

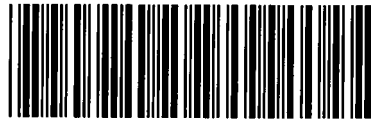
Registration number: 09248650

SSCP Spring Topco Limited

Annual Report and Consolidated Financial Statements

for the Period from 1 April 2016 to 31 August 2017

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SSCP Spring Topco Limited

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SSCP Spring Topco Limited

Company Information

Chairman	D J Quinn
Directors	I J Anderson E Biale J L Heathcote B Hopper J-L Janet D J Quinn
Company secretary	H Lecky
Registered office	Frays Court 71 Cowley Road Uxbridge Middlesex UB8 2AE
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditor

SSCP Spring Topco Limited

Strategic Report for the period from 1 April 2016 to 31 August 2017

The directors present their strategic report for the period from 1 April 2016 to 31 August 2017.

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 children's services for local authorities throughout England, Scotland, Wales and Northern Ireland.

The Group provides a choice of education and care for young people through a network of schools, residential care homes and a national network of fostering agencies.

The Group Statement of Purpose is to be "Simply the Best" children's services provider. The Group aims to provide outstanding services for children and young people through enthusiasm and commitment.

Fair review of the business

The results for the 17 month period ended 31 August 2017 include 17 months of trading for the existing underlying business of the Group, and 12 months and 28 days for Acorn Care 1 Limited and its subsidiaries ("Acorn"), a business acquired in the current period on 3 August 2016. The results for the 18 month period ended 30 June 2016 include 11 months and 6 days of trading, following the acquisition by the Group of Belton Associates (Group Holdings) Limited on 24 April 2015. Accordingly, the current period results are not directly comparable to those of the comparative period.

The turnover for the 17 month period ended 31 August 2017 ("the period under review") was £299.1m (18 month period ended 31 March 2016 ("2016"): £104.4m).

The loss for the period under review, after taxation, amounted to £60.2m (2016: loss £23.0m), however this is after accounting for significant non-cash items such as amortisation of intangible fixed assets of £52.9m (2016: £18.7m), interest accrued of £27.7m (2016: £9.4m) and a net exceptional loss on disposal of £2.7m. Having considered the above, the underlying profit for the 17 month period amounts to £23.1m (2016: £5.1m). Accordingly, the underlying trading performance of the business continues to be strong, supported by the acquisition of Acorn in the period.

The Group monitors its performance through robust monthly management accounts and a range of indicators across the schools, residential homes and fostering regions. The Group's key performance indicators during the period, in addition to those described above, relate to the number of schools in operation by Acorn (17 at 31 August 2017), the number of registered residential care homes operated by Acorn (23 at 31 August 2017) and the number of registered fostering agencies in operation (26 at 31 August 2017 (31 March 2016: 15)).

Overview

The Group has had a successful period under review, with underlying growth in foster care services further enhanced by the strategic acquisition of Acorn Care 1 Limited and its subsidiaries on 3 August 2016. The enlarged group offers special needs education (SEN), residential and foster care for young people with complex needs. The acquisition enables the combined group to offer more ways to improve the life chances for vulnerable and looked after children and young people.

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. Despite this ongoing pressure to reduce unit costs for each placement to the local authorities, the Group has maintained its underlying revenue levels and operating profitability, through its focus on providing a relevant and focused high quality service that offers value for money and measurable outcomes for its customers. 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 across the UK, reflecting its ability to respond successfully to a wide range of tender opportunities, contract extensions and the various renewal processes within existing contracts.

Objectives and strategy

A comprehensive planning process is undertaken each year with strategic 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 current strategy of the Group is to continue expanding its services in the core markets of the combined Group, i.e. fostering, education and residential care for young people, whilst maintaining high quality of services.

SSCP Spring Topco Limited

Strategic Report for the period from 1 April 2016 to 31 August 2017

Principal risks and uncertainties

Market

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 in children with complex education needs. 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 focusing on the quality of the outcomes for the children and young people in its care and education.

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

Regulatory and legislative risks

The regulatory regimes for the Group's fostering operations vary across the United Kingdom. In England, it is the responsibility of Ofsted, in Wales, it is the Care and Social Services Inspectorate Wales (now called Care Inspectorate Wales as of 15 January 2018) 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. 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.

As an education provider, the schools are registered and approved by the Department for Education ("DfE") and are subject to inspection and report by Ofsted. Periodic inspections are carried out for each school.

The Group's residential care operations are registered with Ofsted as providers of care. Regular inspections and reviews are carried out by Ofsted. Some residential facilities are also registered and inspected by the Care Quality Commission.

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 Group's principal financial instruments comprise trade and other debtors, cash and cash equivalents, trade and other creditors, loans, loan notes, amounts owed to/from fellow Group companies, preference shares and derivative financial instruments.

The main risks associated with these financial assets and liabilities are:

Credit risk

Credit risk arises principally on third party derived revenues. Group 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 Group's customers are local authorities and have a good payment history. The directors believe the Group's exposure to bad debts is not significant.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The liquidity risk within the Group 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 each Group company has recourse to additional funding through the Group's banking facilities.

SSCP Spring Topco Limited

Strategic Report for the period from 1 April 2016 to 31 August 2017

Interest rate risk

During the year interest rate risk was managed through the Group finance function using hedging instruments. The Group uses interest rate swaps to partially manage exposure to interest rate movements.

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 of 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.

Other significant risks

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 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.

The Group operates a Safeguarding Committee, chaired by the Group Quality and Compliance Director. 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.

Financing

During the period 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.

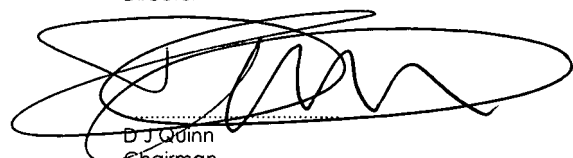
Future developments

The Group continues to invest significant resource in the development of both the physical infrastructure of its education, residential care and fostering facilities, as well as in the further development of the education, care and fostering services provided by the Group, including significant investment in recruitment and retention of foster carers.

Approved by the Board on 31st January 2018 and signed on its behalf by:



J-L Janet
Director



D J Quinn
Chairman

SSCP Spring Topco Limited

Directors' Report for the Period from 1 April 2016 to 31 August 2017

The directors present their report and the consolidated financial statements for the period from 1 April 2016 to 31 August 2017.

Directors of the Group

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

I J Anderson

E Biale

R I Burns (resigned 12 January 2017)

J L Heathcote

A V Holt (resigned 6 July 2017)

J-L Janet (appointed 31 August 2016)

D J Quinn - Chairman (appointed 31 March 2017)

The following director was appointed after the period end:

B Hopper (appointed 3 October 2017)

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.

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 £20.4m (2016: £13.6m) and net liabilities (having reflected bank loans and loan note obligations) of £69.6m (2016: £22.0m). During the period, the Group successfully refinanced its senior debt facility and secured additional loan note investment. Bank loans amounting to £272.8m (98% of the overall balance) are repayable in 2022 and 2023; loan notes amounting to £127.2m are repayable in 2024 & 2025. The Group recorded a loss of £60.2m (2016: £23.0m) for the period under review, after reflecting non-cash interest costs of £27.7m (2016: £9.4m), amortisation of intangibles amounting to £52.9m (2016: £18.7m) and other exceptional non-recurring costs of £6.8m (2016: £Nil).

