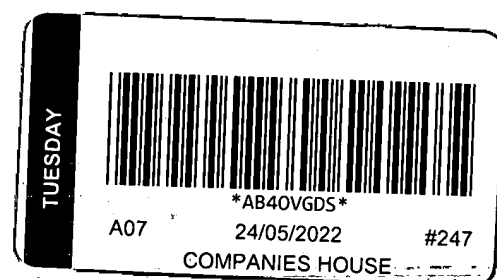


Registration number: 02582284

Heath Farm Limited

Annual Report and Financial Statements

for the Year Ended 31 August 2021



Heath Farm Limited

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Heath Farm Limited

Company Information

| | |
|-----------------------------|---|
| Directors | D J Leatherbarrow R Power J-L Janet |
| Company secretary | C Duffy |
| Registered office | Altria Spa Road Bolton Lancashire BL1 4AG |
| Independent Auditors | PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 40 Clarendon Road Watford Hertfordshire WD17 1JJ |

Heath Farm Limited

Strategic Report for the Year Ended 31 August 2021

The directors present their strategic report for the year ended 31 August 2021.

Principal activities

The company owns the property utilised by Heath Farm Family Services Limited, which is an independent fostering agency that provides care for looked after children and operates a school which provides education for children and young people with special education needs. 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'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.

Review of the business

The loss for the year, after taxation amounted to £182,025 (2020: £147,957).

As at 31 August 2021 the company was in a net asset position of £2,049,187 (31 August 2020: £2,231,212).

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

| | 2021 £ | 2020 £ |
|---------------------|-----------|-----------|
| Loss after taxation | (182,025) | (147,957) |

The company monitors its performance through robust monthly management accounts and a range of indicators across schools. Further information on non financial key performance indicators can be found in the consolidated group financial statements SSCP Spring Topco Limited.

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.

Heath Farm Limited

Strategic Report for the Year Ended 31 August 2021 (continued)

Financial risks (continued)

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 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 and a large proportion of borrowings at fixed rate, this was considered a low risk with no hedging instrument put in place. Further to the refinancing of the Group on 30 July 2019 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 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.

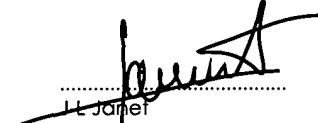
COVID-19

The COVID-19 pandemic and the resulting measures taken by the UK government to contain the outbreak has not significantly impacted our business during the financial year ended 31 August 2021 or the period since then up to the signing of these financial statements. The Group has continued 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 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 though certain measures are still in place to protect service users and employees, the Group remains well placed to continue operating as normal.

Approved by the Board and signed on its behalf by:


.....
J. L. J. J. J.
Director
20 May 2022

Heath Farm Limited

Directors' Report for the Year Ended 31 August 2021

The directors present their report and the audited financial statements for the year ended 31 August 2021.

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:

R D Edwards (resigned 29 October 2020)

D J Leatherbarrow

R Power

J-L Janet

The Company purchased qualifying third party indemnity arrangements for the benefit of all its Directors and which were in force throughout the year and remain in force.

Proposed dividend

The directors do not recommend the payment of a dividend (2020: none).

Political and charitable donations

During the year the company made no political or charitable donations (2020: nil).

Employees and employment policies

The company has no employees.

External stakeholders

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 our 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.

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.

Heath Farm Limited

Directors' Report for the Year Ended 31 August 2021 (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 2021 the Group generated strong cash flows and held a group cash balance of £5.8m at 31 August 2021. 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.

The COVID-19 pandemic has resulted in significant disruptions in global economic activities, though the impact on the business is limited. The company 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 company's working capital requirements for twelve months from the date of approval and signing of the financial statements by the directors.

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 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 safeguarding the assets of the 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 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.

Heath Farm Limited

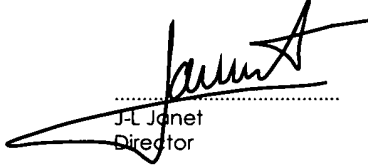
Directors' Report for the Year Ended 31 August 2021 (continued)

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 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.

