

Registration number: 02582284

Heath Farm Limited

Annual Report and Financial Statements

for the Year Ended 31 August 2022



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	Atria Spa Road Bolton BL1 4AG
Independent Auditors	KPMG LLP Quayside House 110 Quayside Newcastle upon Tyne NE1 3DX

Heath Farm Limited

Strategic Report for the Year Ended 31 August 2022

The directors present their strategic report for the year ended 31 August 2022.

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 £70,879 (2021: £182,025).

As at 31 August 2022 the company was in a net asset position of £1,978,308 (2021: £2,049,187).

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

	2022	2021
	£	£
Loss before taxation	(252,733)	(226,978)

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 an 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 2022 (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

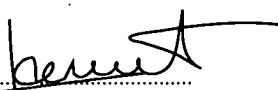
Due to the nature of their principal activity, the directors do not believe the Group is exposed to significant movements in market prices for its services.

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.

Approved by the Board and signed on its behalf by:


.....
J-L Janet
Director
22 May 2023

Heath Farm Limited

Directors' Report for the Year Ended 31 August 2022

The directors present their report and the audited financial statements for the year ended 31 August 2022.

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:

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 (2021: none).

Political and charitable donations

During the year the company made no political or charitable donations (2021: nil).

Employees and employment policies

The company has no employees.

Stakeholder Relations

A strong emphasis is placed on developing sustainable and strategic relationships with external stakeholders, namely the Group's customers and suppliers and the Group believe this is an integral part of supporting long-term growth.

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 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 2022 (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 2022 the Group generated strong cash flows and held a group cash balance of £25.1m at 31 August 2022 and continues to have a positive group cash balance as at 30 April 2023 amounting to £25.5m. 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 and that it does not intend to seek repayment of the amounts currently due to the group, which at 31 August 2022 amounted to £8,758,753 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.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Heath Farm Limited

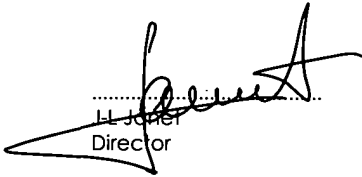
Directors' Report for the Year Ended 31 August 2022 (continued)

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:



.....
LL Jones
Director

22 May 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Heath Farm Limited

Opinion

We have audited the financial statements of Heath Farm Limited ("the Company") for the year ended 31 August 2022 which comprise the statement of Comprehensive Income, Balance sheet, Statement of Change in Equity and related notes including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Other Matter

The financial statements of Heath Farm Limited for the year ended 31 August 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 20 May 2022.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analyzed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet performance targets and debt covenants, we perform procedures to address the risk of management override of controls, in particular the management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the group-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries posted to unusual/unrelated cash accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and other management (as required by auditing standards), and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies’ legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Clare Partridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House 110
Newcastle upon Tyne

NE1 3DX

24 May 2023

Heath Farm Limited

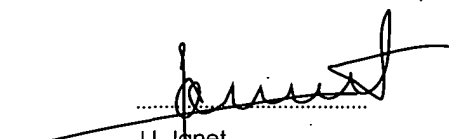
Statement of Comprehensive Income for the Year Ended 31 August 2022

	Note	2022 £	2021 £
Turnover		-	-
Administrative expenses		<u>(252,733)</u>	<u>(226,978)</u>
Operating loss	2	<u>(252,733)</u>	<u>(226,978)</u>
Loss before taxation		(252,733)	(226,978)
Tax on loss	3	<u>181,854</u>	<u>44,953</u>
Loss and Total comprehensive expense for the financial year		<u><u>(70,879)</u></u>	<u><u>(182,025)</u></u>

Heath Farm Limited
(Registration number: 02582284)
Balance Sheet as at 31 August 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	4	10,952,022	10,011,421
Investments	5	<u>1</u>	<u>1</u>
		<u>10,952,023</u>	<u>10,011,422</u>
Current assets			
Debtors	6	132,755	117,608
Creditors: amounts falling due within one year	7	<u>(8,761,726)</u>	<u>(7,677,592)</u>
Net current liabilities		<u>(8,628,971)</u>	<u>(7,559,984)</u>
Total assets less current liabilities		2,323,052	2,451,438
Provisions for liabilities	8	<u>(344,744)</u>	<u>(402,251)</u>
Net assets		<u>1,978,308</u>	<u>2,049,187</u>
Capital and reserves			
Called up share capital	9	40,000	40,000
Profit and loss account		<u>1,938,308</u>	<u>2,009,187</u>
Total equity		<u>1,978,308</u>	<u>2,049,187</u>

The financial statements on pages 11 to 21, were approved by the Board and signed on its behalf by:


 J.L. Janet
 Director

22 May 2023

Heath Farm Limited

Statement of Changes in Equity for the Year Ended 31 August 2022

	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
	Called up share capital £	Profit and loss account £	Total equity £
At 1 September 2021	40,000	2,009,187	2,049,187
Loss for the year	-	(70,879)	(70,879)
Total comprehensive expense	-	(70,879)	(70,879)
At 31 August 2022	40,000	1,938,308	1,978,308

Heath Farm Limited

Notes to the Financial Statements for the Year Ended 31 August 2022

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, , BL1 4AG.

