

Registration number: 09248650

SSCP Spring Topco Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 August 2020

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SSCP Spring Topco Limited

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SSCP Spring Topco Limited

Company Information

Chairman	D J Quinn
Directors	E Biale J L Heathcote B Hopper J-L Janet D J Leatherbarrow D J Quinn C L Heine
Company secretary	H Lecky
Registered office	Atria Spa Road Bolton BL1 4AG
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditor 40 Clarendon Road Watford Hertfordshire WD17 1JJ

SSCP Spring Topco Limited

Strategic Report for the Year Ended 31 August 2020

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

Principal activities

The 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 and adults' education and wellbeing services for local authorities throughout England, Scotland, Wales and Northern Ireland.

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

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

In the prior year Outcomes First Group Limited (formerly SSCP Spring Bidco Limited) acquired 100% of the issued share capital of Boston Holdco A Limited and its subsidiaries, a business trading as Outcomes First Group. Following the integration of this business, the enlarged group has been rebranded and SSCP Spring Topco Limited and its subsidiaries, is now trading and referred to as "Outcomes First Group".

Review of the business

The results for the year ended 31 August 2020 include 12 months of trading for the Group. The results for the year ended 31 August 2019 include 12 months of trading for the underlying business of the Group and 1 month and 1 day for Boston Holdco A Limited and its subsidiaries ("Outcomes First Group"), a business acquired on 30 July 2019. Accordingly, the current year results are not directly comparable to those of the comparative year.

The turnover for the year ended 31 August 2020 ("the year under review") was £364.8m (year ended 31 August 2019: £265.1m). As at 31 August 2020, the Group was in a net current asset position of £21.8m (2019: net current asset position of £3.2m).

The loss for the year under review, amounted to £78.4m (2019: loss £57.1m), however this is after accounting for significant non-cash items including amortisation of intangible fixed assets and non-cash interest accrued as illustrated in the table below which also outlines other movements impacting the year under review against 2019:

	2020 £ 000	2019 £ 000
Revenue	364,759	265,061
Loss for the period before tax	(73,435)	(58,560)
Add back significant non-cash items and exceptional items:		
Depreciation and loss on tangible fixed assets	15,344	5,679
Amortisation of intangible fixed assets	52,851	43,080
Non-cash interest	33,656	28,091
Write off of deferred finance fees	3,709	7,237
Exceptional costs	2,923	2,479
Underlying result before tax	35,048	28,006

Underlying results

Exceptional costs in 2019 and 2020 were as a result of the acquisition and integration of Boston Holdco A limited.

The underlying trading performance of the business continues to be strong and in line with 2019.

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 year, in addition to those described above, relate to the number of schools, care homes and fostering agencies in operation by the Group. The number of registrations increased during the year due to ongoing organic growth and acquisitions.

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Strategic Report for the Year Ended 31 August 2020

The growth in number of registrations is illustrated in the table below:

	As at 1 September 2019	Organic growth	Acquisitions	As at 31 August 2020
Number of registered schools	32	4	2	38
Number of registered children's residential care homes	58	2	2	62
Number of adults' residential care homes	23	1	-	24
Number of registered fostering agencies	27	-	3	30

Overview

The Group has had a successful year under review and has continued to invest in additional capacity across all areas of the business, including the opening of new schools and residential care homes and to acquire stand-alone businesses, successfully completing the acquisition of three fostering agencies and two residential schools in the year under review. COVID-19 pandemic has resulted in significant disruptions in global economic activities but the impact on the Group during the year under review has remained limited and the Group has been able to maintain normal operations within the guidelines of governmental requirements and while keeping the safety of its employees and service users in mind. Consequently, the Group has been able to continue progressing the achievements of its strategic objectives.

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. 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. Despite the ongoing pressure to reduce unit costs for each placement to the local authorities, the Group has maintained its underlying revenue levels and underlying 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.

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 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 and adults, whilst maintaining high quality of services.

The Group has been successful in delivering its strategy in the year under review and has continued to acquire independent fostering agencies and new sites for the development of new schools or residential care homes.

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Strategic Report for the Year Ended 31 August 2020

Principal risks and uncertainties

Market

Qualified data published by the UK Statistics Authority, Scottish Government, Department for 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, young people and adults 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 and children's residential care operations vary across the United Kingdom. In England, it is the responsibility of Ofsted, in Wales, it is the Care Inspectorate Wales and in Scotland, it is the Care Inspectorate. The regulatory regime in Northern Ireland is currently being established, but for the avoidance of any doubt the Group's business operations in the province 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 registered in England are approved by the Department for Education ("DfE") and are subject to inspection and report by Ofsted. In Scotland it is the responsibility of Education Scotland and in Wales of Estyn. Periodic inspections are carried out for each school.

Adults residential facilities are also registered and inspected by the Care Quality Commission in England and the Care Inspectorate in Wales.

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. As at the end of August 2020, 90% of the Group's services in England were rated Good or Outstanding by Ofsted or Care Quality Commission for the underlying activities of the Group, compared to 93% at the end of August 2019.

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, 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.

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Strategic Report for the Year Ended 31 August 2020

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.

Interest rate risk

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

Market price risk

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

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.

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Strategic Report for the Year Ended 31 August 2020

Other significant risks

Risk of the United Kingdom leaving the European Union (Brexit)

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

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

- The Cooperation Agreement established that the United Kingdom and the European Union have agreed there will be no tariffs or quotas on the movement of goods therefore disruption to the Group's supply chain is considered a low risk;
- Employees from the European Union who have been continuously resident in the United Kingdom are eligible for settled status enabling them to stay indefinitely and the Group is in regular communication with their employees, particularly those from the European Union, regarding Brexit to provide appropriate and balanced information and support.

Covid 19

The COVID-19 pandemic and the resulting measures taken by the UK government to contain the outbreak has not significantly impacted the Group business during the financial year ended 31 August 2020 and first 5 months of the year ended 31 August 2021. The Group has been able to maintain normal operations within the guidelines of governmental requirements and while keeping the safety of its employees and service users in mind.

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

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

People and reputation risk

All employees are appointed after a thorough assessment based on references, qualifications and all relevant statutory checks. Foster parents 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 foster parents 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 and Quality Committee. This committee is made up of three independent members and the Group Director of Quality & Compliance. This committee meets as required to ensure the Group has effective processes relating to the protection of children or adults from abuse or neglect, preventing impairment of their health and development. The committee considers all cases relating to professional standards.

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Strategic Report for the Year Ended 31 August 2020

Streamlined Energy & Carbon Reporting

The Group services are delivered from a network of small offices, independent schools and residential care homes. The Group deals responsibly with factors contributing to climate change and it also has an important role in educating the children, young people and adults in its care about the threat of climate change. Due to the disperse geography of its services it is also important to identify ways of working which reduce the necessity to travel.

The section below includes our first year of reporting under the new Streamlined Energy & Carbon Reporting requirements. The reporting period is the same as the Group's financial year, 1st September 2019 to 31st August 2020.

Organisation Boundary and Scope of Emissions

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2018. These sources fall within the Group's consolidated financial statement.

An operational control approach has been used in order to define our organisational boundary. This is the basis for determining the Scope 1, 2 and 3 emissions for which the Group is responsible.

Methodology

The Group has employed the services of a specialist external adviser, to quantify and calculate the Greenhouse Gas (GHG) emissions associated with the Group's operations.