The Group has generated positive operating cash flows in the period and at 31 August 2017 held cash balances amounting to £22.0m (2016: £9.7m) which is retained within the business to support future development plans such as improvement and expansion spend on its schools, offices, foster carer training facilities and residential care homes. The Group also has access to a revolving credit facility of £10m which remained undrawn throughout the period.

The underlying trading performance of the business continues to be strong with revenue and EBITDA growth during the period further supported by the acquisition of Acorn Care 1 Limited and its subsidiaries. In July 2017 a detailed annual budget for the year to 31 August 2018 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, they have determined it is appropriate to prepare the financial statements on a going concern basis.

Dividends

The directors do not recommend the payment of a dividend for the period ended 31 August 2017 (2016: Nil).

Political and charitable donations

During the year the Group made no political or charitable donations.

SSCP Spring Topco Limited

Directors' Report for the Period from 1 April 2016 to 31 August 2017

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 and staff engagement survey.

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.

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 17 month period. Under that law the directors have prepared the Group and Company financial statements 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). 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 Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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 Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

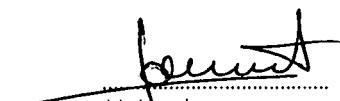
In the case of each director in office at the date the Directors' Report is approved:

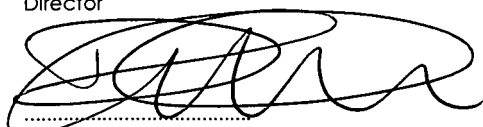
- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Reappointment of auditors

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

Approved by the Board on 31st January 2018 and signed on its behalf by:


J. H. Janet
Director


D. J. Quinn
Chairman

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 August 2017 and of the group's loss and cash flows for the 17 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 Consolidated Financial Statements (the "Annual Report"), comprise:

- the consolidated and company balance sheets as at 31 August 2017;
- the consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated and company statements 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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.

Independent Auditors' Report to the Members of SSCP Spring Topco Limited (continued)

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 6, 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



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

31 January 2018

SSCP Spring Topco Limited

Consolidated Statement of Comprehensive Income for the Period from 1 April 2016 to 31 August 2017

	Note	1 April 2016 to 31 August 2017 £ 000	3 October 2014 to 31 March 2016 £ 000
Turnover	2	299,108	104,419
Cost of sales		<u>(184,530)</u>	<u>(58,101)</u>
Gross profit		114,578	46,318
Administrative expenses		(111,848)	(44,177)
Exceptional items	3	<u>(6,755)</u>	<u>-</u>
Operating (loss)/profit	3	<u>(4,025)</u>	<u>2,141</u>
Interest receivable and similar income	4	12	-
Interest payable and similar charges	5	<u>(61,767)</u>	<u>(23,454)</u>
		<u>(61,755)</u>	<u>(23,454)</u>
Loss on ordinary activities before tax		(65,780)	(21,313)
Taxation	8	<u>5,572</u>	<u>(1,729)</u>
Loss and Total comprehensive expense for the financial period		<u><u>(60,208)</u></u>	<u><u>(23,042)</u></u>

Turnover and operating loss derive from continuing operations.

The group has no items of other comprehensive income.

SSCP Spring Topco Limited

(Registration number: 09248650)

Consolidated Balance Sheet as at 31 August 2017

	Note	31 August 2017 £ 000	31 March 2016 £ 000
Fixed assets			
Intangible assets	9	314,757	172,740
Tangible assets	11	<u>82,135</u>	<u>4,596</u>
		<u>396,892</u>	<u>177,336</u>
Current assets			
Stocks	14	30	-
Debtors	15	31,557	12,746
Cash at bank and in hand	16	<u>21,974</u>	<u>9,679</u>
		53,561	22,425
Creditors: amounts falling due within one year	17	<u>(33,207)</u>	<u>(8,858)</u>
Net current assets		<u>20,354</u>	<u>13,567</u>
Total assets less current liabilities		417,246	190,903
Creditors: amounts falling due after more than one year	18	(455,789)	(212,511)
Provisions for liabilities	19	<u>(31,068)</u>	<u>(347)</u>
Net liabilities		<u>(69,611)</u>	<u>(21,955)</u>
Capital and reserves			
Called up share capital	22	-	-
Share premium		13,639	1,087
Profit and loss account		<u>(83,250)</u>	<u>(23,042)</u>
Equity attributable to owners of the company		<u>(69,611)</u>	<u>(21,955)</u>
Total equity		<u>(69,611)</u>	<u>(21,955)</u>

The financial statements on pages 9 to 40 were approved and authorised by the Board on 31st January 2018 and signed on its behalf by:


J. Anderson
Director


J-L Janet
Director

The notes on pages 15 to 40 form an integral part of these financial statements.

SSCP Spring Topco Limited

(Registration number: 09248650)
Balance Sheet as at 31 August 2017

	Note	31 August 2017 £ 000	31 March 2016 £ 000
Fixed assets			
Investments	12	<u>13,363</u>	<u>952</u>
Current assets			
Debtors	15	9,270	9,671
Creditors: amounts falling due within one year	17	<u>(38)</u>	<u>-</u>
Net current assets		<u>9,232</u>	<u>9,671</u>
Total assets less current liabilities		22,595	10,623
Creditors: amounts falling due after more than one year	18	<u>(12,659)</u>	<u>(10,570)</u>
Net assets		<u><u>9,936</u></u>	<u><u>53</u></u>
Capital and reserves			
Called up share capital	22	-	-
Share premium reserve		13,652	1,095
Profit and loss account		<u>(3,716)</u>	<u>(1,042)</u>
Total equity		<u><u>9,936</u></u>	<u><u>53</u></u>

The company made a loss after tax for the financial period of £2,674,000 (2016 - loss of £1,042,000).

The financial statements on pages 9 to 40 were approved and authorised by the Board on ~~31st~~ January 2018 and signed on its behalf by:


J. Anderson
Director


J-L Jabet
Director

SSCP Spring Topco Limited

Consolidated Statement of Changes in Equity for the Period from 1 April 2016 to 31 August 2017 Equity attributable to the parent company

	Called up share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
Loss for the period	-	-	(23,042)	(23,042)
Total comprehensive expense	-	-	(23,042)	(23,042)
Share issue	-	1,095	-	1,095
Share purchases by EBT	-	(8)	-	(8)
At 31 March 2016	-	1,087	(23,042)	(21,955)

	Called up share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 April 2016	-	1,087	(23,042)	(21,955)
Loss for the period	-	-	(60,208)	(60,208)
Total comprehensive expense	-	-	(60,208)	(60,208)
Share issue	-	12,557	-	12,557
Share purchases by EBT	-	(5)	-	(5)
At 31 August 2017	-	13,639	(83,250)	(69,611)

The notes on pages 15 to 40 form an integral part of these financial statements.

