and reputation risk: All employees are appointed after a thorough assessment based on references, qualifications and all relevant statutory checks. Foster carers undergo a disciplined and thorough assessment process, which includes a range of references and regulatory checks before approval at one of the Group's independent panels. The Group operates a Safeguarding Committee, chaired by the Group Chief Executive. This committee meets regularly to ensure the Group has effective processes relating to the protection of children from abuse or neglect, preventing impairment of their health and development and ensuring that they grow up in circumstances consistent with the provision of safe and effective care. The aim of these processes is to enable children to have optimum life chances and enter adulthood successfully.

Group Strategic report *(continued)*

Acquisitions

The Group seeks to acquire businesses that will complement its existing portfolio in terms of geographic location and service provision. The entire share capital of Belton Associates (Group Holdings) Limited was acquired by the Group on 24 April 2015 for a total consideration of £71.4m and the entire share capital of Independent Foster Care Services Limited was acquired by the Group on 28 August 2015 for a total consideration of £3.4m.

On behalf of the board

A V Holt
Director

30 June 2016

Frays Court,
71 Cowley Road
Uxbridge
Middlesex
UB8 2AE

Directors' report

The directors present their directors' report and the audited consolidated financial statements for the Group's period ended 31 March 2016.

First accounting period

The Company was incorporated on 3 October 2014 as DMWSL 779 Limited and changed its name to SSCP Spring Topco Limited on 1 April 2015. The Group began to trade on 24 April 2015 when its subsidiary undertaking SSCP Spring Bidco Limited acquired the entire share capital of Belton Associates (Group Holdings) Limited. This is the Company's first accounting period and as such there are no comparatives in the financial statements.

Future developments

Future developments are deemed to be of strategic importance to the company and the Group and as such have been outlined within the strategic report.

Going concern

The Group meets its day to day working capital requirements through its long-term bank facilities. The directors believe that is appropriate to prepare the financial statements on a going concern basis, the board having considered the following in particular. The Group has net current assets of £13.6m and net liabilities (having reflected bank loans and loan note obligations) of £22.0m. Bank loans amounting to £128.4m are repayable in 2022; loan notes amounting to £80.7m are repayable in 2025. The Group recorded a loss of £23.0m for the period under review; that reflects, non-cash interest costs of £9.4m and amortisation of intangibles amounting to £18.7m.

The underlying trading performance of the business continues to be strong with revenue and EBITDA growth during the period. In February 2016 a detailed annual budget for the year to 31 March 2017 was produced. This, together with business modelling and financial forecasts for a further two years, predicts further growth. This budget and the forecasts were thoroughly reviewed and approved by the Board and also provided to the lenders of the senior loan facilities. Detailed forecasts were prepared, showing that there is sufficient cash headroom for the Group to meet its liabilities as they fall due and that all covenant requirements under the loan arrangement will be met in the foreseeable future and, accordingly, the directors have determined it is appropriate to prepare the financial statements on a going concern basis.

Proposed dividend

The directors do not recommend the payment of a dividend.

Financial instruments

The Group's bank borrowings are subject to variable interest rates based on LIBOR. The Group has mitigated its risk to interest rate exposure by fixing the interest on two thirds of its bank borrowings until July 2018. Further details are set out in note 18 to the financial statements.

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

M J McNair (appointed 3 October 2014, resigned 1 April 2015)
C C Blake (appointed 1 April 2015, resigned 24 April 2015)
I J Anderson (appointed 24 April 2015)
E Biale (appointed 24 April 2015)
R I Burns (appointed 24 April 2015)
J L Heathcote (appointed 24 April 2015)
A V Holt (appointed 24 April 2015)

The Group purchased and maintained throughout the year and at the date of approval of the financial statements, directors' and officers' liability insurance in respect of its directors.

Directors' report *(continued)*

Employees and employment policies

The Group has a policy of involving employees at all levels and keeping them informed through regular briefing sessions conducted by senior management, an annual conference, staff engagement survey and a staff consultancy committee.

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

The Group 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.

Political and charitable contributions

The Group made no political or charitable donations during the year.

Statement of directors' responsibilities in respect of the Directors' report and consolidated financial statements

The directors are responsible for preparing the Strategic Report, Directors' Report and the group and parent company financial statements (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 prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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 group and the company and of the profit or loss of the group and company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with Section 418, in the case of each director in office at the date the directors' report is approved:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) they have taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report *(continued)*

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

A V Holt
Director

30 June 2016

Frays Court
71 Cowley Road
Uxbridge
Middlesex
UB8 2AE

Independent auditors' report to the members of SSCP Spring Topco Limited

Report on the financial statements

Our opinion

In our opinion, SSCP Spring Topco Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2016 and of the group's loss and cash flows for the 18 month period (the "period") 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the consolidated and company balance sheets as at 31 March 2016;
- the consolidated profit and loss account for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated and company statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 period for which the financial statements are prepared is consistent with the financial statements

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 group's and 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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.