The following methodology was applied in the preparation and presentation of this data:

- the Greenhouse Gas Protocol published by the World Business Council for Sustainable Development and the World Resources Institute (the "WBCSD/WRI GHG Protocol");
- application of appropriate emission factors to the Group's activities to calculate GHG emissions;
- scope 2 reporting methods – application of location-based and market-based emission factors for electricity supplies;
- inclusion of all the applicable Kyoto gases, expressed in carbon dioxide equivalents, or CO₂e;
- presentation of gross emissions as the Group does not purchase carbon credits (or equivalents);

Absolute Emissions

The total Scope 1, 2 and 3 GHG emissions from the Group's operations in the year ending 31st August 2020 were:

- 6,873.1 tonnes of CO₂ equivalent (tCO₂e) using a 'location-based' emission factor methodology for Scope 2 emissions;
- 6,401.0 tonnes of CO₂ equivalent (tCO₂e) using a 'market-based' emission factor methodology for Scope 2 emissions.

Scope 1 emissions included onsite energy combustion (natural gas, biomass, LPG, gas oil and kerosene) and company owned vehicles.

Scope 2 emissions included purchased electricity using the location-based and market-based method.

Scope 3 emissions included fuel for personal cars for business use.

Intensity Ratio

As well as reporting the absolute emissions, the Group's GHG emissions are reported below on the metrics of tonnes of CO₂ equivalent for each business division. This was decided as the most appropriate metric for the Group. A metric per employee has also been calculated.

The intensity metric based for each of the business divisions is:

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Strategic Report for the Year Ended 31 August 2020

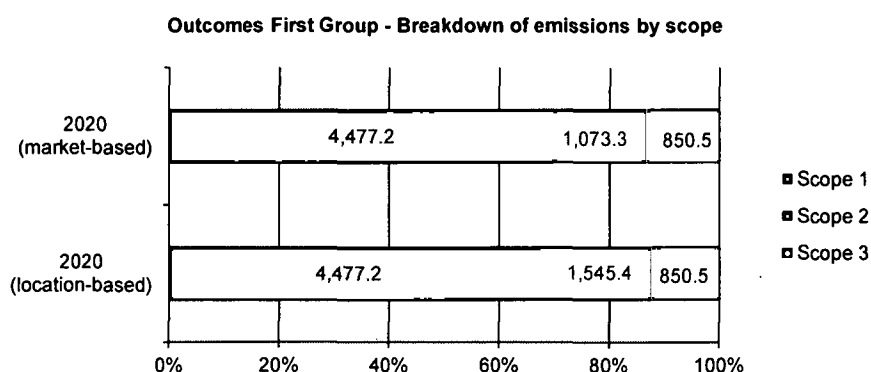
- 695.5 tCO₂e for Adult Services for the location-based method and 621.8 tCO₂e for the market-based method;
- 984.5 tCO₂e for Central / Fostering for the location-based method and 952.9 tCO₂e for the market-based method; and
- 5,193.1 tCO₂e for Children's Services for the location-based method and 4,826.3 tCO₂e for the market-based method.

Target and Baselines

The Group recognises that it has a responsibility to minimise the impact its employees and activities have on the environment. The responsibility the Group has to the children and young people in its care to understand their influence and responsibility towards their environment today and in the future, is also recognised.

The Group's objective is to maintain or reduce its GHG emissions per business division and per employee on an annual basis.

Key Figures



GHG emissions	2020				
	Tonnes CO ₂ e	tCO ₂ e / FTE employee _s	tCO ₂ e in Adult Services	tCO ₂ e in Central / Fostering	tCO ₂ e in Children's services
Scope 1 ¹	4,477.2	0.84	426.2	139.7	3,911.3
Scope 2 ²	1,545.4	0.29	241.2	103.6	1,200.6
Scope 2 ³	1,073.3	0.20	167.5	72.0	833.8
Scope 3 ⁴	850.5	-	28.1	741.2	81.2
Total GHG emissions (Location-based Scope 2)	6,873.1	1.29	695.5	984.5	5,193.1
Total GHG emissions (Market-based Scope 2)	6,401.0	1.20	621.8	952.9	4,826.3

1 Scope 1 being emissions from the Group's combustion of fuel and operation of facilities.

2 Scope 2 being electricity (from location-based calculations), heat, steam and cooling purchased for the Group's own use.

3 Scope 2 being electricity (from market-based calculations), heat, steam and cooling purchased for the Group's own use.

4 Scope 3 being indirect emissions (not in scope 2) that occur from transport for business use.

5 Employee numbers: 5,348

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Strategic Report for the Year Ended 31 August 2020

Total Energy Use

	2020									
	Electricity (kWh)	Gas (kWh)	LPG (kWh)	Gas oil (kWh)	Heating oil (kWh)	Biomass (kWh)	Petrol (kWh)	Diesel (kWh)	Unknown fuel type (kWh)	Total Energy Use (kWh)
Energy Use	6,628,629	6,378,516	55,397	33,564	6,279	869,903	-	-	-	13,972,288
Company-owned vehicles	-	-	-	-	-	-	1,967,763	4,060,051	-	6,027,814
Other transport	-	-	-	-	-	-	-	-	3,430,556	3,430,556
TOTAL										23,430,658

Energy Efficiency Actions

During the FY20 financial year the Group has:

- Continued to move towards the sourcing of electricity from renewable electricity supply contracts. At year end 56% of electrical supply contracts were from renewable sources,
- Continued to manage and reduce its demand for energy by improving energy efficiency in existing and new buildings. A number of initiatives driven by the learnings from the 2019 ESOS Energy Assessments are in place, including changing behavior, improved control and LED lighting in existing and new services.
- Reduced staff travel with the implementation of more flexible working practices and the use of video conferencing for meetings. Changes initially driven by Covid restrictions have been embraced as business as usual.

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Strategic Report for the Year Ended 31 August 2020

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

The board of directors of Outcomes First Group believe, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefits of its members as a whole in the decisions taken during the year ended 31 August 2020, having regards to the stakeholders and matters set out in s172(1)(a-f) of the Act, namely:

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

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

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

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

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Strategic Report for the Year Ended 31 August 2020

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

The board reviews its approach to Environmental, Social and Governance Policies at least annually, undertaking a detailed evaluation of performance against some key indicators and agreeing priorities and initiatives for the year ahead.

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

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

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

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

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

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 employees and foster carers.

Approved by the Board and signed on its behalf by:



J.L. Janet
Director

27 January 2021

SSCP Spring Topco Limited

Directors' Report for the Year Ended 31 August 2020

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

Directors of the Group

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

I J Anderson (resigned 1 October 2019)

E Biale

J L Heathcote

B Hopper

J-L Janet

D J Leatherbarrow

D J Quinn - Chairman

C L Heine (appointed 28 January 2020)

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.

Qualifying third party indemnity provisions

The Group has maintained throughout the year, and which remains in force, directors' and officers' liability insurance for the benefit of the Group, the directors and its officers. The Group has not entered into non-qualifying third party indemnity arrangements for the benefit of its directors.

Matters covered in the strategic report

The directors' assessment of the company's principal risks and uncertainties, financial risk management and future development is set out in the Strategic Report.

Dividends

The directors do not recommend the payment of a dividend for the period ended 31 August 2020 (2019: Nil).

Political donations

During the year the Group made no political donations.

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Directors' Report for the Year Ended 31 August 2020

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.

Going concern

The Group meets its day to day working capital requirements through its long-term bank facilities. The directors believe that it 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 £21.8m (2019: net current assets of £3.2m).
- The Group has total net liabilities of £232.7m (2019: £152.1m). Bank loans amounting to £510.0m were refinanced in the year ending 31 August 2019 and are repayable in full on 18 July 2025.
- The Group recorded a loss of £78.4m (2019: £57.1m) for the year under review, after reflecting non-cash interest costs of £33.7m (2019: £28.1m) and amortisation of intangibles amounting to £52.9m (2019: £43.1m).