Approved by the Board and signed on its behalf by:



J-L Janet
Director

20 May 2022

Heath Farm Limited

Independent Auditors' Report to the Members of Heath Farm Limited

Report on the audit of 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 2021 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 2021; the Statement of Comprehensive Income and 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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 in respect of the financial statements, 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Heath Farm Limited

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to manipulate financial results and potential management bias in the selection and application of significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Reviewing minutes of meetings of those charged with governance.
- Discussions with the Chief Financial Officer, including consideration of known or suspected instances of non-compliance with laws and regulations or fraud.
- Challenging assumptions made by management in the selection and application of significant accounting judgements and estimates.
- Identifying and testing the validity of journal entries, in particular certain journal entries posted with unusual users or account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 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.

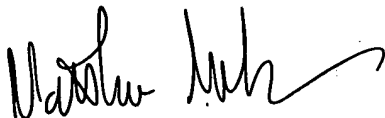
Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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.



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

20 May 2022

Heath Farm Limited

Statement of Comprehensive Income for the Year Ended 31 August 2021

| | Note | 2021 £ | 2020 £ |
|---|------|-------------------------|-------------------------|
| Turnover | | - | - |
| Administrative expenses | | <u>(226,978)</u> | <u>(204,403)</u> |
| Operating loss | 2 | <u>(226,978)</u> | <u>(204,403)</u> |
| Loss before taxation | | (226,978) | (204,403) |
| Tax on loss | 3 | <u>44,953</u> | <u>56,446</u> |
| Loss and Total comprehensive expense for the financial year | | <u><u>(182,025)</u></u> | <u><u>(147,957)</u></u> |

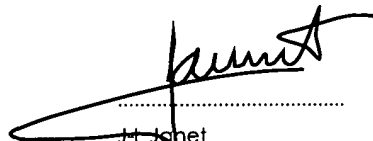
Turnover and operating loss derive wholly from continuing operations.

Heath Farm Limited

(Registration number: 02582284) Balance Sheet as at 31 August 2021

| | Note | 2021 £ | 2020 £ |
|---|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 4 | 10,011,421 | 9,331,424 |
| Investments | 5 | <u>1</u> | <u>1</u> |
| | | <u>10,011,422</u> | <u>9,331,425</u> |
| Current assets | | | |
| Debtors | 6 | 117,608 | 99,993 |
| Cash at bank and in hand | | <u>-</u> | <u>749</u> |
| | | 117,608 | 100,742 |
| Creditors: Amounts falling due within one year | 7 | <u>(7,677,592)</u> | <u>(6,869,419)</u> |
| Net current liabilities | | <u>(7,559,984)</u> | <u>(6,768,677)</u> |
| Total assets less current liabilities | | 2,451,438 | 2,562,748 |
| Provisions for liabilities | 8 | <u>(402,251)</u> | <u>(331,536)</u> |
| Net assets | | <u>2,049,187</u> | <u>2,231,212</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 40,000 | 40,000 |
| Profit and loss account | | <u>2,009,187</u> | <u>2,191,212</u> |
| Total equity | | <u>2,049,187</u> | <u>2,231,212</u> |

The financial statements on pages 10 to 20, were approved by the Board and signed on its behalf by:



J. L. Janet

Director

20 May 2022

Heath Farm Limited

Statement of Changes in Equity for the Year Ended 31 August 2021

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|-----------------------------|---------------------------------|---------------------------------|-------------------|
| At 1 September 2019 | 40,000 | 2,339,169 | 2,379,169 |
| Loss for the year | - | (147,957) | (147,957) |
| Total comprehensive expense | - | (147,957) | (147,957) |
| At 31 August 2020 | 40,000 | 2,191,212 | 2,231,212 |
| | Called up share capital £ | Profit and loss account £ | Total equity £ |
| At 1 September 2020 | 40,000 | 2,191,212 | 2,231,212 |
| Loss for the year | - | (182,025) | (182,025) |
| Total comprehensive expense | - | (182,025) | (182,025) |
| At 31 August 2021 | 40,000 | 2,009,187 | 2,049,187 |

Heath Farm Limited

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

1 Accounting policies

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

The Registered Office is Atria, Spa Road, Bolton, Lancashire, BL1 4AG.