C Maw

Christopher Maw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
30 June 2016

Consolidated profit and loss account

for the period ended 31 March 2016

	Notes	**Period ended 31 March 2016 £000**
Turnover	*5*	**104,419**
Cost of sales		**(58,101)**
Gross profit		**46,318**
Administrative expenses		**(44,177)**
Operating profit	*6*	**2,141**
Interest payable and similar charges	*8*	**(23,454)**
Loss on ordinary activities before taxation		**(21,313)**
Tax on loss on ordinary activities	*9*	**(1,729)**
Loss for the financial year	*20*	**(23,042)**

The Group commenced trading on 24 April 2015 upon the acquisition of Belton Associates (Group Holdings) Limited. The consolidated profit and loss account has been prepared on the basis that all operations are continuing operations, acquired during the period under review.

There are no recognised gains and losses other than those passing through the consolidated profit and loss account.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalent.

The Company has elected to take exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The loss for the Company for the period was £1,042,000.

Consolidated balance sheet
at 31 March 2016

	Notes	2016 £000	2016 £000
Fixed assets			
Intangible assets	*10*		**172,740**
Tangible assets	*11*		**4,596**
			177,336
Current assets			
Debtors	*13*	**12,746**	
Cash at bank and in hand		**9,679**	
		22,425	
Creditors: amounts falling due within one year	*14*	**(8,858)**	
Net current assets			**13,567**
Provisions for other liabilities	*17*		**(347)**
Total assets less current liabilities and provisions			**190,556**
Creditors: amounts falling due after more than one year	*15*		**212,511**
Capital and reserves			
Called up share capital	*19*	**-**	
Share premium	*20*	**1,087**	
Profit and loss account	*20*	**(23,042)**	
Total shareholders' deficit			**(21,955)**
Total capital, reserves and long term liabilities			**190,556**

These financial statements on pages 12 to 35 were approved by the board of directors on 30 June 2016 and were signed on its behalf by:

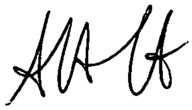
A V Holt
Director

Registered number 09248650

Company balance Sheet
at 31 March 2016

	Notes	2016 £000	2016 £000
Fixed Assets			
Subsidiary undertaking	*12*		**952**
Current assets			
Debtors	*13*	**9,671**	
Net current assets			**9,671**
Total assets less current liabilities			**10,623**
Creditors: amounts falling due after more than one year	*15*		**10,570**
Capital and reserves			
Called up share capital	*19*	**-**	
Share premium	*20*	**1,095**	
Profit and loss account	*20*	**(1,042)**	
Total shareholders' funds			**53**
Total capital, reserves and long term liabilities			**10,623**

These financial statements on pages 12 to 35 were approved by the board of directors on 30 June 2016 and were signed on its behalf by:



A V Holt
Director

Registered number 09248650

Consolidated cash flow statement
for the period ended 31 March 2016

	Notes	**For the period ended 31 March 2016 £000**
Net cash from operating activities	*21*	**17,226**
Taxation paid		**(929)**
Net cash generated from operating activities		**16,297**
Cash flow from investing activities		
Purchase of subsidiaries (net of cash acquired)		**(70,646)**
Purchase of tangible assets		**(766)**
Net cash used in investing activities		**(71,412)**
Cash flow from financing activities		
Receipts from senior debt bank loan	*21*	**135,000**
Repayments of senior debt bank loan	*21*	**(65,481)**
Receipts from acquisition loan facility	*21*	**3,350**
Bank interest paid		**(9,409)**
Bank loan arrangement and agency fees paid	*21*	**(6,013)**
Receipts from investor loan notes	*21*	**71,905**
Repayments of mezzanine loans	*21*	**(15,948)**
Repayments of investor loan notes	*21*	**(48,882)**
Other costs of raising loan finance paid	*21*	**(815)**
Issue of new shares		**1,095**
Repurchase of shares		**(8)**
Net cash generated from financing activities		**64,794**
Increase in cash in the period		**9,679**

Consolidated and company statement of changes in equity
for the period ended 31 March 2016

Group	Note	Called up share capital	Share Premium Account	Profit and Loss Account	Total
		£000	£000	£000	£000
Balance at 3 October 2014	*20*	-	-	-	-
Share issue	*20*	-	1,095	-	1,095
Share purchases by EBT	*20*	-	(8)	-	(8)
Profit for the period	*20*	-	-	(23,042)	(23,042)
Balance at 31 March 2016	*20*	-	**1,087**	**(23,042)**	**(21,955)**

Company	Note	Called up share capital	Share Premium Account	Profit and Loss Account	Total
		£000	£000	£000	£000
Balance at 3 October 2014	*20*	-	-	-	-
Share issue	*20*	-	1,095	-	1,095
Profit for the period	*20*	-	-	(1,042)	(1,042)
Balance at 31 March 2016	*20*	-	**1,095**	**(1,042)**	**53**

Notes to the financial statements
(forming part of the consolidated financial statements)

1 General Information

The Group provides foster placements and services for Local Authorities throughout England, Scotland, Wales and Northern Ireland. The Group operates with a number of recognised brand names, the most significant being The National Fostering Agency. The Company is a private company limited by shares incorporated in England. The address of its registered office is Frays Court, 71 Cowley Road, Uxbridge, Middlesex, UB8 2AE.