The Group generated an operating cash inflow in the year under review of £0.9m (2019: £7.5m inflow), net of cash interest costs of £38.1m (2019: £41.6m) and at 31 August 2020 held cash balances amounting to £6.3m (2018: £15.2m). The decrease in operating cash flow in the year, despite an increase in underlying results, is attributed to short term timing differences on payments from local authorities as a result of changes to internal processes which are expected to rectify in the 12 months following year end.

Cash balances are retained within the business to support future development plans such as improvement and expansion spend on its schools, offices, foster parent training facilities and residential care homes. The Group also has access to a revolving credit facility of £10m which was partially drawn at year end.

The underlying trading performance of the business is strong, further supported by the acquisitions of fostering agencies and an increase in education and residential care occupancy. In July 2020 a detailed annual budget for the year to 31 August 2021 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.

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

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

SSCP Spring Topco Limited

Directors' Report for the Year Ended 31 August 2020

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

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

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

Directors' confirmations

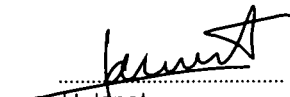
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and Parent 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 Parent 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 and signed on its behalf by:


.....
J.L. Janet
Director

27 January 2021

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2020 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Parent Company Balance Sheets as at 31 August 2020; the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Parent Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 August 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 14, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



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

29 January 2021

SSCP Spring Topco Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 August 2020

	Note	2020 £ 000	2019 £ 000
Turnover	2	364,759	265,061
Cost of sales		<u>(200,549)</u>	<u>(149,072)</u>
Gross profit		<u>164,210</u>	<u>115,989</u>
Administrative expenses before exceptional items		(159,273)	(110,220)
Exceptional items	3	<u>(2,923)</u>	<u>(2,479)</u>
Administrative expenses		<u>(162,196)</u>	<u>(112,699)</u>
Operating profit	3	<u>2,014</u>	<u>3,290</u>
Interest receivable and similar income	4	22	17
Interest payable and similar expenses	5	<u>(75,471)</u>	<u>(61,867)</u>
		<u>(75,449)</u>	<u>(61,850)</u>
Loss before taxation		(73,435)	(58,560)
Tax on loss	8	<u>(4,979)</u>	<u>1,449</u>
Loss and Total comprehensive expense for the financial year		<u><u>(78,414)</u></u>	<u><u>(57,111)</u></u>

Turnover and operating profit derive wholly from continuing operations.

The group has no items of other comprehensive income.

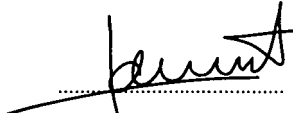
SSCP Spring Topco Limited

(Registration number: 09248650)

Consolidated Balance Sheet as at 31 August 2020

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Intangible assets	9	320,395	366,289
Tangible assets	11	<u>257,811</u>	<u>249,357</u>
		<u>578,206</u>	<u>615,646</u>
Current assets			
Stocks	13	44	19
Debtors	14	51,601	37,757
Cash at bank and in hand	15	<u>6,267</u>	<u>15,178</u>
		57,912	52,954
Creditors: amounts falling due within one year	16	<u>(36,066)</u>	<u>(49,768)</u>
Net current assets		<u>21,846</u>	<u>3,186</u>
Total assets less current liabilities		600,052	618,832
Creditors: amounts falling due after more than one year	17	(791,170)	(731,429)
Provisions for liabilities	18	<u>(41,577)</u>	<u>(39,478)</u>
Net liabilities		<u>(232,695)</u>	<u>(152,075)</u>
Capital and reserves			
Called up share capital	21	-	-
Share premium account		30,145	32,351
Profit and loss account		<u>(262,840)</u>	<u>(184,426)</u>
Equity attributable to owners of the company		<u>(232,695)</u>	<u>(152,075)</u>
Total equity		<u>(232,695)</u>	<u>(152,075)</u>

The financial statements on pages 18 to 54 were approved and authorised by the Board on 27 January 2021 and signed on its behalf by:



 J-L Janet
 Director

SSCP Spring Topco Limited

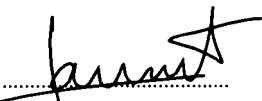
(Registration number: 09248650)

Parent Company Balance Sheet as at 31 August 2020

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Investments	12	31,848	31,848
Current assets			
Debtors: amounts falling due within one year	14	10,967	4,478
Debtors: amounts falling due after more than one year	14	19,301	16,925
		30,268	21,403
Creditors: amounts falling due within one year	16	(12,701)	(5,325)
Net current assets		17,567	16,078
Total assets less current liabilities		49,415	47,926
Creditors: amounts falling due after more than one year	17	(19,018)	(16,677)
Net assets		30,397	31,249
Capital and reserves			
Called up share capital	21	-	-
Share premium reserve		32,654	32,654
Profit and loss account		(2,257)	(1,405)
Total equity		30,397	31,249

The company made a loss after tax for the financial year of £852,000 (2019 - loss of £347,000).

The financial statements on pages 18 to 54 were approved and authorised by the Board on 27 January 2021 and signed on its behalf by:


 I-L Janet
 Director

SSCP Spring Topco Limited

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

	Called up share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 September 2018	-	14,087	(127,315)	(113,228)
Loss for the financial year	-	-	(57,111)	(57,111)
Total comprehensive expense	-	-	(57,111)	(57,111)
Share issue	-	18,486	-	18,486
Share purchases by EBT	-	(222)	-	(222)
At 31 August 2019	-	32,351	(184,426)	(152,075)
	Called up share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 September 2019	-	32,351	(184,426)	(152,075)
Loss for the financial year	-	-	(78,414)	(78,414)
Total comprehensive expense	-	-	(78,414)	(78,414)
Share issue	-	(2,206)	-	(2,206)
At 31 August 2020	-	30,145	(262,840)	(232,695)

The notes on pages 24 to 54 form an integral part of these financial statements.

SSCP Spring Topco Limited

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

	Called up share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 September 2018	-	14,168	(1,058)	13,110
Loss for the financial year	-	-	(347)	(347)
Total comprehensive expense	-	-	(347)	(347)
Share issue	-	18,486	-	18,486
At 31 August 2019	-	32,654	(1,405)	31,249
	Called up share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 September 2019	-	32,654	(1,405)	31,249
Loss for the financial year	-	-	(852)	(852)
Total comprehensive expense	-	-	(852)	(852)
At 31 August 2020	-	32,654	(2,257)	30,397

SSCP Spring Topco Limited

Consolidated Cash Flow Statement for the Year Ended 31 August 2020

	Note	2020 £ 000	2019 £ 000
Cash generated from operating activities	22	41,075	52,825
Taxation (net) paid		<u>(2,214)</u>	<u>(3,746)</u>
Net cash generated from operating activities		<u>38,861</u>	<u>49,079</u>
Cash flows from investing activities			
Interest received		22	17
Purchase of subsidiary undertaking (net of cash acquired)	10	(7,709)	(111,112)
Acquisitions of tangible assets		(24,655)	(15,175)
Proceeds from sale of tangible assets		<u>2,405</u>	<u>253</u>
Net cash used in investing activities		<u>(29,937)</u>	<u>(126,017)</u>
Cash flows from financing activities			
Interest paid		(38,075)	(41,615)
Proceeds from issue of ordinary shares, net of issue costs		-	18,486
Payments for purchase of own shares		-	(222)
Proceeds from new long term loans		19,926	510,000
Repayment of loans and borrowing		-	(285,870)
Proceeds from other borrowing draw downs		7,000	-
Repayment of debt of acquired company		-	(137,802)
Proceeds from issue of shares classified as liabilities		-	25,514
Repayment of capital element of finance lease and HP		-	(5)
Issue of loan notes		-	111,502
Repayment of loan notes		-	(106,993)
Repurchase of loan notes and interest by EBT		(6,611)	(1,028)
Issue costs on loans		(205)	(18,164)
Payments to finance lease creditors		<u>130</u>	<u>-</u>
Net cash (used in) / generated from financing activities		<u>(17,835)</u>	<u>73,803</u>
Net decrease in cash and cash equivalents		(8,911)	(3,135)
Cash and cash equivalents at the beginning of the year		<u>15,178</u>	<u>18,313</u>
Cash and cash equivalents at the end of the year		<u><u>6,267</u></u>	<u><u>15,178</u></u>

The notes on pages 24 to 54 form an integral part of these financial statements.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

1 Accounting policies

SSCP Spring Topco Limited ("the Company") is a private limited liability company limited by shares incorporated in England, United Kingdom.

