

# Heath Farm Limited

Annual Report and Financial Statements

for the Year Ended 31 August 2017



# Heath Farm Limited

## Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Independent Auditors' Report	6 to 8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 19

# Heath Farm Limited

## Company Information

<b>Directors</b>	J-L Janet I J Anderson R D Edwards
<b>Company secretary</b>	H Lecky
<b>Registered office</b>	1 Merchant's Place River Street Bolton Lancashire BL2 1BX
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Atrium 1 Harefield Road Uxbridge Middlesex UB8 1EX

# Heath Farm Limited

## Strategic Report for the Year Ended 31 August 2017

The directors present their strategic report for the year ended 31 August 2017.

### Principal activities

The company provides education for children and young people with special education needs with placements being referred from a number of local authorities. The company is part of the SSCP Spring Topco Limited Group ("Group"). The Group provides a choice of education and care for young people through a network of schools, residential care homes and a national network of fostering agencies.

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

### Fair review of the business

The loss for the year, after taxation amounted to £28,066 (2016: £30,488).

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

	Unit	2017	2016
Loss after tax	£	64,990	30,488

### Principal risks and uncertainties

#### Regulatory and legislative risks

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

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

The Group has an obligation to meet Health and Safety requirements, which it does through internal policies and procedures and through using the services of external specialist advisers where necessary.

#### Financial risks

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

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

#### Credit risk

Credit risk arises principally on third party derived revenues. Company policy is aimed at minimising such risk, and collection of debts is actively managed to ensure that payments are received in a timely manner. The company's customers are primarily local authorities and have a good payment history. The directors believe that the company's exposure to bad debts is not significant.

#### Liquidity risk

The company's liquidity risk is managed through the Group finance function. Capital expenditure is approved at Group level. Day to day cash flow flexibility is maintained by retaining surplus cash in readily accessible bank accounts. Working capital requirements are funded primarily through each Group company's resources, although the company does have recourse to additional funding through Group banking facilities.

#### Interest rate risk

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

## Heath Farm Limited

### Strategic Report for the Year Ended 31 August 2017 (continued)

#### **Market price risk**

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

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

#### **Foreign currency risk**

The business has no exposure to foreign currency.

Approved by the Board and signed on its behalf by:

  
.....  
J-L Jarret  
Director

23 February 2018

# Heath Farm Limited

## Directors' Report for the Year Ended 31 August 2017

The directors present their report and the audited financial statements for the year ended 31 August 2017.

### Directors of the company

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

N-J Macdonald (resigned 31 March 2017)

J-L Janet

I J Anderson (appointed 31 March 2017)

The following director was appointed after the year end:

R D Edwards (appointed 6 October 2017)

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

### Employees and employment policies

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

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

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

### Future developments

The company will continue to work closely with its Local Authority customers to ensure it can provide a choice of education for children and young people with special education needs. This will mean continuing investment in the leadership team, the teaching and support teams, educational resources and the physical environment of the schools.

Where existing facilities provide opportunities for on-site expansion and the opening of additional classrooms, these opportunities will be considered if they enhance the range and quality of the current education offering. Alternatively, satellite sites may be acquired and registered as new schools to work in conjunction with the existing sites.

### Matters covered in the strategic report

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

### Going concern

The company is a subsidiary of SSCP Spring Topco Limited and its financial resources are managed on a Group basis. For the period ending 31 August 2017 the Group generated strong cash flows and held a group cash balance of £22.0m at 31 August 2017. During the year, the Group was financed by a mixture of equity funding (ordinary and preference shares), unsecured loan notes, senior banking facilities and operating cash flows from the underlying business of the Group.