2 Statement of compliance

The Group and individual financial statements of its subsidiaries have been prepared in compliance with UK 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.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain assets and liabilities measured at fair value. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company 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 in note 4. The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its own profit and loss account.

Going concern

The Group meets its day to day working capital requirements through its long-term bank facilities. The directors believe that is appropriate to prepare the financial statements on a going concern basis, the board having considered the following in particular. The Group has net current assets of £13.6m and net liabilities (having reflected bank loans and loan note obligations) of £22.0m. Bank loans amounting to £128.4m are repayable in 2022; loan notes amounting to £80.7m are repayable in 2025. The Group recorded a loss of £23.0m for the period under review; that reflects, non-cash interest costs of £9.4m and amortisation of intangibles amounting to £18.7m.

The underlying trading performance of the business continues to be strong with revenue and EBITDA growth during the period. In February 2016 a detailed annual budget for the year to 31 March 2017 was produced. This, together with business modelling and financial forecasts for a further two years, predicts further growth. This budget and the forecasts were thoroughly reviewed and approved by the Board and also provided to the lenders of the senior loan facilities. Detailed forecasts were prepared, showing that there is sufficient cash headroom for the Group to meet its liabilities as they fall due and that all covenant requirements under the loan arrangement will be met in the foreseeable future and, accordingly, the directors have determined it is appropriate to prepare the financial statements on a going concern basis.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

Notes to the financial statements *(continued)*

3 Summary of significant accounting policies *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings up to 31 March 2016. A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiary undertakings acquired in the period are included in the consolidated profit and loss account from the date of acquisition.

The accounts of the Employee Benefit Trust ("EBT") are incorporated into the results of the Group as, although they are administered by independent Trustees and their assets are held separately from those of the Group, in practice the Group's advice on how the assets are used for the benefit of employees is normally accepted. Transactions of the EBT are treated as being those of the Group and are therefore reflected in the consolidated financial statements. In particular, the EBT's purchases and sales of shares and loan stocks in the Company are debited and credited directly to equity (see statements of changes in equity in note 20).

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of discounts and rebates allowed by the Group and value added taxes. 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. Turnover invoiced in advance of the period to which it relates is included in deferred income.

Employee benefits

The Group provides a range of benefits to employees, including annual non-contractual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The Group operates a number of defined contribution plans for its employees. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in other creditors in the balance sheet. The assets of the plans are held separately from the Group in independently administered funds.

The Group operates a non-contractual annual bonus plan for employees. An expense is recognised in the profit and loss account when the Group has a constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of corporation tax payable in respect of the taxable profit for the period or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax legislation is open to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences which are differences between taxable profits and total income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is recognised on all timing differences at the reporting date. Deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured by using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Notes to the financial statements *(continued)*

3 Summary of significant accounting policies (continued)

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired. Goodwill is amortised over its useful economic life which the Group estimates to be 10 years. Goodwill is assessed for impairment where there are indicators of impairment and any impairment is charged to the profit and loss account. Reversals of impairment are recognised only when the reasons for the impairment no longer apply.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful economic lives, as follows:

Foster Carer Base	-	5 years
Brand	-	10 years
Customer relationships	-	10 years

Amortisation is charged to administrative expenses in the profit and loss account. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carry amount may be impaired.

Tangible assets

Tangible assets are stated at historic purchase cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold land	-	no depreciation
Freehold buildings	-	straight line over 50 years
Plant and machinery	-	straight line over 3 years
Fixtures, fittings & equipment	-	25% reducing balance basis
Motor vehicles	-	25% reducing balance basis

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Leases

None of the Group's leases transfer the risks and rewards of ownership to a Group company and as such are all treated as operating leases. Operating lease rentals are charged to the consolidated profit and loss account on a straight line basis over the period of the lease.

Investments - Company

Investments in subsidiary undertakings are stated at cost less accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Notes to the financial statements *(continued)*

3 Summary of significant accounting policies *(continued)*

Provisions and contingencies

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements where an inflow of economic benefits is probable.

Financial instruments

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

Costs related to securing debt and loans have been netted against the face value of the debt. These costs are amortised to the consolidated profit and loss account as part of interest payable and similar charges over the term of the debt.