The address of its registered office is: Atria, Spa Road, Bolton, BL1 4AG, England.

These financial statements were authorised for issue by the Board on 27 January 2021.

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. For the year ended 31 August 2020 the Group has adopted a change in its recognition of 'Intangible Assets other than Goodwill' available under Amendments to FRS102 - Triennial Review 2017.

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.

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 2020. 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 financial statements 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.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

Going concern

The Group meets its day to day working capital requirements through its long-term bank facilities. The directors believe that it 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 £21.8m (2019: net current assets of £3.2m).
- The Group has total net liabilities of £232.7m (2019: £152.1m). Bank loans amounting to £510.0m were refinanced in the year ending 31 August 2019 and are repayable in full on 18 July 2025.
- The Group recorded a loss of £78.4m (2019: £57.1m) for the year under review, after reflecting non-cash interest costs of £33.7m (2019: £28.1m) and amortisation of intangibles amounting to £52.9m (2019: £43.1m).

The Group generated an operating cash inflow in the year under review of £0.9m (2019: £7.5m inflow), net of cash interest costs of £38.1m (2019: £41.6m) and at 31 August 2020 held cash balances amounting to £6.3m (2018: £15.2m). The decrease in operating cash flow in the year, despite an increase in underlying results, is attributed to short term timing differences on payments from local authorities as a result of changes to internal processes which are expected to rectify in the 12 months following year end.

Cash balances are retained within the business to support future development plans such as improvement and expansion spend on its schools, offices, foster parent training facilities and residential care homes. The Group also has access to a revolving credit facility of £10m which was partially drawn at year end.

The underlying trading performance of the business is strong, further supported by the acquisitions of fostering agencies and an increase in education and residential care occupancy. In July 2020 a detailed annual budget for the year to 31 August 2021 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.

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

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

Key accounting estimates and judgements

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.

- Impairment of intangible assets and goodwill

The Group considers whether there are triggers for impairment in respect of intangible assets and/or goodwill. FRS 102 Section 27 includes both internal and external indicators to identify if an impairment review is required which requires judgement. 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.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

- Fair values and useful lives of goodwill, tangible and intangible assets recognised on Business Combinations.

The fair value of tangible and intangible assets recognised on Business combinations involves the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. The estimation of fair values requires a combination of assumptions including revenue growth, profit margins and 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.

In addition the Group establishes an estimate of the useful life of goodwill and intangible assets arising on business combinations. Amortisation is provided in order to write down to estimated residual values the cost of each asset over its estimated useful economic life. These useful economic lives require the use of management judgement.

FRS102 requires fair values of assets and liabilities acquired to be finalised within 12 months of the acquisition date. During the year to 31 August 2020, the Group finalised this assessment in respect of its acquisition of Boston Holdco A Limited and its subsidiaries. As a result the Group has retrospectively adjusted the provisional fair values recognised at the acquisition date. Refer to note 10 for details.

- 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.

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

Revenue recognition

Revenue is recognised to the extent that the 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 or resident 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 irregular 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.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

Employee benefits

The Group provides a range of benefits to employees including paid holiday arrangements, annual bonus arrangements, defined contribution pension plans, life insurance cover and private health care.

- 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.

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year 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 year end and that are expected to apply to the reversal of the timing difference.

Business Combinations and Goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

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.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

Intangible assets

Intangible assets that are recognised as part of a business combination are initially recognised at fair value.

Fair value is determined as follows. Customer Relationships are valued on the basis of a multi-period excess earnings method; Brands are valued on the basis of a relief from royalty model and; Foster Care Base is valued on a replacement cost basis.

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.

In the prior year ended 31 August 2019 the Group adopted a change in its recognition of, 'Intangible Assets other than Goodwill', available under, 'Amendments to FRS 102 – Triennial Review 2017'.

For business combinations prior to 1 September 2018, the recognition policy for Intangibles other than Goodwill was:

Intangible assets which are non-monetary, non-physical assets are recognised if they are:

- are separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability;

or

- arise from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

For acquisitions after 1 September 2018 a new recognition policy has been adopted as permitted under 'Amendments to FRS 102 – Triennial Review 2017'. Non-Goodwill intangibles are recognised where they meet all three of the following criteria:

(a) it is probable that the benefits arising from the asset will flow to the Company

(b) the intangible asset arises from contractual or other legal rights; and

(c) the intangible asset is separable (i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged either individually or together with a related contract, asset or liability).

This accounting treatment has been applied to the all acquisitions made by the Group for the year to 31st August 2019 onwards.

Under the provisions of 'Amendments to FRS 102 – Triennial Review 2017', a restatement of the accounting for previous business combinations was not required.

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.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

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 land and buildings	2% straight line
Long leasehold land and buildings	2% straight line
Plant and machinery	15% straight line
Fixtures, fittings and equipment	15-33% straight line
Motor vehicles	25% straight line

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 Year Ended 31 August 2020

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of 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 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.

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 Year Ended 31 August 2020

2 Turnover

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

	2020 £ 000	2019 £ 000
Rendering of services	<u>364,759</u>	<u>265,061</u>

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

3 Operating profit

Operating profit is stated after charging/(crediting)

	2020 £ 000	2019 £ 000
Depreciation expense of owned assets	13,715	5,645
Depreciation of assets held under finance lease and hire purchase contracts	13	34
Amortisation expense	52,851	43,080
Operating lease charges	3,374	1,769
Loss on disposal of tangible assets	<u>1,616</u>	<u>68</u>

Earnings before interest, taxes, depreciation and amortisation for the year amounted to £68.6m (2019: £52.0m), having reflected an operating profit of £2.0m (2019: £3.3m) and amortisation and depreciation of £66.6m (2019: £48.8m) as per the table above.

Exceptional items:

	2020 £ 000	2019 £ 000
Restructuring and integration costs	<u>2,923</u>	<u>2,479</u>

Exceptional costs relate to integration costs, incurred as part of the acquisition of Boston Holdco A Limited and its subsidiaries for the year ended at 31 August 2020.