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

On the basis of the above the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

## Heath Farm Limited

### Directors' Report for the Year Ended 31 August 2017 (continued)

#### Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

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

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

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

#### Reappointment of auditors

On 10 August 2017 Ernst & Young LLP resigned as auditors of the company and PricewaterhouseCoopers LLP were appointed as auditors of the company. In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

  
.....  
J.L. Janet  
Director

23 February 2018

## Heath Farm Limited

### ***Independent Auditors' Report to the Members of Heath Farm Limited***

#### **Report on the financial statements**

##### **Opinion**

In our opinion, Heath Farm Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 August 2017; the statement of comprehensive income; the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

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

##### ***Independence***

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

##### **Conclusions relating to going concern**

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

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

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



## Heath Farm Limited

### ***Independent Auditors' Report to the Members of Heath Farm Limited (continued)***

#### **Reporting on other information**

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

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

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

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

#### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 August 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

#### **Responsibilities for the financial statements and the audit**

##### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Heath Farm Limited

### ***Independent Auditors' Report to the Members of Heath Farm Limited (continued)***

#### *Auditors' responsibilities for the audit of the financial statements*

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

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

#### *Use of this report*

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

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



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

23 February 2018

## Heath Farm Limited

### Statement of Comprehensive Income for the Year Ended 31 August 2017

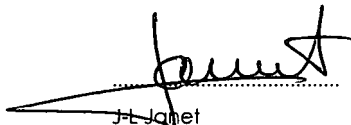
	Note	2017 £	(As restated) 2016 £
Turnover		-	-
Administrative expenses		<u>(114,920)</u>	<u>(133,913)</u>
Operating loss	3	<u>(114,920)</u>	<u>(133,913)</u>
Loss on ordinary activities before tax		(114,920)	(133,913)
Tax on profit on ordinary activities	4	<u>86,854</u>	<u>103,425</u>
Loss and Total comprehensive income for the financial year		<u><u>(28,066)</u></u>	<u><u>(30,488)</u></u>

Turnover and operating loss derive wholly from continuing operations.

**Heath Farm Limited**  
**(Registration number: 02582284)**  
**Balance Sheet as at 31 August 2017**

	Note	2017 £	(As restated) 2016 £
<b>Fixed assets</b>			
Tangible assets	5	5,517,639	5,949,159
Investments	6	<u>1</u>	<u>1</u>
		<u>5,517,640</u>	<u>5,949,160</u>
<b>Current assets</b>			
Debtors	7	231,661	181,792
Cash at bank and in hand		<u>5,076</u>	<u>76</u>
		236,737	181,868
<b>Creditors: Amounts falling due within one year</b>	8	<u>(2,910,850)</u>	<u>(3,221,021)</u>
<b>Net current liabilities</b>		<u>(2,674,113)</u>	<u>(3,039,153)</u>
<b>Total assets less current liabilities</b>		2,843,527	2,910,007
<b>Provisions for liabilities</b>	4	<u>(313,850)</u>	<u>(352,264)</u>
<b>Net assets</b>		<u>2,529,677</u>	<u>2,557,743</u>
<b>Capital and reserves</b>			
Called up share capital	9	40,000	40,000
Profit and loss account		<u>2,489,677</u>	<u>2,517,743</u>
<b>Total equity</b>		<u>2,529,677</u>	<u>2,557,743</u>

The financial statements on pages 9 to 19, were approved by the Board and signed on its behalf by:

  
J-L Janet  
Director

23  
..... February 2018

# Heath Farm Limited

## Statement of Changes in Equity for the Year Ended 31 August 2017

	Called up share capital £	Profit and loss account £	Total equity £
At 1 September 2015	40,000	2,548,231	2,588,231
Loss for the year	-	(30,488)	(30,488)
Other comprehensive income	-	-	-
Total comprehensive income	-	(30,488)	(30,488)
At 31 August 2016	40,000	2,517,743	2,557,743
	Called up share capital £	Profit and loss account £	Total equity £
At 1 September 2016	40,000	2,517,743	2,557,743
Loss for the year	-	(28,066)	(28,066)
Other comprehensive income	-	-	-
Total comprehensive income	-	(28,066)	(28,066)
<b>At 31 August 2017</b>	<b>40,000</b>	<b>2,489,677</b>	<b>2,529,677</b>

The notes on pages 12 to 19 form an integral part of these financial statements.

## Heath Farm Limited

### Notes to the Financial Statements for the Year Ended 31 August 2017

#### 1 Accounting policies

Heath Farm Limited ("the company") is a private company limited by shares incorporated in England.