The Mark to Market Value ("MTM") of the interest rate hedge (see note 18), excluding accrued interest which is included in accruals, is included in the Group balance sheet as long term borrowing. Changes in the MTM in the period are recognised in interest payable and similar charges in the consolidated profit and loss account.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated, unless, in the opinion of the directors, separate disclosure is necessary to understand the effects of the transactions on the Group's financial statements.

Notes to the financial statements *(continued)*

4 Key accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair values on acquisition of Belton Associates (Group Holdings) Limited and Independent Foster Care Services Limited (note 26)

The fair value of tangible and intangible assets acquired on the above acquisitions involved the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. The estimation of fair values requires a combination of assumptions including revenue growth, profit margins, the value of royalties that would be payable to license intangibles and tangibles similar to those acquired and the effects of taxation on each of these. In addition, the use of discount rates requires judgement.

Impairment of intangible assets and goodwill (note 10)

The Group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units. This requires estimation of the future cash flow of the cash generating units and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Useful economic lives of fixed assets (notes 10 and 11)

The annual depreciation and amortisation charge for tangible and intangible assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets. See notes 10 and 11 for the carrying value of fixed assets and note 3 for the useful economic lives of each class of assets.

Provisions (note17)

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

5 Turnover

The total turnover of the Group for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

Notes to the financial statements *(continued)*

6 Operating profit

	Period ended 31 March 2016 £000
Operating profit is stated after charging:	
Wages and salaries	14,228
Social security costs	1,539
Other pension costs	443
Total staff costs	**16,210**
Amortisation of intangible assets	18,695
Depreciation of tangible assets	465
Loss on disposal of tangible assets	8
Operating lease charges	709
Fees payable to the Company's auditor for the audit of the parent Company and the Group's consolidated financial statements	16
Fees payable to the Company's auditor for other services	
- The audit of the Company's subsidiaries	119
- Audit-related assurance services	22
- Tax advisory services	17
- Tax compliance services	42
Total amount payable to the Company's auditor	216

7 Employees and directors

The monthly average number of persons employed by the Group (including directors) during the period was as follows:

	Number of employees 2016
Directors	3
Administration	388
	391

The total Directors' remuneration for the period was £600,400 including £2,425 paid into the Company's defined contribution pension scheme. Emoluments disclosed include £319,345 paid to the highest director.

Notes to the financial statements *(continued)*

8 Interest payable and similar charges

	Period ended 31 March 2016 £000
On bank loans and overdrafts	**11,563**
Amortisation of finance fees	**1,303**
On investor loan notes	**9,400**
Change in value of interest rate hedge (note 18)	**1,188**
	23,454

9 Tax on loss on ordinary activities

Tax expense included in the profit and loss account

	Period ended 31 March 2016 £000	Period ended 31 March 2016 £000
UK corporation tax		
Current tax on loss for the period	1,631	
Total current tax		1,631
Deferred tax (see note 17)		
Origination/reversal of timing differences	98	
Total deferred tax		98
Tax on loss on ordinary activities		1,729

The current tax charge for the period is higher than the standard rate of corporation tax in the UK (20%) The differences are explained below.

	For the period ended 31 March 2016 £000
Loss on ordinary activities before taxation	(21,313)
Current tax at 20%	(4,263)
Effects of:	
Expenses not deductible for tax purposes	5,906
Depreciation for the period in excess of capital allowances	(12)
Deferred Tax	98
Current tax charge	1,729

Notes to the financial statements *(continued)*

9 Tax on loss on ordinary activities *(continued)*

Factors affecting current and future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015. These included reductions to the main rate of tax to 19% from 1 April 2017 and to 18% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates.

10 Intangible assets

Group

	Carer base	**Brand**	**Customer Relationships**	**Goodwill**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Cost					
At 3 October 2014	-	-	-	-	-
Acquisitions	9,248	33,658	47,551	100,978	191,435
At 31 March 2016	**9,248**	**33,658**	**47,551**	**100,978**	**191,435**
Amortisation					
At 3 October 2014	-	-	-	-	-
Charged in the period	1,698	3,127	4,410	9,460	18,695
At 31 March 2016	**1,698**	**3,127**	**4,410**	**9,460**	**18,695**
Net book value					
At 31 March 2016	**7,550**	**30,531**	**43,141**	**91,518**	**172,740**

The individual assets, excluding goodwill, which are material to the financial statements are:

	Carrying amount	Remaining amortisation period (years)
	£000	
Carer Base		
Belton Associates (Group Holdings) Limited and subsidiaries	7,102	4.1
Independent Foster Care Services Limited	448	4.4
Brand		
Belton Associates (Group Holdings) Limited and subsidiaries	29,787	9.1
Independent Foster Care Services Limited	744	9.4
Customer Relationships		
Belton Associates (Group Holdings) Limited and subsidiaries	41,890	9.1
Independent Foster Care Services Limited	1,251	9.4

The useful life of the carer base is based on the average time it would take the Group to recruit the number of carers that formed part of each acquisition. The useful life of brands and customer relationships is based on the expected use of those brands and relationships.