Fees payable to the company's auditors:

	2020 £ 000	2019 £ 000
Audit of the financial statements	31	25
Audit of subsidiary financial statements	561	297
Audit-related assurance services	10	-
Tax compliance services	-	43
Other non-audit services	-	50
Tax advisory services	<u>-</u>	<u>27</u>
Total amount payable to the company's auditors	<u>602</u>	<u>442</u>

4 Interest receivable and similar income

	2020 £ 000	2019 £ 000
Interest income on bank deposits	<u>22</u>	<u>17</u>

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

5 Interest payable and similar expenses

	2020 £ 000	2019 £ 000
Interest on loans and borrowings	38,093	24,666
Interest on preference shares	13,218	8,632
Amortisation and write off of finance fees	3,709	9,108
Interest on investor loan notes	20,438	19,459
Interest on obligations under finance leases and hire purchase contracts	13	2
	<u>75,471</u>	<u>61,867</u>

6 Staff costs

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

	2020 £ 000	2019 £ 000
Wages and salaries	125,682	60,226
Social security costs	10,902	5,484
Other pension costs	3,147	2,214
	<u>139,731</u>	<u>67,924</u>

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

	2020 No.	2019 No.
Teaching, care and administrative staff	<u>5,042</u>	<u>2,271</u>

Company

The company had no employees during the period under review (2019: nil).

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £ 000	2019 £ 000
Remuneration	790	1,226
Contributions paid to money purchase schemes	8	17
	<u>798</u>	<u>1,243</u>

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

	2020 No.	2019 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>2</u>

In respect of the highest paid director:

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

	2020 £ 000	2019 £ 000
Remuneration	396	676
Company contributions to money purchase pension schemes	<u>-</u>	<u>6</u>

8 Tax on loss

Tax charged/(credited) in the income statement

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	4,123	1,761
UK corporation tax adjustment in respect of prior periods	<u>(468)</u>	<u>196</u>
Total current tax	<u>3,655</u>	<u>1,957</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(3,680)	(3,240)
Arising from changes in tax rates and laws	4,496	(14)
Arising from adjustment in respect of prior periods	<u>508</u>	<u>(152)</u>
Total deferred taxation	<u>1,324</u>	<u>(3,406)</u>
Total tax expense/(credit)	<u>4,979</u>	<u>(1,449)</u>

Factors affecting current tax charge/(credit) for the year

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

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Loss before tax	<u>(73,435)</u>	<u>(58,560)</u>
Corporation tax at standard rate	(13,953)	(11,122)
Effects of:		
Effect of expense not deductible in determining taxable profit/(tax loss)	17,956	12,935
UK deferred tax expense/(credit) relating to changes in tax rates or laws	4,494	(14)
Deferred tax credit in relation to intangible assets on business combinations	(3,558)	(3,292)
Adjustment for prior period	<u>40</u>	<u>44</u>
Total tax charge/(credit)	<u>4,979</u>	<u>(1,449)</u>

Non deductible expenses relate to amortisation of intangibles (including goodwill) and shareholders' interest treated as non allowable.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

Factors that may affect future tax charges

Deferred tax has been calculated at 19%, reflecting the enacted rate applicable from 1 April 2020 at the balance sheet date.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. The effects are included in these financial statements.

Deferred tax

Group

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

	Liability £ 000
At 1 September 2019	(37,888)
Credit to income statement	(569)
Additions	(272)
Other reversals	(772)
At 31 August 2020	<u>(39,501)</u>

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

	Liability £ 000
31 August 2020	
Accelerated capital allowances	(3,479)
Other timing differences	225
Tax losses available	599
Acquired intangible assets	(16,911)
Acquired tangible assets	(19,935)
	<u>(39,501)</u>

	Liability £ 000
31 August 2019	
Accelerated capital allowances	(2,091)
Other timing differences	169
Tax losses available	146
Acquired intangible assets	(18,303)
Acquired tangible assets	(17,809)
	<u>(37,888)</u>

Company

The company has no deferred tax provision at 31 August 2020 (2019: £Nil).

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

9 Intangible assets

Group

	Goodwill £ 000	Foster carer base £ 000	Customer relationships £ 000	Brand £ 000	Total £ 000
Cost					
At 1 September 2019	341,099	14,062	93,972	70,658	519,791
Acquired through business combinations	6,957	-	-	-	6,957
At 31 August 2020	348,056	14,062	93,972	70,658	526,748
Accumulated Amortisation					
At 1 September 2019	82,479	10,747	34,439	25,837	153,502
Amortisation charge	34,196	2,192	9,397	7,066	52,851
At 31 August 2020	116,675	12,939	43,836	32,903	206,353
Net book amount					
At 31 August 2020	231,381	1,123	50,136	37,755	320,395
At 31 August 2019	258,620	3,315	59,533	44,821	366,289

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

	Carrying amount £ 000	Remaining amortisation period (years)
At 31 August 2020:		
Brand		
Belton Associates (Group Holdings) Limited and subsidiaries	15,271	4.6
Independent Foster Care Services Limited	395	5.0
Acorn Care 1 Limited and subsidiaries	21,311	5.9
Child Care Bureau Limited	252	7.8
Brighter Futures Foster Care Limited	412	7.9
Customer Relationships		
Belton Associates (Group Holdings) Limited and subsidiaries	21,476	4.6
Independent Foster Care Services Limited	664	5.0
Acorn Care 1 Limited and subsidiaries	25,986	5.9
Child Care Bureau Limited	638	7.8
Brighter Futures Foster Care Limited	1,371	7.9

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.

The Group considers whether intangible assets and/or goodwill are impaired. No indications of impairment were identified at the balance sheet date.

Company

The company had no intangible assets at 31 August 2020 (2019: £nil).

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

10 Business combinations

In the prior year on 30 July 2019, Outcomes First Group Limited (formerly SSCP Spring Bidco Limited) acquired 100% of the issued share capital of Boston Holdco A Limited and its subsidiaries, a business trading as Outcomes First Group, for a total consideration of £109,316,000 consequently obtaining control of Boston Holdco A Limited and its direct and indirect subsidiaries.

The amounts recognised in respect of the identifiable assets acquired and liabilities included provisional amounts which have been reviewed in the current period. As a result and in light of new information obtained, the following adjustments have been made to the provisional fair values which have been retrospectively applied in the balance sheet for the year ended 31 August 2019:

	Provisional Fair values £000	Adjustments £000	Fair values £000
Tangible assets	150,748	-	150,748
Trade and other receivables (a)	10,864	(3,362)	7,502
Cash	3,909	-	3,909
Provisions (b)	-	(726)	(726)
Deferred tax	(16,367)	-	(16,367)
Trade and other payables	(10,801)	-	(10,801)
Debt	(137,802)	-	(137,802)
Total identifiable net assets	<u>551</u>	<u>(4,088)</u>	<u>(3,537)</u>
Goodwill			<u>112,853</u>
Total			<u><u>109,316</u></u>

The adjustments to provisional fair values include:

- (a) An impairment of Trade debtors and Deferred Income for balances not recoverable;
- (b) An estimated provision for amounts payable to HMRC in relation to historic VAT charges.

Additional Goodwill of £4,088,000 has been recognised retrospectively as a result. The Group has not restated the income statement for the year ended 31 August 2019, as the impact on underlying profit and statutory profit was not significant.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

On 25 February 2020, Acorn Care and Education Limited acquired 100% of the issued share capital of Gilmourbanks Limited and High Trees Limited, a business trading as Holistic childcare, for a total consideration of £2,075,000.

Gilmourbanks Limited and High Trees Limited contributed £978,324 revenue and £58,699 profit 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 following table:

	Book values £ 000	Adjustments £ 000	Provisional fair values £ 000
Tangible assets	2,841	(1,628)	1,213
Trade and other receivables	357	-	357
Cash	253	-	253
Deferred tax	(6)	-	(6)
Trade and other payables	<u>(619)</u>	<u>-</u>	<u>(619)</u>
Total identifiable net assets	2,826	(1,628)	1,198
Goodwill			<u>877</u>
Total			<u>2,075</u>

The adjustment arising on acquisition relates to an impairment of property, plant and equipment to a third party valuation on acquisition.