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 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 financial statements not prepared

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

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 2021 (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 2021 the Group generated strong cash flows and held a group cash balance of £5.8m at 31 August 2021. 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.

The COVID-19 pandemic has resulted in significant disruptions in global economic activities, though the impact on the business is limited. The company 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 company's working capital requirements for twelve months from the date of approval and signing of the financial statements by the directors.

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:

- Recoverability of amounts owed by group undertakings - The company makes an estimate of the recoverable value of amounts owed from group companies. When assessing the recoverable value, management considers the financial position and underlying performance of related undertakings within the group.

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.

Heath Farm Limited

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

1 Accounting policies (continued)

Current tax

The tax expense for the period comprises current 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.

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 | Depreciation method and rate |
|----------------------------------|------------------------------|
| Freehold land and buildings | 2% straight line |
| Fixtures, fittings and equipment | 15-33% straight line |
| Motor vehicles | 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.

Basic financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of 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.

Heath Farm Limited

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

1 Accounting policies (continued)

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.

2 Operating loss

Operating loss is stated after charging

| | 2021 £ | 2020 £ |
|----------------------|----------------|----------------|
| Depreciation expense | <u>226,587</u> | <u>204,338</u> |

Audit fees for 2021 (£3,016) and 2020 (£2,715) were borne by another Group company without recharge.

The company had no employees, other than the directors, during the year under review (2020: None).

The directors did not receive any remuneration from the company during the year ended 31 August 2021 (2020: 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.

3 Tax on loss

Tax credited in the statement of comprehensive income

| | 2021 £ | 2020 £ |
|---|-----------------|-----------------|
| Current taxation | | |
| UK corporation tax | (115,668) | (91,585) |
| Deferred taxation | | |
| Arising from origination and reversal of timing differences | (2,816) | 2,884 |
| Arising from changes in tax rates and laws | 96,540 | 34,595 |
| Adjustments in respect of prior periods | <u>(23,009)</u> | <u>(2,340)</u> |
| Total deferred taxation | <u>70,715</u> | <u>35,139</u> |
| Tax receipt in the statement of comprehensive income | <u>(44,953)</u> | <u>(56,446)</u> |

Heath Farm Limited

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

3 Tax on loss (continued)

Factors affecting total tax credit

The tax on loss before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Loss before tax | <u>(226,978)</u> | <u>(204,403)</u> |
| Corporation tax at standard rate | (43,126) | (38,837) |
| Adjustments in respect of prior periods | (23,009) | (2,340) |
| Effect of expense not deductible in determining taxable tax loss | 34,868 | 37,551 |
| Deferred tax charge/(credit) relating to changes in tax rates or laws | 96,540 | 34,595 |
| Tax decrease from transfer pricing adjustments | <u>(110,226)</u> | <u>(87,415)</u> |
| Total tax credit | <u>(44,953)</u> | <u>(56,446)</u> |

Factors that may affect future tax charges

Deferred tax has been calculated at 25%, reflecting the enacted rate applicable at the balance sheet date.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. At the balance sheet date, the proposal to increase the rate to 25% had been substantively enacted, which occurred on 24 May 2021, therefore, its effects are included in these financial statements.

Deferred tax

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

| | Liability £ |
|--|-----------------|
| At 01 September 2020 | 331,536 |
| Additions charged to statement of comprehensive income | 93,724 |
| Adjustments in respect of prior periods | <u>(23,009)</u> |
| At 31 August 2021 | <u>402,251</u> |

The analysis of deferred tax liabilities is as follows:

| 2021 | Liability/(Asset) £ |
|--------------------------------|------------------------|
| Accelerated capital allowances | 530,933 |
| Tax losses available | <u>(128,682)</u> |
| | <u>402,251</u> |

Heath Farm Limited

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

3 Tax on loss (continued)

| | Liability/(Asset) £ |
|--------------------------------|------------------------|
| 2020 | |
| Accelerated capital allowances | 429,334 |
| Tax losses available | (97,798) |
| | <u>331,536</u> |