Company
The Company had no intangible assets at 31 March 2016.

Notes to the financial statements *(continued)*

11 Tangible assets

Group

	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost					
At 3 October 2014	-	-	-	-	-
Additions	-	578	194	-	772
Acquisitions through business combinations	3,203	245	815	34	4,297
Disposals	-	-	(3)	(5)	(8)
At 31 March 2016	3,203	823	1,006	29	5,061
Depreciation					
At 3 October 2014	-	-	-	-	-
Charge for the period	49	145	264	7	465
Disposals	-	-	-	-	-
At 31 March 2016	49	145	264	7	465
Net book value					
At 31 March 2016	**3,154**	**678**	**742**	**22**	**4,596**

Company
The Company had no tangible assets at 31 March 2016.

12 Subsidiaries

The companies in which the Group has an interest at the period end are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Class of shares held	Percentage of shares held Group	Company
NFAG Limited	England & Wales	Holding of investments and properties	Ordinary	100%	-
NFAH Limited	England & Wales	Holding of investments	Ordinary	100%	-
The National Fostering Agency Limited	England & Wales	Provision of foster placements and services for local authorities	Ordinary	100%	-
The National Fostering Agency (Scotland) Limited	England & Wales	Provision of foster placements and services for local authorities	Ordinary	100%	-
The Foster Care Agency Limited	England & Wales	Provision of foster placements and services for local authorities	Ordinary	100%	-
NFA Partnerships Limited	England & Wales	Holding of investments	Ordinary	100%	-
NFAP Limited	England & Wales	Holding of investments	Ordinary	100%	-
Children First Fostering Agency Limited	England & Wales	Provision of foster placements and services for local authorities	Ordinary	100%	-

Notes to the financial statements *(continued)*

12 Subsidiaries *(continued)*

Alliance Foster Care Limited	England & Wales	Provision of foster placements and services for local authorities	Ordinary	100%	-
Alpha Plus Fostering Limited	England & Wales	Provision of foster placements and services for local authorities	Ordinary	100%	-
Jay Fostering Limited	England & Wales	Provision of foster placements and services for local authorities	Ordinary	100%	-
Care Administration & Management Services Limited	England & Wales	Provision of foster placements and services for local authorities	Ordinary	100%	-
Kindercare Fostering Northern Ireland Limited	Northern Ireland	Provision of foster placements and services for local authorities	Membership	Sole	-
Kindercare Fostering Limited	England & Wales	Dormant	Ordinary	100%	-
Fostering Relations Limited	Scotland	Provision of foster placements and services for local authorities	Membership	Sole	-
Archway Care Limited	England & Wales	Provision of foster placements and services for local authorities	Ordinary	100%	-
Independent Foster Care Services Limited	England & Wales	Provision of foster placements and services for local authorities	Ordinary	100%	-
Belton Associates Limited	England & Wales	Holding of investments and the provision of management services for the Group	Ordinary	100%	-
Belton Associates Holdings Limited	England & Wales	Holding of investments	Ordinary	100%	-
Belton Associates Group Limited	England & Wales	Holding of investments	Ordinary	100%	-
SSCP Spring Bidco Limited	England & Wales	Holding of investments and financing for the Group	Ordinary	100%	-
SSCP Spring Midco 2 Limited	England & Wales	Holding of investments and financing for the Group	Ordinary	100%	-
SSCP Spring Midco 1 Limited	England & Wales	Holding of investments and financing for the Group	Ordinary	100%	100%

All undertakings operate within their country of operation and are included within the consolidated financial statements. The Company's investment in SSCP Spring Midco 1 Limited is direct ownership, all other investments are indirect ownership.

The cost and carrying value of the Company's investment in its immediate subsidiary undertaking SSCP Spring Midco 1 Limited at 31 March 2016 was £951,750.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Notes to the financial statements *(continued)*

13 Debtors

	Group 2016 £000	Company 2016 £000
Trade debtors	10,244	-
Amounts owed by group undertakings	-	9,671
Other receivables	1,433	-
Prepayments	1,069	-
	12,746	9,671

Trade debtors are stated after provisions for impairment of £240,000.

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged at 1 year LIBOR + 5% on the average balance in the period.

Other receivables include £22,000 falling due after more than one year.