SSCP Spring Topco Limited

Statement of Changes in Equity for the Period from 1 April 2016 to 31 August 2017

	Called up share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
Loss for the period	-	-	(1,042)	(1,042)
Total comprehensive expense	-	-	(1,042)	(1,042)
Share issue	-	1,095	-	1,095
At 31 March 2016	-	1,095	(1,042)	53

	Called up share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 April 2016	-	1,095	(1,042)	53
Loss for the period	-	-	(2,674)	(2,674)
Total comprehensive expense	-	-	(2,674)	(2,674)
Share issue	-	12,557	-	12,557
At 31 August 2017	-	13,652	(3,716)	9,936

The notes on pages 15 to 40 form an integral part of these financial statements.

SSCP Spring Topco Limited

Consolidated Cash Flow Statement for the Period from 1 April 2016 to 31 August 2017

	Note	1 April 2016 to 31 August 2017 £ 000	3 October 2014 to 31 March 2016 £ 000
Cash generated from operating activities	23	47,709	17,226
Taxation (net) paid		<u>(1,082)</u>	<u>(929)</u>
Net cash generated from operating activities		<u>46,627</u>	<u>16,297</u>
Cash flows from investing activities			
Interest received		12	-
Purchase of subsidiary undertaking (net of cash acquired)	10	(221,859)	(70,646)
Proceeds from sale of subsidiary undertaking		6,126	-
Acquisitions of tangible assets		(7,033)	(766)
Proceeds from sale of tangible assets		628	-
Acquisition of intangible assets		(207)	-
Proceeds from sale of intangible assets		<u>1,864</u>	<u>-</u>
Net cash used in investing activities		<u>(220,469)</u>	<u>(71,412)</u>
Cash flows from financing activities			
Interest paid		(31,770)	(9,409)
Proceeds from issue of ordinary shares, net of issue costs		12,557	1,095
Payments for purchase of own shares		(5)	(8)
Proceeds from new long term loans		162,050	135,000
Repayment of loans and borrowing		(11,588)	(81,429)
Proceeds from other borrowing draw downs		-	3,350
Proceeds from issue of shares classified as liabilities		45,087	-
Repayment of capital element of finance lease and HP		(44)	-
Issue of loan notes		16,000	71,905
Repayment of loan notes		-	(48,882)
Repurchase of loan notes and interest by EBT		(148)	-
Issue costs on loans		<u>(6,002)</u>	<u>(6,828)</u>
Net cash generated from financing activities		<u>186,137</u>	<u>64,794</u>
Net increase in cash and cash equivalents		12,295	9,679
Cash and cash equivalents at 1 April		<u>9,679</u>	<u>-</u>
Cash and cash equivalents at 31 August / 31 March		<u><u>21,974</u></u>	<u><u>9,679</u></u>

The notes on pages 15 to 40 form an integral part of these financial statements.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

1 Accounting policies

SSCP Spring Topco Limited ("the Company") is a limited liability company incorporated in England.

The address of its registered office is: Frays Court, 71 Cowley Road, Uxbridge, Middlesex, UB8 2AE, England.

These financial statements were authorised for issue by the Board on 26 January 2018.

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.

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.

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 within this note.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its own profit and loss account.

The financial statements have been prepared in Sterling, which is the functional currency, and rounded to the nearest £000.

Summary of exemptions

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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings (together, the "Group") up to 31 August 2017. 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 statement of comprehensive income 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.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

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 £20.4m (2016: £13.6m) and net liabilities (having reflected bank loans and loan note obligations) of £69.6m (2016: £22.0m). During the period, the Group successfully refinanced its senior debt facility and secured additional loan note investment. Bank loans amounting to £272.8m (98% of the overall balance) are repayable in 2022 and 2023; loan notes amounting to £127.2m are repayable in 2024 & 2025. The Group recorded a loss of £60.2m (2016: £23.0m) for the period under review, after reflecting non-cash interest costs of £27.7m (2016: £9.4m), amortisation of intangibles amounting to £52.9m (2016: £18.7m) and other exceptional non-recurring costs of £6.8m (2016: £Nil).

The Group has generated positive operating cash flows in the period and at 31 August 2017 held cash balances amounting to £22.0m (2016: £9.7m) which is retained within the business to support future development plans such as improvement and expansion spend on its schools, offices, foster carer training facilities and residential care homes. The Group also has access to a revolving credit facility of £10m which remained undrawn throughout the period.

The underlying trading performance of the business continues to be strong with revenue and EBITDA growth during the period further supported by the acquisition of Acorn Care 1 Limited and its subsidiaries. In July 2017 a detailed annual budget for the year to 31 August 2018 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, they have determined it is appropriate to prepare the financial statements on a going concern basis.

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 Acorn Care 1 Limited

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, property valuations, 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

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.

- Tangible fixed assets

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

- Provisions

Provisions are made for dilapidations, onerous contracts and other specific obligations. This requires management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations requires management's judgement.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

- Taxation

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

Turnover

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

Revenue recognition

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance.

In relation to the provision of foster care, 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. In relation to the provision of education and residential care, revenue is recognised pro-rata (on a straight-line basis) over the relevant period that the student is enrolled and receiving care.

Revenue is measured at the fair value of the consideration received, excluding VAT and discounts.

Exceptional items

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

Employee benefits

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

- Short term benefits

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.

- Pensions

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.

Pension contributions are made in respect of certain eligible teaching staff to the Teachers Pension Agency which is a "Multi-Employer" pension scheme. Based on consultations the directors are unable to identify the Group's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Consequently, the Group treats the scheme as a defined contribution scheme with contributions charged to profit and loss as they become payable in accordance with the rules of the scheme.

- Annual bonus plan

The Group operates a number of annual bonus plans for certain employees. An expense is recognised in profit and loss when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

Current and deferred tax

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.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

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, other than in respect of the initial recognition of goodwill. 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.

Goodwill

On acquisition of a business, fair values are attributed to the identifiable assets and liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

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 and 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 profit and loss. 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 Statement of Comprehensive Income. 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 carrying 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

Freehold Land is not depreciated. 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:

Asset class	Depreciation method and rate
Freehold and leasehold property	2% straight line
Plant and machinery	15% straight line
Fixtures, fittings and equipment	15-33% straight line
Motor vehicles	25% straight line

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and reward of ownership to the lessee. All other leases are classified as operating 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.

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at the lower of their fair value at inception of the lease and the present value of the minimum lease payments and are depreciated over the shorter of the lease term and the useful lives. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between the reduction of the lease liability and finance charges in the Statement of Comprehensive Income so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

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.

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.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

Financial instruments

• Financial Assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

• Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, 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 the future receipts discounted at a market rate of interest.

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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

The Mark to Market Value ("MTM") of the interest rate hedge (note 26), excluding accrued interest which is included in accruals, is included in the Group balance sheet in creditors. Changes in the MTM in the period are recognised in interest payable and similar charges in the statement of comprehensive income.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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.

Stock

Stock is stated at the lower of cost and net realisable value.