Total consideration paid of £2,075,000 includes cash of £1,946,000 and directly attributable costs of £129,000.

For cashflow purposes the amounts are disclosed as cash consideration of £2,075,000, less deferred consideration of £200,000 and less cash balances acquired of £253,000; net total of £1,622,000.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

On 28 August 2020, Belton Associates Limited acquired 100% of the issued share capital of A.W. Consultancy Limited and Lesley Ann Consultancy Limited, a business trading as Next Step Fostering, for a total consideration of £10,288,000, consequently obtaining control of A.W. Consultancy Limited and Lesley Ann Consultancy Limited and their direct subsidiaries.

A.W. Consultancy Limited and Lesley Ann Consultancy Limited contributed £-Nil revenue and £-Nil 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	Provisional fair values £000
Intangible assets	1,342	(1,342)	-
Tangible assets	330	-	330
Trade and other receivables (a)	843	-	843
Cash	3,479	-	3,479
Deferred tax	(7)	-	(7)
Trade and other payables	(512)	-	(512)
Total identifiable net assets	5,475	(1,342)	4,133
Goodwill	-	6,155	6,155
Total			<u><u>10,288</u></u>

Total consideration paid of £10,288,000 includes cash of £10,099,000 and directly attributable costs of £189,000.

For cash flow purposes the amounts are disclosed as cash consideration £10,288,000, less deferred consideration of £392,000, less outstanding directly attributable cost of £331,000 and less cash balances acquired of £3,479,000; net total of £6,086,000.

The deferred consideration has not yet been paid. The amount has not been discounted as discounting is immaterial.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

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 September 2019	208,283	27,820	1,438	24,242	1,991	263,774
Additions	10,606	314	36	10,291	1,227	22,474
Acquisitions	1,385	35	-	109	14	1,543
Disposals	(3,933)	-	-	-	(243)	(4,176)
Transfers	1,709	225	-	(1,957)	23	-
Assets under construction	2,182	-	-	-	-	2,182
At 31 August 2020	<u>220,232</u>	<u>28,394</u>	<u>1,474</u>	<u>32,685</u>	<u>3,012</u>	<u>285,797</u>
Accumulated Depreciation						
At 1 September 2019	5,082	793	499	7,418	625	14,417
Charge for the year	3,691	1,235	72	8,102	628	13,728
Eliminated on disposal	(41)	-	-	-	(118)	(159)
At 31 August 2020	<u>8,732</u>	<u>2,028</u>	<u>571</u>	<u>15,520</u>	<u>1,135</u>	<u>27,986</u>
Net book amount						
At 31 August 2020	<u>211,500</u>	<u>26,366</u>	<u>903</u>	<u>17,165</u>	<u>1,877</u>	<u>257,811</u>
At 31 August 2019	<u>203,201</u>	<u>27,027</u>	<u>939</u>	<u>16,824</u>	<u>1,366</u>	<u>249,357</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:

	2020 £ 000	2019 £ 000
Leasehold buildings	235	-
Fixtures and fittings	-	2
Motor vehicles	5	-
	<u>240</u>	<u>2</u>

Company

The company had no tangible assets at 31 August 2020 (2019: £nil).

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

12 Investments

Company

	2020 £ 000	2019 £ 000
Investments in subsidiaries	31,848	31,848

Subsidiaries

£ 000

Cost

At 1 September 2019	31,848
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At 31 August 2020	31,848
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Carrying amount

At 31 August 2020	31,848
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At 31 August 2019	31,848
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The cost and carrying value represents the company's investment in its immediate subsidiary undertaking 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 1A Limited*	England & Wales	100%	Holding of investments and financing for the Group
SSCP Spring Midco 1B 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
Outcomes First Group Limited (formerly known as 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

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

Undertaking	Country of incorporation	Percentage	Principal activity
The Foster Care Agency Limited*	England & Wales	100%	Provision of foster care services
NFA Partnerships Limited*	England & Wales	100%	Holding of investments
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

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

Undertaking	Country of incorporation	Percentage	Principal activity
Bramfield House School Limited*	England & Wales	100%	Provision of care and education services
Careforward Limited*	England & Wales	100%	Dormant
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 (Midlands) Limited*	England & Wales	100%	Provision of foster care services
Pathway Care Group Limited*	England & Wales	100%	Holding of investments
Pathway Care Solutions Group Limited*	England & Wales	100%	Provision of residential care services

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

Undertaking	Country of incorporation	Percentage	Principal activity
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
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
Child Care Bureau Limited*	England & Wales	100%	Provision of foster care services
Brighter Futures Foster Care Limited*	England & Wales	100%	Provision of foster care services
House of Falkland Limited#	Scotland	100%	Provision of care and education services
Westfield Jacob Limited#	Scotland	100%	Provision of care and education services
Family Placement.com Limited*	England & Wales	100%	Provision of Foster Care Services
Reach Out Care Limited*^	England & Wales	100%	Provision of Foster Care Services
Acorn Academy of Direct Learning Limited*	England & Wales	100%	Provision of education services
Boston Holdco A Limited*	England & Wales	100%	Holding of investments
Hillcrest Childrens Services (2) Ltd*	England & Wales	100%	Provision of care and education services
Hillcrest Childrens Services Limited*	England & Wales	100%	Provision of care and education services
Options Autism (1) Ltd*	England & Wales	100%	Provision of care and education services
Options Autism (2) Ltd*	England & Wales	100%	Provision of care and education services
Options Autism (3) Ltd*	England & Wales	100%	Provision of care and education services
Options Autism (4) Ltd*	England & Wales	100%	Provision of care and education services
Options Autism (5) Ltd*	England & Wales	100%	Provision of care and education services

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

Undertaking	Country of incorporation	Percentage	Principal activity
Options Autism (6) Ltd*	England & Wales	100%	Provision of care and education services
Options Autism (7) Ltd*	England & Wales	100%	Provision of care and education services
Options Autism (8) Ltd*	England & Wales	100%	Provision of care and education services
Family Options Ltd*	England & Wales	100%	Dormant
Hillcrest Care Properties Ltd*	England & Wales	100%	Dormant
Hillcrest Learning Disability Services Ltd*	England & Wales	100%	Dormant
Newco Options (2) Ltd*	England & Wales	100%	Dormant
Options Autism (1.1) Ltd*	England & Wales	100%	Dormant
Options Autism (1.2) Ltd*	England & Wales	100%	Dormant
Summacare Ltd*	England & Wales	100%	Dormant
Surecare 365 Ltd*	England & Wales	100%	Dormant
Young Options Ltd*	England & Wales	100%	Dormant
Hillcrest Care Developments Ltd*	England & Wales	100%	Holding of investments
Hillcrest Care Services Ltd*	England & Wales	100%	Holding of investments
Options Autism Holdings Ltd*	England & Wales	100%	Holding of investments
Options Autism Services Ltd*	England & Wales	100%	Holding of investments
Options Central Services Ltd*	England & Wales	100%	Holding of investments
Options Group Holdings Ltd*	England & Wales	100%	Holding of investments
Outcomes First Group Holdings Ltd*	England & Wales	100%	Holding of investments
P. Bloom Limited (formerly known as Outcomes First Group Limited)*	England & Wales	100%	Holding of investments
Outcomes First Midco Ltd*	England & Wales	100%	Holding of investments
Gilmourbanks Limited*	England & Wales	100%	Provision of care and education services
High Trees Limited*	England & Wales	100%	Provision of care and education services
A. W. Consultancy Limited*	England & Wales	100%	Provision of foster care services
Lesley Ann Consultancy Limited*	England & Wales	100%	Provision of foster care services
Next Step Fostering Services Limited*	England & Wales	100%	Provision of foster care services
Ryancare Fostering Limited*^	England & Wales	100%	Provision of foster care services
Ryancare Fostering South East Limited*	England & Wales	100%	Provision of foster care services
Safehouses Limited*^	England & Wales	100%	Provision of foster care services
Safehouses Fostering Limited*	England & Wales	100%	Provision of foster care services

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

^ Kindercare Fostering Northern Ireland Limited, Fostering Relations Limited, Fostering Solutions (Northern) Limited, Reach-Out Care Limited, Ryancare Fostering Limited and Safehouses 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:

* Atria, Spa Road, Bolton, England. BL1 4AG

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

**** East Gateway, Beancross Road, Grangemouth, Falkirk. FK3 8WH

Falkland House School, Falkland Estate, Falkland, Scotland. KY15 7AE

13 Stocks

	Group	
	2020 £ 000	2019 £ 000
Fuel stock	44	19

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

Company

The company had no stock at 31 August 2020 (2019: £nil).