14 Creditors: amounts falling due within one year

	Group 2016 £000	Company 2016 £000
Bank loans	1,000	-
Trade creditors	1,220	-
Corporation tax	542	-
Other taxation and social security	451	-
Deferred consideration	51	-
Other creditors	39	-
Accruals and deferred income	5,555	-
	8,858	-

15 Creditors: amounts falling due after more than one year

	Group 2016 £000	Company 2016 £000
Amounts falling due between one and five years		
Bank loans	4,000	-
Interest rate hedge	1,188	-
	5,188	-

Notes to the financial statements *(continued)*

15 Creditors: amounts falling due after more than one year *(continued)*

	Group 2016 £000	Company 2016 £000
Amounts falling due after five years		
Bank loans	126,599	-
Loan notes	80,724	10,570
	207,323	10,570
Total creditors falling due after more than one year	212,511	10,570

16 Loans and other borrowings

	2016 £000
Bank loans	137,350
Interest rate hedge	1,188
Investor loan notes	80,724
Less: unamortised issue costs	(5,751)
	213,511

Bank loans:

On 24 April 2015 a new funding structure was put in place whereby £135 million was loaned to the Group by a consortium of lenders, namely Direct Lending Fund II Investments (Luxembourg) S.a.r.l., EPO Investment S.a.r.l., GE Corporate Finance Bank SCA, GL Europe Capital Solutions Investment S.a.r.l., GL Europe Luxembourg S.a.r.l. and HSBC Bank plc. At this date all bank loans held by Belton Associates (Group Holdings) Limited and its subsidiaries at acquisition were repaid. In November 2015, GE Corporate Finance Bank SCA transferred its interest in the senior debt to Sumitomo Mitsui Banking Corporation Europe Limited.

Facility A Bank loan which accounts for £9,000,000 of the outstanding bank loan attracts an interest rate of LIBOR plus 3.5% with capital repayments of £1,000,000 at annual intervals commencing on 31 March 2016 until the 31 March 2020, with the final repayment of £5,000,000 being 31 March 2021.

Facility B Bank loan which accounts for £125,000,000 of the outstanding bank loan attracts an interest rate of LIBOR plus 7.75% with no capital repayments until 23 April 2022 when the entire balance falls due.

The Group has access to an acquisition loan facility of £16,650,000 and a revolving credit facility of £10,000,000 on which it pays non usage fees of 1.4%. On 28 August 2015, the Group drew down £3,350,000 of the acquisition facility to purchase Independent Foster Care Services Limited. The acquisition facility attracts an interest rate of LIBOR plus 3.5% with no capital repayments until 23 April 2022 when the entire balance falls due. On 28 August 2015, all existing bank loans held by Independent Foster Care Services at acquisition were repaid.

Notes to the financial statements *(continued)*

16 Loans and other borrowings *(continued)*

Investor loan notes

£62,498,250 of unsecured investor loan notes in the Group were subscribed for held by SSCP Spring Holdings SCA (Luxembourg) on 24 April 2015 and remain in place at the balance sheet date. The loan notes carry an interest rate of 14% and are repayable on 24 April 2025. Interest is capitalised and added to the outstanding loan balance on an annual basis. At 31 March 2016 the value of the capitalised interest was £8,198,000.

£9,406,750 of unsecured investor loan notes in the Company were subscribed for on 24 April 2015 by the Group's management. £541,750 of these were purchased by the EBT from managers leaving the Group during the period. The loan notes carry an interest rate of 14% per annum and are repayable on 24 April 2025. Interest is capitalised and added to the outstanding loan balance on an annual basis. At 31 March 2016 the value of the capitalised interest was £1,163,000. The loan notes held by the EBT do not accrue interest.

17 Provisions for other liabilities

Group	Deferred taxation	Dilapidations	**Total**
	£000	£000	**£000**
Provisions in acquired companies	13	174	**187**
Debit to profit and loss account for the period	98	62	**160**
Provision at 31 March 2016	111	236	**347**

Deferred Taxation

The elements of deferred taxation are as follows:

	2016
	£000
Difference between accumulated depreciation and capital allowances	**111**
	111

There are no unused tax losses or unused tax credits. The net deferred tax liability expected to reverse in 2017 is £37,000. This primarily relates to the reversal of timing differences on acquired tangible assets and capital allowances through depreciation.

The Company had no deferred tax provision at 31 March 2016.

Dilapidations

As part of the Group'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 the profit and loss account as the obligation arises. The provision is expected to be utilised between 2016 and 2021 as the leases terminate.

Notes to the financial statements *(continued)*

18 Financial instruments

The Group has the following financial instruments:

	£000	£000
Financial assets measured at fair value through profit or loss		-
Financial assets that are debt instruments measured at amortised cost		
Trade receivables	10,244	
Other receivables	1,433	
		11,677
Financial assets that are equity instruments measured at cost less impairment		-
Financial liabilities measured at fair value through profit or loss		
Interest rate swap	(1,188)	
		(1,188)
Financial liabilities measured at amortised cost		
Bank loans	(131,599)	
Investor loan notes	(80,724)	
Trade creditors	(1,220)	
Deferred consideration	(51)	
Other creditors	(39)	
		(213,633)
Other financial liabilities measured at fair value		-

Derivate financial instruments – interest rate swaps

At 31st March 2016, the Group held an interest rate swap to hedge its interest rate exposure. This interest rate swap covered £90m of borrowing (two thirds of the initial senior bank loan before repayments and drawdown of the acquisition facility) and fixes LIBOR at 1.255%. This is due to mature on 24 July 2018. The fair value of the interest rate swap is a liability of £1,188,000. Cash flows on both the loan and the interest rate swap are paid quarterly until March 2022 (the loan) and July 2018 (the swap).