At each reporting date, stocks are assessed for impairment. If impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit and loss.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

2 Turnover

Analysis of turnover for the period from continuing operations is as follows:

	1 April 2016 to 31 August 2017 £ 000	3 October 2014 to 31 March 2016 £ 000
Rendering of services	<u>299,108</u>	<u>104,419</u>

Turnover is derived from the principal activity of the group wholly undertaken in the United Kingdom.

3 Operating loss

Operating profit is stated after charging/(crediting)

	1 April 2016 to 31 August 2017 £ 000	3 October 2014 to 31 March 2016 £ 000
Depreciation expense of owned assets	5,080	465
Depreciation of assets held under finance lease and hire purchase	56	-
Amortisation expense	52,851	18,695
Operating lease charges	2,183	709
(Profit)/loss on disposal of tangible assets	<u>(44)</u>	<u>8</u>

Exceptional items:

	£ 000	£ 000
Loss on disposal of subsidiary	4,361	-
Gain on disposal of intangible assets	(1,656)	-
Restructuring and integration costs	<u>4,050</u>	<u>-</u>
	<u>6,755</u>	<u>-</u>

Fees payable to the company's auditors:

	£ 000	£ 000
Audit of the financial statements	25	16
Audit of subsidiaries	246	119
Audit-related assurance services	4	22
Tax compliance services	49	42
Tax advisory services	378	17
Corporate finance services	<u>704</u>	<u>-</u>
Total amount payable to the company's auditors	<u>1,406</u>	<u>216</u>

4 Interest receivable and similar income

	1 April 2016 to 31 August 2017 £ 000	3 October 2014 to 31 March 2016 £ 000
Interest income on bank deposits	<u>12</u>	<u>-</u>

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

5 Interest payable and similar charges

	1 April 2016 to 31 August 2017 £ 000	3 October 2014 to 31 March 2016 £ 000
Interest on loans and borrowings	32,195	11,563
Interest on preference shares	7,035	-
Net changes in fair value of cash flow hedges	(468)	1,188
Amortisation of finance fees	2,370	1,303
Interest on investor loan notes	20,631	9,400
Interest on obligations under finance leases and hire purchase contracts	4	-
	<u>61,767</u>	<u>23,454</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	1 April 2016 to 31 August 2017 £ 000	3 October 2014 to 31 March 2016 £ 000
Wages and salaries	64,732	14,228
Social security costs	5,995	1,539
Other pension costs	1,503	443
	<u>72,230</u>	<u>16,210</u>

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

	1 April 2016 to 31 August 2017 No.	3 October 2014 to 31 March 2016 No.
Teaching, care and administrative staff	<u>1,717</u>	<u>391</u>

Company

The company had no employees during the period under review (2016: nil).

7 Directors' remuneration

The directors' remuneration for the period was as follows:

	1 April 2016 to 31 August 2017 £ 000	3 October 2014 to 31 March 2016 £ 000
Remuneration	1,082	600
Contributions paid to money purchase schemes	16	-
	<u>1,098</u>	<u>600</u>

During the period the number of directors who were receiving benefits was as follows:

	1 April 2016 to 31 August 2017 No.	3 October 2014 to 31 March 2016 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>1</u>

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

In respect of the highest paid director:

	1 April 2016 to 31 August 2017 £ 000	3 October 2014 to 31 March 2016 £ 000
Remuneration	650	319
Company contributions to money purchase pension schemes	<u>4</u>	<u>-</u>

8 Tax on loss on ordinary activities

Tax charged/(credited) in the income statement

	1 April 2016 to 31 August 2017 £ 000	3 October 2014 to 31 March 2016 £ 000
Current taxation		
UK corporation tax	3,194	1,631
UK corporation tax adjustment in respect of prior periods	<u>(830)</u>	<u>-</u>
Total current tax	<u>2,364</u>	<u>1,631</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(7,278)	98
Arising from changes in tax rates and laws	<u>(658)</u>	<u>-</u>
Total deferred taxation	<u>(7,936)</u>	<u>98</u>
Tax (receipt)/expense in the income statement	<u><u>(5,572)</u></u>	<u><u>1,729</u></u>

Factors affecting current tax charge for the year

The tax on loss before tax for the period is higher than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK) of 19.71% (2016 - 20%).

The differences are reconciled below:

	1 April 2016 to 31 August 2017 £ 000	3 October 2014 to 31 March 2016 £ 000
Loss before tax	<u>(65,780)</u>	<u>(21,313)</u>
Corporation tax at standard rate	(12,965)	(4,263)
Effects of:		
Effect of expense not deductible in determining taxable profit (tax loss)	16,125	5,906
UK deferred tax expense (credit) relating to changes in tax rates or laws	(658)	-
Deferred tax credit in relation to intangible assets on business combinations	(7,244)	-
Tax increase (decrease) from effect of capital allowances and depreciation	-	86
Adjustment for prior period	<u>(830)</u>	<u>-</u>
Total tax (credit)/charge	<u><u>(5,572)</u></u>	<u><u>1,729</u></u>

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

Factors that may affect future tax charges

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Deferred tax

Group

The movement in the deferred tax liability in the period is as follows:

	Liability £ 000
At 1 April 2016	(111)
Additions charged in the profit and loss account	221
Arising on business combinations	(19,291)
Other additions	(16,282)
Disposals	1,003
Provisions used in the year	6,019
Changes in tax rate	658
At 31 August 2017	<u>(27,783)</u>

Other additions in the period relates to the gross up of deferred tax in relation to intangible assets acquired in the prior year through business combinations. A corresponding adjustment has been made to intangible assets in the current period.

The analysis of deferred tax assets and liabilities is as follows:

	Liability £ 000
31 August 2017	
Accelerated capital allowances	(74)
Tax losses available	87
Other timing differences	161
Acquired tangible assets	(3,875)
Acquired intangible assets	<u>(24,082)</u>
	<u>(27,783)</u>
31 March 2016	
Accelerated capital allowances	(111)
Tax losses available	-
Other timing differences	-
Acquired tangible assets	-
Acquired intangible assets	<u>(111)</u>

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

Company

The company has no deferred tax provision at 31 August 2017 (2016: £Nil).

9 Intangible assets

Group

	Goodwill £ 000	Foster carer base £ 000	Customer relationships £ 000	Brand £ 000	Total £ 000
Cost					
At 1 April 2016	100,978	9,248	47,551	33,658	191,435
Additions	16,282	207	-	-	16,489
Acquired through business combinations	98,548	5,183	47,067	38,600	189,398
Disposals	(5,375)	(963)	(3,197)	(2,621)	(12,156)
At 31 August 2017	210,433	13,675	91,421	69,637	385,166
Amortisation					
At 1 April 2016	9,460	1,698	4,410	3,127	18,695
Amortisation charge	28,549	3,698	11,736	8,868	52,851
Amortisation eliminated on disposals	(466)	(167)	(277)	(227)	(1,137)
At 31 August 2017	37,543	5,229	15,869	11,768	70,409
Net book value					
At 31 August 2017	172,890	8,446	75,552	57,869	314,757
At 31 March 2016	91,518	7,550	43,141	30,531	172,740

Goodwill additions in the period relates to the gross up of deferred tax in relation to intangible assets acquired in the prior year through business combinations. A corresponding adjustment has been made to deferred tax in the current period.