The Registered Office is 1 Merchant's Place, River Street, Bolton, Lancashire, BL2 1BX.

##### Statement of compliance

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

##### Basis of preparation

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

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

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

##### Significant accounting policies

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

##### Summary of exemptions - Reduced Disclosure Framework

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

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

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

##### Name of parent of group

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

##### Group accounts not prepared

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

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

## Heath Farm Limited

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 1 Accounting policies (continued)

##### Going concern

The company is a subsidiary of SSCP Spring Topco Limited and its financial resources are managed on a Group basis. For the year ending 31 August 2017 the Group generated strong cash flows and held a group cash balance of £22.0m at 31 August 2017. During the year, the Group was financed by a mixture of equity funding (ordinary and preference shares), unsecured loan notes, senior banking facilities and operating cash flows from the underlying business of the Group.

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

On the basis of the above the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### Judgements

Preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements. Items in the financial statements where these judgements and estimates have been made include:

- Indicators of impairment – The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.
- Impairment of investments – The company considers whether there are any indicators of impairment in the carrying value of investments. Factors taken into account include the financial position and expected future financial performance, including forecast cash flows, of the investment.

##### Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty:

- Tangible fixed assets – the annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.
- Taxation – Provisions are based on reasonable estimates based on various factors including experience and interpretation of regulations.

##### Current and deferred tax

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

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

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

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

# Heath Farm Limited

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 1 Accounting policies (continued)

#### Tangible assets

Tangible assets are stated at cost less accumulated depreciation.

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

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

#### Depreciation

Depreciation is provided on all tangible assets at the following rates calculated to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter. Freehold land is not depreciated.

#### Asset class

Freehold land and buildings  
Fixtures, fittings and equipment  
Motor vehicles

#### Depreciation method and rate

2% straight line  
15-33% straight line  
25% straight line

#### Investments

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

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

#### Cash and cash equivalents

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

#### Basic financial instruments

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

Basic financial liabilities, including trade and other payables, bank loans, loan notes, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts discounted at a market rate of interest. Such liabilities are subsequently measured at amortised cost, using the effective interest rate method.

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

#### Share capital

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



# Heath Farm Limited

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 2 Other gains and losses

	2017 £
Gain on disposal of property, plant and equipment	<u>16,679</u>

### 3 Operating loss

Operating profit is stated after charging/(crediting)

	2017 £	2016 £
Depreciation expense	131,520	133,913
Profit on disposal of tangible assets	<u>(16,679)</u>	<u>-</u>

Audit fees for 2017 (£2,155) and 2016 (£2,577) were borne by another Group company without recharge.

The company had no employees, other than the directors, during the year under review (2016: None).

The directors did not receive any remuneration from the company during the year ended 31 August 2017 (2016: nil) for their services to the company. The directors were employed and their remuneration costs borne by another group company. No charge has been made to the company as in the opinion of the directors it is not possible to determine with reasonable accuracy the split by company.

### 4 Tax on profit on ordinary activities

Tax credited in the statement of comprehensive income

	2017 £	(As restated) 2016 £
<b>Current taxation</b>		
Group relief	(48,440)	(49,190)
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	(21,704)	(12,329)
Arising from changes in tax rates and laws	(16,710)	(39,140)
Adjustments in respect of prior periods	-	(2,766)
Total deferred taxation	<u>(38,414)</u>	<u>(54,235)</u>
Tax receipt in the statement of comprehensive income	<u>(86,854)</u>	<u>(103,425)</u>

# Heath Farm Limited

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 4 Tax on profit on ordinary activities (continued)

#### Factors affecting total tax charge

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.58% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Loss on ordinary activities before tax	<u>(114,920)</u>	<u>(133,913)</u>
Corporation tax at standard rate	(22,501)	(26,783)
Adjustment in respect of prior periods	-	(2,766)
Effect of expense not deductible in determining taxable tax loss	(3,267)	15,811
Deferred tax credit relating to changes in tax rates or laws	(16,710)	(39,140)
Tax decrease from transfer pricing adjustments	(47,642)	(50,547)
Tax increase from effect of rollover relief on profit on disposal of fixed assets	<u>3,266</u>	<u>-</u>
Total tax credit	<u>(86,854)</u>	<u>(103,425)</u>

#### Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

#### Deferred tax

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

	Liability £
At 01 September 2016	352,264
Movement in the period	<u>(38,414)</u>
At 31 August 2017	<u>313,850</u>

The analysis of deferred tax liabilities is as follows:

2017	Liability £
Accelerated capital allowances	401,353
Tax losses available	<u>(87,503)</u>
	<u>313,850</u>
2016	Liability £
Accelerated capital allowances	444,915
Tax losses available	<u>(92,651)</u>
	<u>352,264</u>

# Heath Farm Limited

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 5 Tangible assets

	Freehold land and buildings £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 September 2016	6,800,984	86,357	47,340	6,934,681
Disposals	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>
At 31 August 2017	<u>6,500,984</u>	<u>86,357</u>	<u>47,340</u>	<u>6,634,681</u>
<b>Accumulated depreciation</b>				
At 1 September 2016	851,825	86,357	47,340	985,522
Charge for the year	<u>131,520</u>	<u>-</u>	<u>-</u>	<u>131,520</u>
At 31 August 2017	<u>983,345</u>	<u>86,357</u>	<u>47,340</u>	<u>1,117,042</u>
<b>Carrying amount</b>				
At 31 August 2017	<u>5,517,639</u>	<u>-</u>	<u>-</u>	<u>5,517,639</u>
At 31 August 2016	<u>5,949,159</u>	<u>-</u>	<u>-</u>	<u>5,949,159</u>

### 6 Investments held as fixed assets

	2017 £	2016 £
Investments in subsidiaries	<u>1</u>	<u>1</u>
		£
<b>Cost</b>		
At 1 September 2016		<u>1</u>
At 31 August 2017		<u>1</u>
<b>Carrying amount</b>		
At 31 August 2017		<u>1</u>
At 31 August 2016		<u>1</u>

# Heath Farm Limited

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 6 Investments held as fixed assets (continued)

#### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Percentage holding	Principal activity
<b>Subsidiary undertakings</b>			
Heath Farm Family Services Limited	United Kingdom	100%	Care and education services
Heath Farm Fostering Agency Limited	United Kingdom	100%	Dormant

Both investments are held directly by the company.

The registered office of the subsidiaries named above is 1 Merchant's Place, River Street, Bolton, Lancashire, BL2 1BX.

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

### 7 Debtors

	2017 £	2016 £
Receivables from related parties	231,595	179,755
Other debtors	66	2,037
Total current trade and other debtors	<u>231,661</u>	<u>181,792</u>

All amounts fall due within one year.

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

### 8 Creditors: amounts falling due within one year

	2017 £	2016 £
Amounts owed to group undertakings	2,900,443	3,185,671
Other creditors	3,052	-
Accruals and deferred income	7,355	35,350
	<u>2,910,850</u>	<u>3,221,021</u>

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

# Heath Farm Limited

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 9 Called up share capital

#### Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>

### 10 Contingent liabilities

During the year the company gave security by way of unlimited fixed and floating charges over all of its assets to the finance parties providing banking facilities to SSCP Spring Bidco Limited, a fellow subsidiary undertaking of the SSCP Spring Topco Limited Group.

The amount outstanding to the finance parties providing the banking facilities to SSCP Spring Bidco Limited at 31 August 2017 was £290.4m (2016: £300.4m).

### 11 Related party transactions

The company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Group.

### 12 Controlling party

The company's immediate parent is Acorn Care and Education Limited, a company incorporated in England and Wales. The ultimate parent is SSCP Spring Topco Limited, a company incorporated in England and Wales.

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

The smallest and largest group to consolidate these financial statements is SSCP Spring Topco Limited. These consolidated financial statements are publicly available upon request from Frays Court, 71 Cowley Road, Uxbridge, Middlesex, UB8 2AE.