The Company has the following financial instruments:

	£000	£000
Financial assets measured at fair value through profit or loss		-
Financial assets that are debt instruments measured at amortised cost		
Amounts owed by group undertakings	9,671	
		9,671
Financial assets that are equity instruments measured at cost less impairment		-
Financial liabilities measured at fair value through profit or loss		-
Financial liabilities measured at amortised cost		
Investor loan notes	(10,570)	
		(10,570)
Other financial liabilities measured at fair value		-

Notes to the financial statements *(continued)*

19 Called up share capital

	Company 2016 £
Allotted, called up and fully paid	
1,095,000 'A' Ordinary shares of 0.01p each	**109**
64,136 'B1' Ordinary shares of 0.1p each	**64**
51,620 'B2' Ordinary shares of 0.1p each	**52**
	225

The rights of each of the classes of share in issue are the same except for voting rights as follows:

Voting rights: The ordinary shares, 'A' Ordinary shares and 'B1' Ordinary shares, have equivalent voting rights, being one vote. The 'B2' shares do not carry voting rights.

The following share movements took place during the period: 1,095,000 'A' Ordinary shares were issued in April 2015 and the cash received was £1,095,000; 64,136 'B1' Ordinary shares were issued in August 2015 and the cash received was £64; 51,620 'B2' Ordinary shares were issued in August 2015 and the cash received was £52.

During the period the EBT purchased 8,250 'A' Ordinary Shares and 3,129 'B2' Ordinary Shares from management who were leaving the Group. These shares are not included in the amounts disclosed above in accordance with the Group's accounting policy.

20 Reserves

Group

	Share Premium £000	Consolidated profit and loss account £000
At 3 October 2014	-	-
Shares issued at a premium	1,095	-
Shares purchased by EBT	(8)	-
Loss for the period	-	(23,042)
At 31 March 2016	**1,087**	**(23,042)**

Company

	Share Premium £000	Profit and loss account £000
At 3 October 2014	-	-
Shares issued at a premium	1,095	-
Loss for the period	-	(1,042)
At 31 March 2016	**1,095**	**(1,042)**

Notes to the financial statements *(continued)*

21 Notes to the cash flow statement

Reconciliation of loss for the financial period to cash flow from operating activities	**2016**
	£000
Loss for the financial period	(23,042)
Tax on profit on ordinary activities	1,729
Net interest expense	23,454
Operating profit	2,141
Amortisation of intangible assets	18,695
Depreciation of tangible assets / loss on disposal	473
Decrease in debtors	202
Decrease in creditors	(4,285)
Cash flow from operating activities	17,226

Analysis of changes in net debt	**At 3 October 2014**	**Cash flow**	**Acquired**	**Non-cash changes**	**At 31 March 2016**
	£000	**£000**	**£000**	**£000**	**£000**
Cash at bank and in hand	-	9,679	-	-	9,679
Bank loans – senior debt	-	(72,869)	(64,481)	-	(137,350)
Interest rate hedge	-	-	-	(1,188)	(1,188)
Investor Loan notes		(7,075)	(64,249)	(9,400)	(80,724)
Issue costs	-	6,828	311	(1,388)	5,751
Total	-	(63,437)	(128,419)	(11,976)	(203,832)

Non-cash movements represent capitalised interest, amortisation of issue costs and movement on the interest rate hedge.

22 Contingent liability

Company

The Company is party to a debenture to guarantee the loans of all Group companies shown in note 16 above

Notes to the financial statements *(continued)*

23 Commitments

The Group had the following total minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016 Total
Group	**£000**
Operating leases which expire:	
Within 1 year	**550**
Within 2-5 years	**906**
After more than 5 years	**231**
	1,687

The Group had no other off balance sheet arrangements.

The Company had no capital or other commitments at 31 March 2016.

24 Related party transactions

SSCP Spring Holdings SCA has a holding of 951,750 'A' ordinary shares in the Company. SSCP Spring Holdings SCA charged the Company £382,000 of monitoring fees in the period.

I J Anderson is a Director of the Company. I J Anderson owns 67,500 'A' Ordinary and 31,286 'B1' Ordinary shares in the Company. I J Anderson loaned the Company £4,432,500 of investor loan stock on which accrued interest at 31 March 2016 is £581,000.