14 Debtors

	Note	Group		Company	
		2020 £ 000	2019 £ 000	2020 £ 000	2019 £ 000
Trade debtors		42,931	31,122	-	-
Amounts owed by group undertakings		-	-	20,292	18,264
Loans to related parties	23	350	110	350	110
Accrued income		4,204	1,770	-	-
Other debtors		558	682	9,626	3,029
Prepayments		3,558	4,073	-	-
		51,601	37,757	30,268	21,403
Less non-current portion		-	-	(19,301)	(16,925)
Total current trade and other debtors		51,601	37,757	10,967	4,478

Trade debtors are stated after provisions for impairment of £828,000 (2019: £1,006,000).

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

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

Details of non-current trade and other debtors

Company

£19,300,569 (2019 - £16,924,629) of amounts owed by group undertakings due after more than one year is classified as non current. The Company holds unsecured loan notes of £9,550k (2019: £9,550k) issued by another group company, SSCP Spring Midco 1 Limited. 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 2020 the value of capitalised and accrued interest was £9,751k (2019: £7,375k); interest accrued in the year amounted to £2,376k (2019: £2,078k).

15 Cash at bank and in hand

	Group	
	2020 £ 000	2019 £ 000
Cash on hand	135	25
Cash at bank	6,132	15,153
	<u>6,267</u>	<u>15,178</u>

Company

The company had no cash at 31 August 2020 (2019: £nil).

16 Creditors: amounts falling due within one year

	Group		Company (As restated)	
	2020 £ 000	2019 £ 000	2020 £ 000	2019 £ 000
Trade creditors	4,693	4,568	-	-
Amounts owed to group undertakings 23	-	-	12,326	4,325
Corporation tax	1,080	31	371	-
Other taxation and social security	7,701	5,397	-	-
Outstanding defined contribution pension costs	642	369	-	-
Obligations under finance lease and hire purchase contracts	84	-	-	-
Other creditors	443	2,379	4	1,000
Accruals and deferred income	<u>21,423</u>	<u>37,024</u>	<u>-</u>	<u>-</u>
	<u>36,066</u>	<u>49,768</u>	<u>12,701</u>	<u>5,325</u>

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

17 Creditors: amounts falling due after more than one year

Note	Group		Company	
	2020 £ 000	2019 £ 000	2020 £ 000	2019 £ 000
Loan notes	164,481	148,243	19,018	16,677
Bank loans and overdrafts	519,847	489,621	-	-
Preference shares	70,601	70,601	-	-
Interest accrued on preference shares	36,181	22,963	-	-
Obligations under finance lease and hire purchase contracts	60	1	-	-
	<u>791,170</u>	<u>731,429</u>	<u>19,018</u>	<u>16,677</u>

Maturity of debt

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

	Group		Company	
	2020 £ 000	2019 £ 000	2020 £ 000	2019 £ 000
Amounts falling due between one to five years				
Bank loans and overdrafts	519,847	-	-	-
Preference shares and interest accrued	106,782	-	-	-
Obligations under finance lease and hire purchase contracts	60	1	-	-
	<u>626,689</u>	<u>1</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than five years				
Bank loans and overdrafts	-	489,621	-	-
Loan notes	164,481	148,243	19,018	16,677
Preference shares and interest accrued	-	93,564	-	-
	<u>164,481</u>	<u>731,428</u>	<u>19,018</u>	<u>16,677</u>
Total due after one year	<u>791,170</u>	<u>731,429</u>	<u>19,018</u>	<u>16,677</u>

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

Bank loans

The Group's banking facilities are provided by a consortium of lenders.

The facilities consist of one £510,000,000 tranche which attracts an interest rate of LIBOR plus 6.25%. The facility is repayable in full on 18th July 2025.

In addition, the Group has a £40,000,000 capital expenditure and acquisitions facility to support future developments of the Group on which it pays a non usage fee of 1.875%. As at 31st August 2020, £19,927,000 of this facility was utilised (2019: £nil). This capital expenditure and acquisitions facility is repayable in full on 18th July 2025.

The Group also has a £10,000,000 revolving credit facility for general corporate purpose and working capital purpose on which it pays a non usage fee of 0.9%. As at 31st August 2020, £7,000,000 of this facility was utilised (2019: £nil). This revolving credit facility is repayable in full on 18th April 2025.

Interest accrued on bank loans at 31st August 2020 was £3.0m (2019: £3.4m).

Unamortised issue costs amounting to £17.1m (2019: £20.4m) have been offset against bank loans and are being amortised over the life of the loan.

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

Investor loan notes

£41.0m (2019: £41.0m) of unsecured investor loan notes in the Group are held by SSCP Spring Holdings SCA, the ultimate parent undertaking. These loan notes carry an interest rate of 14% and are repayable in full on 24 April 2025. Interest is capitalised and added to the outstanding loan balance on an annual basis. At 31 August 2020 the value of capitalised interest was £49.5m (2019: £38.4m) with a further £4.3m interest accrued (2019: £3.7m).

£9.4m of unsecured investor loan notes in the Company are held by management and the EBT. At 31 August 2020 £4.4m of loan notes are held by the EBT (2019: £2.0m). The loan notes carry an interest rate of 14% per annum and are repayable in full on 24 April 2025. Interest is capitalised and added to the outstanding loan balance on an annual basis. At 31 August 2020 the value of capitalised interest was £8.8m (2019: £6.5m) with a further £0.9m interest accrued (2019: £0.8m).

Issue costs of £1.2m (2019: £1.4m) are outstanding and are being amortised over the period to July 2026.

The Company has £52m (2019: £52m) of variable rate investor loan notes which carry an interest rate of LIBOR+11.0% per annum (2019: LIBOR+11% per annum) and are repayable in full on 30 July 2026. At 31 August 2020 the value of capitalised interest was £7.0m (2019: £nil).

Redeemable preference shares

The 14% cumulative redeemable preference shares on which interest of £8,632,000 (2018: £7,297,000) was accrued in the period, are redeemable on 24 April 2025.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

18 Provisions for liabilities

Group

	Deferred tax £ 000	Onerous leases £ 000	Other provisions £ 000	Total £ 000
At 1 September 2019	37,888	83	1,507	39,478
Increase in provisions	1,613	74	505	2,192
Provisions used	-	(52)	(41)	(93)
At 31 August 2020	<u>39,501</u>	<u>105</u>	<u>1,971</u>	<u>41,577</u>

Deferred tax

Provisions for deferred tax relates to intangible assets and tangible assets acquired in prior years through business combinations. The provisions will be released over the life of the assets to which they relate. Deferred tax in relation to intangible assets will be fully released by 2028. Deferred tax in relation to tangible assets will be fully released in 2069.