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

	Carrying amount £ 000	Remaining amortisation period (years)
Carer base		
Belton Associates (Group Holdings) Limited and subsidiaries	4,626	2.6
Independent Foster Care Services Limited	304	3.0
Acorn Care 1 Limited and subsidiaries	3,310	3.9
Brand		
Belton Associates (Group Holdings) Limited and subsidiaries	25,132	7.6
Independent Foster Care Services Limited	632	8.0
Acorn Care 1 Limited and subsidiaries	32,105	8.9
Customer Relationships		
Belton Associates (Group Holdings) Limited and subsidiaries	35,343	7.6
Independent Foster Care Services Limited	1,063	8.0
Acorn Care 1 Limited and subsidiaries	39,146	8.9

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

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 August 2017 (2016: £nil).

10 Business combinations

On 3 August 2016, SSCP Spring Bidco Limited acquired 100% of the issued share capital of Acorn Care 1 Limited (parent undertaking for Acorn Care and Education Limited and its subsidiaries), consequently obtaining control of Acorn Care 1 Limited and its direct and indirect subsidiaries.

Acorn Care 1 Limited and its subsidiaries contributed £134,909,242 revenue and profit of £11,548,000 to the Group's loss for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book values £000	Adjustments £000	Fair values £000
Intangible assets	-	90,850	90,850
Tangible assets	52,958	23,295	76,253
Stock	24	-	24
Trade and other receivables	19,392	-	19,392
Deferred tax	114	(19,405)	(19,291)
Cash	9,643	-	9,643
Trade and other payables	(32,603)	-	(32,603)
Debt	(68)	-	(68)
Provisions	(1,246)	-	(1,246)
Total identifiable net assets	<u>48,214</u>	<u>94,740</u>	<u>142,954</u>
Goodwill			<u>98,548</u>
Total			<u><u>241,502</u></u>

The adjustments relate to the valuation of freehold property, separately identified intangible fixed assets and the related deferred tax liability.

Total consideration paid of £241,502,000 includes cash of £224,922,000, debt instruments issued of £10,000,000 and directly attributable costs of £6,580,000.

For cash flow purposes the amounts are disclosed as cash consideration £231,502,000 less cash balances acquired of £9,643,000; net total of £221,859,000.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

11 Tangible assets

Group

	Freehold land and buildings £ 000	Long leasehold land and buildings £ 000	Plant and machinery £ 000	Fixtures, fittings and equipment £ 000	Motor vehicles £ 000	Total £ 000
Cost						
At 1 April 2016	3,203	-	823	1,006	29	5,061
Additions	3,511	592	108	2,459	363	7,033
Acquisitions	68,463	2,258	284	4,706	542	76,253
Disposals	(948)	(10)	(1)	(644)	(108)	(1,711)
Disposal of subsidiary undertaking	-	(4)	-	(23)	-	(27)
At 31 August 2017	<u>74,229</u>	<u>2,836</u>	<u>1,214</u>	<u>7,504</u>	<u>826</u>	<u>86,609</u>
Depreciation						
At 1 April 2016	49	-	145	264	7	465
Charge for the period	1,943	290	167	2,450	286	5,136
Eliminated on disposal	(403)	(10)	(1)	(632)	(81)	(1,127)
At 31 August 2017	<u>1,589</u>	<u>280</u>	<u>311</u>	<u>2,082</u>	<u>212</u>	<u>4,474</u>
Net book value						
At 31 August 2017	<u>72,640</u>	<u>2,556</u>	<u>903</u>	<u>5,422</u>	<u>614</u>	<u>82,135</u>
At 31 March 2016	<u>3,154</u>	<u>-</u>	<u>678</u>	<u>742</u>	<u>22</u>	<u>4,596</u>

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2017 £ 000	2016 £ 000
Fixtures and fittings	<u>61</u>	<u>-</u>

Company

The company had no tangible assets at 31 August 2017 (2016: £nil).

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

12 Investments held as fixed assets

Company

	31 August 2017 £ 000	31 March 2016 £ 000
Investments in subsidiaries	<u>13,363</u>	<u>952</u>

Subsidiaries

£ 000

Cost

At 1 April 2016	952
Additions	<u>12,411</u>
At 31 August 2017	<u>13,363</u>

Carrying amount

At 31 August 2017	<u>13,363</u>
At 31 March 2016	<u>952</u>

The cost and carrying value represents the company's investment in its immediate subsidiary undertaking SSCP Spring Midco 1 Limited. During the period the company subscribed for additional ordinary equity in SSCP Spring Midco 1 Limited.

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	Principal activity
Subsidiary undertakings			
SSCP Spring Midco 1 Limited*	England & Wales	100%	Holding of investments and financing for the Group
SSCP Spring Midco 2 Limited*	England & Wales	100%	Holding of investments and financing for the Group
SSCP Spring Bidco Limited*	England & Wales	100%	Holding of investments and financing for the Group
NFAG Limited*	England & Wales	100%	Holding of investments and properties
NFAH Limited*	England & Wales	100%	Holding of investments
The National Fostering Agency Limited*	England & Wales	100%	Provision of foster care services
The National Fostering Agency (Scotland) Limited*	England & Wales	100%	Provision of foster care services
The Foster Care Agency Limited*	England & Wales	100%	Provision of foster care services
NFA Partnerships Limited*	England & Wales	100%	Holding of investments

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

Undertaking	Country of incorporation	Percentage	Principal activity
NFAP Limited*	England & Wales	100%	Holding of investments
Children First Fostering Agency Limited*	England & Wales	100%	Provision of foster care services
Alliance Foster Care Limited*	England & Wales	100%	Provision of foster care services
Alpha Plus Fostering Limited*	England & Wales	100%	Provision of foster care services
Jay Fostering Limited*	England & Wales	100%	Provision of foster care services
Care Administration & Management Services Limited*	England & Wales	100%	Provision of foster care services
Kindercare Fostering Northern Ireland Limited*** ^	Northern Ireland	100%	Provision of foster care services
Kindercare Fostering Limited*	England & Wales	100%	Dormant
Fostering Relations Limited**** ^	Scotland	100%	Provision of foster care services
Archway Care Limited*	England & Wales	100%	Provision of foster care services
Independent Foster Care Services Limited*	England & Wales	100%	Provision of foster care services
Belton Associates Limited*	England & Wales	100%	Holding of investments and the provision of management services for the group
Belton Associates Holdings Limited*	England & Wales	100%	Holding of investments
Belton Associates (Group Holdings) Limited*	England & Wales	100%	Holding of investments and financing for the Group
Belton Associates Group Limited*	England & Wales	100%	Holding of investments
Acorn Care 1 Limited**	England & Wales	100%	Holding of investments
Acorn Care 2 Limited**	England & Wales	100%	Holding of investments
Acorn Care 3 Limited**	England & Wales	100%	Holding of investments
Acorn Care 4 Limited**	England & Wales	100%	Holding of investments
Acorn Care and Education Limited**	England & Wales	100%	Holding of investments and the provision of management services for the Group
Acorn Norfolk Limited**	England & Wales	100%	Provision of care and education services
Acorn Academies Limited**	England & Wales	100%	Dormant
Advance Foster Care Limited**	England & Wales	100%	Dormant
Ascot College Limited**	England & Wales	100%	Non-trading
Belmont School Limited**	England & Wales	100%	Provision of care and education services
Bramfield House School Limited**	England & Wales	100%	Provision of care and education services
Careforward Limited**	England & Wales	100%	Dormant