R I Burns is a Director of the Company. R I Burns owns 3,750 'A' Ordinary Shares in the Company. R I Burns loaned the Group £246,250 of investor loan stock on which accrued interest at 31 March 2016 is £32,000.

A V Holt is a Director of the Company. A V Holt owns 8,550 'A' Ordinary and 18,771 'B1' Ordinary shares in the Company. A V Holt loaned the Group £561,450 of investor loan stock on which accrued interest at 31 March 2016 is £74,000.

The Employee Benefit Trust purchased certain shares and loan notes from employees leaving the Group as outlined in notes 16 and 18 above.

Other than the transactions noted above, the Company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

25 Controlling Party

The company is the ultimate parent undertaking incorporated in England and Wales and registered in Great Britain and owns outright 100% of the interests in its subsidiaries. SSCP Spring Holdings SCA, a company incorporated in Luxembourg, owns 78.6% of the Company's equity share capital and is deemed to be the ultimate controlling party.

Notes to the financial statements *(continued)*

26 Business Combinations

Belton Associates (Group Holdings) Limited

On 24 April 2015 the Group acquired the entire share capital of Belton Associates (Group Holdings) Limited ("BA(GH)L") and consequently gained control of BA(GH)L's direct and indirect subsidiaries. The consideration paid was £71.4m plus £128.8m to settle BA(GH)L's outstanding debt. The goodwill of £101m arising on this acquisition is attributable to this being the largest group of companies providing independent foster care services to local authorities in the United Kingdom. Management have estimated the useful economic life of goodwill to be 10 years. The fostering agencies within the acquired group are well established in their local markets and have a long record of stable revenue. The following table summarises the consideration paid by the Group and the fair value of assets and liabilities assumed:

Consideration at 24 April 2015	**£000**
Cash paid to BA(GH)L shareholders	69,046
Directly attributable costs	2,359
Total consideration	71,405
For cash flow purposes the amounts are disclosed as:	
Purchase of subsidiaries	71,405
Less cash acquired	(3,829)
Net cash out flow	67,576

In addition, £126,285k was paid to settle the outstanding bank debt, investor loan notes and mezzanine debt in the BA(GH)L group. These payments are disclosed in the financing section of the cash flow statement.

Recognised amounts of identifiable assets acquired and liabilities assumed:

	Book values	**Adjustments**	**Fair values**
	£000	**£000**	**£000**
Intangible assets	-	87,828	87,828
Tangible assets	4,229	-	4,229
Trade and other receivables	11,418	-	11,418
Cash	3,829	-	3,829
Trade and other payables	(8,228)	456	(7,772)
Debt	(128,815)	-	(128,815)
Provisions	(187)	-	(187)
Total identifiable net assets	(117,754)	88,284	(29,470)
Goodwill			100,875
Total			71,405

The fair value adjustment relating to trade and other payables represents an over provision for corporation tax in the BA(GH)L group at the date of acquisition.

The revenue and profit after tax from Belton Associates (Group Holdings) Limited and its subsidiaries included in the consolidated profit and loss account are £100.87m and £12.03m respectively.

Notes to the financial statements *(continued)*

26 Business Combinations *(continued)*

Independent Foster Care Services Limited

On 28 August 2015 the Group acquired the entire share capital of Independent Foster Care Services Limited ("IFCS"). The consideration paid was £3.387m and goodwill of £0.104m arose on acquisition. IFCS is a high quality provider of independent foster care services to local authorities in Wales. Management have estimated the useful economic life of goodwill to be 10 years. IFCS is well established in its local market and has a long record of stable revenue. The following table summarises the consideration paid by the Group and the fair value of assets and liabilities assumed:

Consideration at 28 August 2015	**£000**
Cash paid	3,209
Directly attributable costs	133
Settlement of liabilities in IFCS arising in connection with the acquisition	16
Deferred consideration	29
Total consideration	3,387

For cash flow purposes the amounts are disclosed as:

Purchase of subsidiaries	3,342
Operating expenditure	16
	3,358
Less cash acquired	(210)
Net cash out flow	3,148

Recognised amounts of identifiable assets acquired and liabilities assumed:

	Book values £000	**Adjustments £000**	**Fair values £000**
Intangible assets	-	2,628	2,628
Tangible assets	68	-	68
Trade and other receivables	582	-	582
Cash	210	-	210
Trade and other payables	(200)	-	(200)
Provisions	(5)	-	(5)
Total identifiable net assets	655	2,628	3,283
Goodwill			104
Total			3,387

The deferred consideration is equal to tax recoverable by IFCS under section 458 of the Corporation Tax Act 2010 as a result of the settlement of the director's loan at acquisition. It is payable to the vendor within 7 days of effective receipt by IFCS from the tax authorities.

The revenue and profit after tax from IFCS included in the consolidated profit and loss account are £3.532m and £0.311m respectively.