Onerous leases

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

Other provisions

Other provisions include provisions for dilapidations and provisions in relation to a historic VAT liability that arose in Boston Holdco A Limited and its subsidiaries prior to acquisition by Outcomes First Group Limited (formerly SSCP Spring Bidco Limited).

Dilapidations

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. The provision is expected to be utilised between September 2020 and July 2027 as the leases terminate.

Company

The company had no deferred tax and other provisions at 31 August 2020 (2019: £nil).

19 Commitments under operating leases

Group

Operating leases

The total of future minimum lease payments is as follows:

	2020 £ 000	2019 £ 000
Not later than one year	3,373	1,661
Later than one year and not later than five years	10,283	3,721
Later than five years	<u>12,009</u>	<u>5,182</u>
	<u>25,665</u>	<u>10,564</u>

Company

The company had no commitments under operating leases at 31 August 2020 (2019: £nil).

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

20 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 year represents contributions payable by the group to these schemes and amounted to £3,146,820 (2019 - £2,214,493).

Contributions totalling £642,252 (2019 - £369,278) were payable to the schemes at the end of the year and are included in creditors.

21 Called up share capital

Allotted, called up and fully paid shares

	2020		2019	
	No. 000	£ 000	No. 000	£ 000
'A' Ordinary shares of £0.00010 each	1,155	0.115	1,155	0.115
'B1' Ordinary shares of £0.00100 each	84	0.084	84	0.084
'B2' Ordinary shares of £0.00100 each	92	0.092	92	0.092
'C' Ordinary shares of £0.00001 each	970	0.010	970	0.010
	<u>2,301</u>	<u>0.301</u>	<u>2,301</u>	<u>0.301</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. Preference shares do not carry voting rights except in the case of special resolutions.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

22 Notes to the cash flow statement

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

	Note	2020 £ 000	2019 £ 000
Cash flows from operating activities			
Loss for the financial year		(78,414)	(57,111)
Amortisation expense	3	52,851	43,080
Depreciation expense	3	13,728	5,679
Loss on disposal of tangible assets	3	1,616	68
Finance income	4	(22)	(17)
Finance costs	5	75,471	61,867
Taxation expense/(income)	8	4,979	(1,449)
Operating profit		70,209	52,117
(Increase)/decrease in stocks		(25)	1
Increase in debtors		(13,078)	(2,075)
(Decrease)/increase in creditors		(16,951)	2,914
Increase/(decrease) in provisions		920	(132)
Cash generated from operating activities		41,075	52,825

Non-cash transactions excluded from the consolidated cash flow statement

	2020 £ 000	2019 £ 000
Investor Loan notes - accrued interest	20,438	19,459
Preference shares - accrued interest	13,218	8,632
Amortisation and write off of issue costs	3,709	9,108

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.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

23 Related party transactions

SSCP Spring Holdings SCA, the ultimate parent undertaking, has a holding of 951,750 (2019: 951,750) 'A' ordinary shares and 970,197 (2019: 970,197) 'C' ordinary shares in the Company.

SSCP Spring Holdings SCA, the ultimate parent undertaking, holds preference shares in the Group of £70,600,769 (2019: £70,600,769) on which interest accrued in the year of £13,218,000 (2019: £8,632,000). Other investor loan stock held by SSCP Spring Holdings SCA has been disclosed in note 17.

J-L Janet is a Director of the Company. At 31 August 2020 J-L Janet owned 16,300 (2019: 16,300) 'A' Ordinary shares and 19,195 (2019: 19,195) 'B2' Ordinary shares in the Company. On 31 August 2016 the Company advanced a loan to J-L Janet of £110,000. The loan was amended on 4 May 2018 to a 0% interest loan from the issue date. The loan can be repaid at any time without penalty, with a final repayment date of 31 August 2065.

D J Leatherbarrow is a Director of the Company. At 31 August 2020 D J Leatherbarrow owned 59,811 (2019: 59,811) 'A' Ordinary shares in the Company and 19,938 (2019: 19,938) 'B1' Ordinary shares in the Company. D J Leatherbarrow held £672,495 (2019: 672,495) of investor loan stock in the Company on which accrued interest at 31 August 2020 was £687,075 (2019: £519,709).

D J Quinn is a Director of the Company. At 31 August 2020 D J Quinn owned 4,784 (2019: 4,784) 'A' Ordinary shares in the Company. D J Quinn held £52,950 (2019: nil) of investor loan stock in the Company on which accrued interest at 31 August 2020 was £54,098 (2019: £nil).

Stirling Square Capital Partners Jersey AIFM Limited, a company affiliated to SSCP Spring Holdings SCA, charged the Company £400,000 of monitoring fees for the year (2019: £400,000).

The Employee Benefit Trust purchased and sold certain shares and loan notes from employees leaving or joining the Group.

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

Key management personnel

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

24 Financial instruments

Group

The Group has the following financial instruments:

	2020 £ 000	2019 £ 000
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors	42,931	31,122
Other debtors	908	771
	<u>43,839</u>	<u>31,893</u>

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

	2020 £ 000	2019 £ 000
Financial liabilities at amortised cost:		
Bank loans and overdrafts	(519,847)	(489,621)
Investor loan notes	(164,481)	(148,243)
Preference shares	(70,601)	(70,601)
Finance leases	(144)	(1)
Trade creditors	(4,693)	(4,568)
Other creditors	(1,085)	(2,748)
Interest accrued on preference shares	(36,181)	(22,963)
	<u>(797,032)</u>	<u>(738,745)</u>

Derivative financial instrument - Interest rate swaps

At 31 August 2020, the Group did not hold any derivative financial instruments (2019: none)

The fair value of the instruments at 31 August 2020 was a liability of £Nil (2019: a liability of £Nil).

Company

The company has the following financial instruments:

	2020 £ 000	2019 £ 000
Financial assets that are debt instruments measured at amortised cost:		
Amounts owed by group undertakings	20,292	18,264
Other debtors	9,976	3,139
	<u>30,268</u>	<u>21,403</u>
Financial liabilities at amortised cost:		
Investor loan notes	(19,018)	(16,677)
Amounts owed to group undertakings	(12,326)	(4,325)
Other creditors	(4)	(1,000)
	<u>(31,348)</u>	<u>(22,002)</u>

25 Parent and ultimate parent undertaking

The ultimate parent is SSCP Spring Topco Limited, a company incorporated in England and Wales. The largest and smallest Group in which the results of the company are consolidated is that headed by SSCP Spring Topco Limited.

SSCP Spring Holdings SCA, a company incorporated in Luxembourg, owns 83.51% (2019: 83.51%) of the Company's equity share capital and is deemed to be the ultimate parent undertaking.

The directors consider funds managed by Stirling Square Capital Partners Jersey AIFM Limited to be the Ultimate Controlling Parties.

SSCP Spring Topco Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

26 Non adjusting events after the financial period

In November 2020, the Group entered into additional banking facilities with the existing lending group to support its ongoing growth strategy. The additional facilities consist of £30.0m available to the Group on terms similar to the existing £40.0m capital expenditure and acquisitions facility.

In October 2020, the Group acquired the entire share capital of Bryn Melyn Care Limited, a company which provides education and residential care services in England and Wales.

In November 2020, the Group acquired the entire share capital of Wessex College Limited and Enhanced Childrens Services Limited. These companies and their subsidiaries trade as the Enhanced Children Services group and provide education, residential care and fostering services in England.