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

Undertaking	Country of incorporation	Percentage	Principal activity
Crookhey Hall Limited**	England & Wales	100%	Provision of care and education services
Focus on Fostering Limited**	England & Wales	100%	Provision of foster care services
Fostering Solutions Limited**	England & Wales	100%	Provision of foster care services
Fostering Solutions (Hitchin) Limited**	England & Wales	100%	Provision of foster care services
Fostering Solutions Northern Limited ** ^	England & Wales	100%	Provision of foster care services
Happen Fostercare Limited**	England & Wales	100%	Dormant
Happen Holdings Limited**	England & Wales	100%	Dormant
Heath Farm Family Services Limited**	England & Wales	100%	Provision of foster care and education services
Heath Farm Fostering Agency**	England & Wales	100%	Dormant
Heath Farm Limited**	England & Wales	100%	Holding of investments
Hopscotch Solutions Limited**	England & Wales	100%	Provision of care and education services
JAFa North East UK Limited**	England & Wales	100%	Dormant
JAFa (Pipss) Limited**	England & Wales	100%	Dormant
Kestrel House London Limited**	England & Wales	100%	Provision of care and education services
Kestrel House School Limited**	England & Wales	100%	Holding of investments
Kids and Carers Limited**	England & Wales	100%	Dormant
Knossington Grange School Limited**	England & Wales	100%	Provision of care and education services
Longdon Hall School Limited**	England & Wales	100%	Provision of care and education services
Meadowcroft Residential Schools Limited**	England & Wales	100%	Provision of care and education services
National Fostering Agency West Limited**	England & Wales	100%	Provision of foster care services
Partners in Parenting Limited**	England & Wales	100%	Dormant
Pathway Care (Bristol) Limited**	England & Wales	100%	Provision of foster care services
Pathway Care (Holdings) Limited**	England & Wales	100%	Holding of investments
Pathway Care Group Limited**	England & Wales	100%	Holding of investments
Pathway Care Solutions Group Limited**	England & Wales	100%	Provision of residential care services
Pathway Care Solutions Limited**	England & Wales	100%	Provision of residential care services
Pathway Care Solutions II Limited**	England & Wales	100%	Provision of residential care services
Pathway Care South West Limited**	England & Wales	100%	Provision of foster care services

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

Undertaking	Country of incorporation	Percentage	Principal activity
Pentangle Management and Consultancy Limited**	England & Wales	100%	Dormant
The Clarion Agency**	England & Wales	100%	Dormant
Threemilestone Education Limited**	England & Wales	100%	Provision of care and education services
Underley Education Services Limited**	England & Wales	100%	Provision of care and education services
Underley Schools Limited**	England & Wales	100%	Provision of care and education services
Waterloo Lodge School Limited**	England & Wales	100%	Provision of care and education services

^ Kindercare Fostering Northern Ireland Limited, Fostering Relations Limited and Fostering Solutions Northern Limited are private companies limited by guarantee; the holding therefore represents sole membership. All other holdings are Ordinary share capital.

SSCP Spring Midco 1 Limited is held directly by the company. All other investments are held indirectly by a subsidiary undertaking.

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

The registered office address of subsidiary undertakings is as indicated and follows:

* Frays Court, 71 Cowley Road, Uxbridge, Middlesex. UB8 2AC

** 1 Merchant's Place, River Street, Bolton, Lancashire. BL2 1BX

*** Unit 24 Castlereagh Industrial Estate, 40 Montgomery Road, Belfast, Northern Ireland. BT6 9HL

**** Dalgety Bay Business Centre, Sybrig House, Ridge Way, Dalgety Bay, Fife. KY11 9JN

13 Disposal of subsidiary

On 14 June 2017, the Group disposed of its interest in Pathway Care Limited. The loss on disposal of Pathway Care Limited was £4,361,000. Pathway Care Limited contributed £1,045,425 to the Group loss.

14 Stocks

	Group
	31 August 2017 £ 000
Fuel stock	30
	-

The difference between purchase price and replacement cost is not material.

Company

The company had no stock at 31 August 2017 (2016: £nil).

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

15 Debtors

		Group		Company	
		31 August 2017 £ 000	31 March 2016 £ 000	31 August 2017 £ 000	31 March 2016 £ 000
	Note				
Trade debtors		27,670	10,244	-	-
Amounts owed by group undertakings		-	-	8,358	9,671
Loans to related parties	25	110	-	110	-
Accrued income		318	-	-	-
Other debtors		1,393	1,433	802	-
Prepayments		<u>2,066</u>	<u>1,069</u>	<u>-</u>	<u>-</u>
Total current trade and other debtors		<u>31,557</u>	<u>12,746</u>	<u>9,270</u>	<u>9,671</u>

All amounts fall due within one year.

Trade debtors are stated after provisions for impairment of £1,113,000 (2016: £240,000).

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

16 Cash at bank and in hand

	Group	
	31 August 2017 £ 000	31 March 2016 £ 000
Cash on hand	47	-
Cash at bank	<u>21,927</u>	<u>9,679</u>
	<u>21,974</u>	<u>9,679</u>

Company

The company had no cash at 31 August 2017 (2016: £nil).

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

17 Creditors: amounts falling due within one year

Note	Group		Company	
	31 August 2017 £ 000	31 March 2016 £ 000	31 August 2017 £ 000	31 March 2016 £ 000
Bank loans	4,649	1,000	-	-
Trade creditors	2,398	1,220	-	-
Derivative financial instruments	719	-	-	-
Corporation tax	594	542	-	-
Social security and other taxes	1,499	451	-	-
Outstanding defined contribution pension costs	155	-	-	-
Obligations under finance lease and hire purchase contracts	7	-	-	-
Other creditors	574	39	38	-
Accruals and deferred income	22,612	5,555	-	-
Other current financial liabilities	-	51	-	-
	<u>33,207</u>	<u>8,858</u>	<u>38</u>	<u>-</u>

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

18 Creditors: amounts falling due after more than one year

Note	Group		Company	
	31 August 2017 £ 000	31 March 2016 £ 000	31 August 2017 £ 000	31 March 2016 £ 000
Loan notes	126,745	80,724	12,659	10,570
Bank loans	276,891	130,599	-	-
Preference shares	45,087	-	-	-
Interest accrued on preference shares	7,035	-	-	-
Derivative financial instruments	-	1,188	-	-
Obligations under finance lease and hire purchase contracts	31	-	-	-
	<u>455,789</u>	<u>212,511</u>	<u>12,659</u>	<u>10,570</u>