4 Tangible assets

| | Freehold land and buildings £ | Fixtures, fittings and equipment £ | Motor vehicles £ | Total £ |
|---------------------------------|-------------------------------------|--|---------------------|-------------------|
| Cost | | | | |
| At 1 September 2020 | 10,821,234 | 86,357 | 47,340 | 10,954,931 |
| Additions | <u>906,584</u> | <u>-</u> | <u>-</u> | <u>906,584</u> |
| At 31 August 2021 | <u>11,727,818</u> | <u>86,357</u> | <u>47,340</u> | <u>11,861,515</u> |
| Accumulated depreciation | | | | |
| At 1 September 2020 | 1,489,810 | 86,357 | 47,340 | 1,623,507 |
| Charge for the year | <u>226,587</u> | <u>-</u> | <u>-</u> | <u>226,587</u> |
| At 31 August 2021 | <u>1,716,397</u> | <u>86,357</u> | <u>47,340</u> | <u>1,850,094</u> |
| Carrying amount | | | | |
| At 31 August 2021 | <u>10,011,421</u> | <u>-</u> | <u>-</u> | <u>10,011,421</u> |
| At 31 August 2020 | <u>9,331,424</u> | <u>-</u> | <u>-</u> | <u>9,331,424</u> |

5 Investments

| | 2021 £ | 2020 £ |
|-----------------------------|-----------|-----------|
| Investments in subsidiaries | <u>1</u> | <u>1</u> |
| | | £ |
| Cost | | |
| At 1 September 2020 | | <u>1</u> |
| At 31 August 2021 | | <u>1</u> |
| Carrying amount | | |
| At 31 August 2021 | | <u>1</u> |
| At 31 August 2020 | | <u>1</u> |

Heath Farm Limited

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

5 Investments (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 |
|-------------------------------------|-----------------------------|-----------------------|-----------------------------|
| Subsidiary undertakings | | | |
| 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 Atria, Spa Road, Bolton, BL1 4AG.

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

6 Debtors

| | 2021 £ | 2020 £ |
|------------------------------------|-----------------------|----------------------|
| Amounts owed by group undertakings | 115,668 | 91,585 |
| Other debtors | <u>1,940</u> | <u>8,408</u> |
| Total debtors | <u><u>117,608</u></u> | <u><u>99,993</u></u> |

All amounts fall due within one year.

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

7 Creditors: amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------------------------|-------------------------|-------------------------|
| Amounts owed to group undertakings | 7,673,970 | 6,866,446 |
| Other creditors | <u>3,622</u> | <u>2,973</u> |
| | <u><u>7,677,592</u></u> | <u><u>6,869,419</u></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 2021 (continued)

8 Provisions for liabilities

| | Deferred tax £ | Total £ |
|---------------------------------|-----------------------|-----------------------|
| At 1 September 2020 | 331,536 | 331,536 |
| Increase in existing provisions | <u>70,715</u> | <u>70,715</u> |
| At 31 August 2021 | <u><u>402,251</u></u> | <u><u>402,251</u></u> |

9 Called up share capital

Allotted, called up and fully paid shares

| | 2021 | | 2020 | |
|----------------------------|---------------|---------------|---------------|---------------|
| | 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

The company has given security by way of unlimited fixed and floating charges over all of its assets to the finance parties providing banking facilities to Outcomes First Group Limited (formerly known as 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 Outcomes First Group Limited (formerly known as SSCP Spring Bidco Limited) at 31 August 2021 was £581.8m (2020: £513.0m).

11 Controlling party

The company's immediate parent is Acorn Care and Education Limited, a company incorporated in England and Wales. SSCP Spring Topco Limited, a company incorporated in England and Wales, is an intermediate parent company. SSCP Spring Holdings SCA, a company incorporated in Luxembourg, owns 83.51% (2020: 83.51%) of SSCP Spring Topco Limited'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.

The smallest group to consolidate these financial statements is SSCP Spring Midco 2 Limited and the largest group to consolidate these financial statements is SSCP Spring Topco Limited. These consolidated financial statements are publicly available upon request from Atria, Spa Road, Bolton, BL1 4AG.