Maturity of debt

The maturity of the sources of debt finance are as follows:

	Group		Company	
	31 August 2017 £ 000	31 March 2016 £ 000	31 August 2017 £ 000	31 March 2016 £ 000
Amounts falling due between one to five years				
Bank loans	44,609	4,000	-	-
Derivative financial instruments	-	1,188	-	-
Obligations under finance lease and hire purchase contracts	31	-	-	-
	<u>44,640</u>	<u>5,188</u>	<u>-</u>	<u>-</u>

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

	Group		Company	
	31 August 2017 £ 000	31 March 2016 £ 000	31 August 2017 £ 000	31 March 2016 £ 000
Amounts falling due after more than five years				
Bank loans	232,282	126,599	-	-
Loan notes	126,745	80,724	12,659	10,570
Preference shares and interest accrued	52,122	-	-	-
	<u>411,149</u>	<u>207,323</u>	<u>12,659</u>	<u>10,570</u>
Total due after one year	<u>455,789</u>	<u>212,511</u>	<u>12,659</u>	<u>10,570</u>

Bank loans

On 14 July 2016 the existing banking facilities provided by a consortium of lenders, were amended and restated to increase the Group's borrowing to help fund the acquisition of Acorn Care 1 Limited and its subsidiaries.

Facility A Bank loan of £46,609,192 at 31 August 2017 (2016: £9,000,000) attracts an interest rate of LIBOR plus 3.5%. During the period, scheduled capital repayments of £1,000,000 and £971,025 were made on 28 February 2017 and 31 August 2017 respectively. A capital repayment of £1,179,726 was made on 22 June 2017, following the disposal of a subsidiary with a further capital payment of £240,057 on 24 July 2017 following disposal of certain trade and assets. Capital repayments of £1,000,000 will continue on a bi-annual basis, i.e. twice a year, until 31 August 2018, before increasing to £2,000,000 until 31 August 2020 and £2,500,000 until 31 August 2021. The final repayment of £31,609,192 is due 24 April 2022.

Facility B Bank loan of £241,202,567 at 31 August 2017 (2016: £125,000,000) attracts an interest rate of LIBOR plus 7.75%. During the period, a capital repayment of £5,980,490 was made on 22 June 2017 following the disposal of a subsidiary, with a further capital repayment of £1,216,943 on 24 July 2017 following disposal of certain trade and assets. No further capital repayments are due until 23 April 2023 when the entire balance becomes repayable.

Interest accrued on bank loans at 31 August 2017 was £2,649,000 (2016: £Nil).

Unamortised issue costs amounting to £8,921,000 (2016: £5,751,000), have been offset against bank loans and are being amortised over the life of the loan.

The margins on the Facility A and Facility B loan may reduce in the future depending on the ratio of debt to earnings. The bank loans are secured by way of fixed and floating charges across the Group's assets.

The Group has access to an acquisition loan facility of £20,000,000 and a revolving credit facility of £10,000,000 on which it pays non usage fees of 1.4%. On 14 July 2016 the Group repaid £3,350,000 outstanding on the acquisition loan facility hence both balances remain undrawn at 31 August 2017.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

Investor loan notes

£62,498,250 of unsecured investor loan notes in the Group are held by SSCP Spring Holdings SCA. These 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 August 2017 the value of capitalised interest was £18,915,249 (2016: £8,198,000), with a further £3,840,933 interest accrued (2016: £nil).

£9,406,750 of unsecured investor loan notes in the Company are held by management and the EBT. During the year, the EBT purchased £123,125 of loan notes from managers leaving the group giving a balance held by the EBT at 31 August 2017 of £664,875 (2016: £541,750). 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 August 2017 the value of capitalised interest was £3,187,075 (2016: £1,163,000). The loan notes held by the EBT do not accrue interest.

Issue costs of £462,000 are outstanding at 31 August 2017 and are being amortised over the period to January 2024.

During the period, £16,000,000 of variable rate investor loan notes were issued. These loan notes carry an interest rate of LIBOR+13.5% per annum and are repayable on 8 February 2024. Interest is capitalised and added to the outstanding loan balance on a quarterly basis. At 31 August 2017 the value of capitalised interest was £2,604,838. On 3 November 2017, these loan notes were listed on The International Stock Exchange Limited ("TISE").

As part of the acquisition of Acorn Care 1 Limited (note 10) £10,000,000 of unsecured vendor loan notes were issued to the previous majority investor of Acorn Care 1 Limited and its subsidiaries. These loan notes carry an interest rate of 12.5% and are repayable on 2 November 2024. Interest is capitalised and added to the outstanding loan balance on a quarterly basis. At 31 August 2017 the value of capitalised interest was £1,418,751. On 3 November 2017, these loan notes were listed on The International Stock Exchange Limited ("TISE").

Redeemable preference shares

The 14% cumulative redeemable preference shares on which interest of £7,034,722 (2016: £nil) was accrued in the period, are redeemable on 24 April 2025.

19 Provision for liabilities

Group

	Deferred tax £ 000	Dilapidations £ 000	Onerous leases £ 000	Sleep-in payments £ 000	Other provisions £ 000	Total £ 000
At 1 April 2016	111	236	-	-	-	347
Additional provisions	-	-	-	1,532	-	1,532
Business combinations	19,291	300	426	-	820	20,837
Other additions	16,282	-	-	-	-	16,282
Disposals	(1,003)	-	-	-	-	(1,003)
Increase in provisions	-	67	-	-	205	272
Provisions used	(6,898)	-	(110)	-	(191)	(7,199)
At 31 August 2017	<u>27,783</u>	<u>603</u>	<u>316</u>	<u>1,532</u>	<u>834</u>	<u>31,068</u>

Dilapidation

As part of the Group's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to profit and loss as the obligation arises.

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.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

Sleep-in provision

In January 2018, a number of subsidiaries joined the HMRC Social Care Compliance Scheme in relation to historic National Minimum Wage underpayments as a result of sleep-in shifts. As part of the scheme the Group has until 20 December 2018 to calculate and declare underpayments to HMRC before making payment before 31 March 2019.

Other provisions

Other provisions relates to an enforcement notice for works required to a listed property held by the Group. The provision has been calculated based on management's latest estimate of work but is subject to confirmation and competitive contract tender. It is expected that most of these costs will be incurred in the next two financial years.

Company

The company had no deferred tax and other provisions at 31 August 2017 (2016: £nil).

20 Commitments under operating leases

Group

Operating leases

The total of future minimum lease payments is as follows:

	31 August 2017 £ 000	31 March 2016 £ 000
Not later than one year	1,913	550
Later than one year and not later than five years	1,823	906
Later than five years	221	231
	<u>3,957</u>	<u>1,687</u>

Company

The company had no commitments under operating leases at 31 August 2017 (2016: £nil).

21 Pension and other schemes

Defined contribution pension scheme

The group operates defined contribution pensions schemes and contributes to the Teachers Pension Scheme for certain eligible teaching staff. The pension cost charge for the period represents contributions payable by the group to these schemes and amounted to £1,503,000 (2016 - £443,000).

Contributions totalling £155,305 (2016 - £nil) were payable to the schemes at the end of the period and are included in creditors.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

22 Called up share capital

Allotted, called up and fully paid shares

	31 August 2017		31 March 2016	
	No. 000	£ 000	No. 000	£ 000
'A' Ordinary shares of £0.00010 each	1,095	0.110	1,095	0.110
'B1' Ordinary shares of £0.00100 each	64	0.064	64	0.064
'B2' Ordinary shares of £0.00100 each	68	0.068	52	0.052
'C' Ordinary shares of £0.00001 each	662	0.007	-	-
	<u>1,889</u>	<u>0.248</u>	<u>1,211</u>	<u>0.225</u>

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.

New shares allotted

During the period 662,533 'C' Ordinary shares having an aggregate nominal value of £7 were allotted for an aggregate consideration of £12,263,486.

During the period 15,883 'B2' Ordinary shares having an aggregate nominal value of £16 were allotted for an aggregate consideration of £294,000.

23 Notes to the cash flow statement

Reconciliation of loss for the financial period to cash flow from operating activities

	Note	1 April 2016 to 31 August 2017 £ 000	3 October 2014 to 31 March 2016 £ 000
Cash flows from operating activities			
Loss for the financial period		(60,208)	(23,042)
Amortisation expense	3	52,851	18,695
Depreciation expense	3	5,136	465
Loss from disposals of investments		4,361	-
Profit on disposal of intangible assets		(1,656)	-
(Profit)/loss on disposal of tangible assets		(44)	8
Finance income	4	(12)	-
Finance costs	5	61,767	23,454
Taxation expense	8	<u>(5,572)</u>	<u>1,729</u>
Operating profit		56,623	21,309
Increase in stocks		(6)	-
(Increase)/decrease in debtors		(349)	202
Decrease in creditors		(10,363)	(4,285)
Increase in provisions		<u>1,804</u>	<u>-</u>
Cash generated from operating activities		<u>47,709</u>	<u>17,226</u>

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

Non-cash transactions excluded from the consolidated cash flow statement

	31 August 2017 £ 000	31 March 2016 £ 000
Investor Loan notes - accrued interest	20,483	9,400
Investor Loan notes - issuance	10,000	-
Preference shares - accrued interest	7,035	-
Amortisation of finance fees	2,370	1,388
Interest rate hedge	(469)	1,188

Non-cash movements in relation to Investor Loan notes represents capitalised interest, loan notes held by the EBT and loan notes issued as part of business combinations. Other non cash movements include amortisation of issue costs and movement on the interest rate hedge.

24 Contingent liabilities

Company

The company is party to a debenture to guarantee the loans of all Group companies shown above in note 18.

25 Related party transactions

SSCP Spring Holdings SCA, the ultimate controlling party, has a holding of 951,750 'A' ordinary shares and 662,533 'C' ordinary shares in the Company. SSCP Spring Holdings SCA charged the Company £566,667 of monitoring fees in the period (2016: £382,000).

SSCP Spring Holdings SCA holds preference shares in the Group of £45,086,507 (2016: £nil) on which interest accrued in the period of £7,035,000. Other investor loan stock held by SSCP Spring Holdings SCA has been disclosed at note 18.

I J Anderson is a Director of the Company. At 31 August 2017 I J Anderson owned 67,500 'A' Ordinary and 31,286 'B1' Ordinary shares in the Company (2016: same). I J Anderson held £4,432,500 of investor loan stock (2016: same) on which accrued interest at 31 August 2017 was £1,616,000 (2016: £581,000).

J-L Janet is a Director of the Company. At 31 August 2017 J-L Janet owned 15,883 'B2' Ordinary shares in the Company (2016: nil). On 31st August 2016 the Company advanced a loan to J-L Janet of £110,000. Interest is chargeable on the loan at the lower of 3% or LIBOR+1%. At the borrowers option, interest can either be paid on 30 April each year or compounded on such date. The loan can be repaid at any time without penalty, with a final repayment date of 31 August 2065.

A V Holt was a Director of the Company during the period (resigned 6 July 2017). At 31 August 2017 T V Holt continued to own 8,550 'A' Ordinary and 18,771 'B1' Ordinary shares in the Company (2016: same). T V Holt held £561,450 of investor loan stock (2016: same) on which accrued interest at 31 August 2017 was £126,000 (2016: £74,000).

R I Burns was a Director of the Company during the period (resigned 12 January 2017). At 31 August 2017 R I Burns continued to own 3,750 'A' Ordinary in the Company (2016: same). R I Burns held £123,125 of investor loan stock (2016: £246,250) on which accrued interest at 31 August 2017 was £45,000 (2016: £32,000).

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

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

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

Key management personnel

Key management comprises the directors. Remuneration of the directors can be found in note 7.

26 Financial instruments

Group

The Group has the following financial instruments:

	1 April 2016 to 31 August 2017 £ 000	3 October 2014 to 31 March 2016 £ 000
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors	27,670	10,244
Other debtors	1,503	1,433
	<u>29,173</u>	<u>11,677</u>
Financial liabilities measured at fair value through profit and loss:		
Derivative financial instruments	(719)	(1,188)
Financial liabilities at amortised cost:		
Bank loans	(281,540)	(131,599)
Investor loan notes	(126,745)	(80,724)
Preference shares	(45,087)	-
Finance leases	(38)	-
Trade creditors	(2,398)	(1,220)
Deferred consideration	-	(51)
Other creditors	(729)	(39)
Interest accrued on preference shares	(7,035)	-
	<u>(463,572)</u>	<u>(213,633)</u>

Derivative financial instrument - interest rate swaps

At 31 August 2017, the Group held an interest rate swap and interest rate cap which covered £150m of borrowing (2016: £90m). This represents more than 50% of the value of the floating rate senior bank loans outstanding at the period end. The interest rate swap covered £90m of borrowing and fixes LIBOR at 1.255% (2016: same). An interest rate cap executed in the period covered £60m of borrowing and caps LIBOR at 1%. Both instruments are due to mature on 24 July 2018 and cash flow are paid on a quarterly basis, consistent with interest on the loan, until July 2018.

The fair value of the instruments at 31 August 2017 was a liability of £720,000 (2016: £1,188,000).

Company

The company has the following financial instruments:

SSCP Spring Topco Limited

Notes to the Financial Statements for the Period from 1 April 2016 to 31 August 2017

	1 April 2016 to 31 August 2017 £ 000	3 October 2014 to 31 March 2016 £ 000
Financial assets that are debt instruments measured at amortised cost:		
Amounts owed by group undertakings	8,358	9,671
Other debtors	<u>912</u>	<u>-</u>
	<u><u>9,270</u></u>	<u><u>9,671</u></u>
Financial liabilities at amortised cost:		
Investor loan notes	(12,659)	(10,570)
Other creditors	<u>(38)</u>	<u>-</u>
	<u><u>(12,697)</u></u>	<u><u>(10,570)</u></u>

27 Parent and ultimate parent undertaking

SSCP Spring Holdings SCA, a company incorporated in Luxembourg, owns 84.34% of the company's equity share capital and is deemed to be the ultimate controlling party.