Statement of compliance

The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements for the year ended 31 August 2022, and in accordance with the Companies Act 2006. The date of transition from the previous UK GAAP to FRS 102 was as at 1 September 2014.

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 2022 (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 2022 the Group generated strong cash flows and held a group cash balance of £25.1m at 31 August 2022 and continues to have a positive group cash balance as at 30 April 2023 amounting to £25.5m. 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 and that it does not intend to seek repayment of the amounts currently due to the group, which at 31 August 2022 amounted to £8,758,753 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.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Critical judgements and estimates

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.

Judgements

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.

Estimates

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 2022 (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 2022 (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

	2022 £	2021 £
Depreciation expense	<u>253,094</u>	<u>226,587</u>

Audit fees for 2022 (£3,363) and 2021 (£3,016) were borne by another Group company without recharge.

The company had no employees, other than the directors, during the year under review (2021: None).

The directors did not receive any remuneration from the company during the year ended 31 August 2022 (2021: 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

	2022 £	2021 £
Current taxation		
UK corporation tax	(124,347)	(115,668)
Deferred taxation		
Arising from origination and reversal of timing differences	(40,989)	(2,816)
Arising from changes in tax rates and laws	(12,944)	96,540
Adjustments in respect of prior periods	<u>(3,574)</u>	<u>(23,009)</u>
Total deferred taxation	<u>(57,507)</u>	<u>70,715</u>
Tax receipt in the statement of comprehensive income	<u>(181,854)</u>	<u>(44,953)</u>

Heath Farm Limited

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

3 Tax on loss (continued)

Factors affecting total tax credit

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Loss before tax	<u>(252,733)</u>	<u>(226,978)</u>
Corporation tax at standard rate	(48,019)	(43,126)
Adjustments in respect of prior periods	(3,574)	(23,009)
Effect of expense not deductible in determining taxable profit	(1,500)	34,868
Deferred tax (credit)/expense relating to changes in tax rates or laws	(12,944)	96,540
Tax decrease from transfer pricing adjustments	<u>(115,817)</u>	<u>(110,226)</u>
Total tax credit	<u>(181,854)</u>	<u>(44,953)</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 2021	402,251
Additions charged to statement of comprehensive income	(53,933)
Adjustments in respect of prior periods	<u>(3,574)</u>
At 31 August 2022	<u>344,744</u>

The analysis of deferred tax liabilities is as follows:

	Liability/(Asset) £
2022	
Accelerated capital allowances	473,795
Tax losses available	<u>(129,051)</u>
	<u>344,744</u>
2021	
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 2022 (continued)

4 Tangible assets

	Freehold land and buildings £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 September 2021	11,727,818	86,357	47,340	11,861,515
Additions	<u>1,193,695</u>	<u>-</u>	<u>-</u>	<u>1,193,695</u>
At 31 August 2022	<u>12,921,513</u>	<u>86,357</u>	<u>47,340</u>	<u>13,055,210</u>
Accumulated depreciation				
At 1 September 2021	1,716,397	86,357	47,340	1,850,094
Charge for the year	<u>253,094</u>	<u>-</u>	<u>-</u>	<u>253,094</u>
At 31 August 2022	<u>1,969,491</u>	<u>86,357</u>	<u>47,340</u>	<u>2,103,188</u>
Carrying amount				
At 31 August 2022	<u>10,952,022</u>	<u>-</u>	<u>-</u>	<u>10,952,022</u>
At 31 August 2021	<u>10,011,421</u>	<u>-</u>	<u>-</u>	<u>10,011,421</u>

5 Investments

	2022 £	2021 £
Investments in subsidiaries	<u>1</u>	<u>1</u>
		£
Cost		
At 1 September 2021		<u>1</u>
At 31 August 2022		<u>1</u>
Carrying amount		
At 31 August 2022		<u>1</u>
At 31 August 2021		<u>1</u>

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:

Heath Farm Limited

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

5 Investments (continued)

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

	2022 £	2021 £
Amounts owed by group undertakings	124,347	115,668
Other debtors	<u>8,408</u>	<u>1,940</u>
Total debtors	<u><u>132,755</u></u>	<u><u>117,608</u></u>

7 Creditors: amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	8,758,753	7,673,970
Other creditors	<u>2,973</u>	<u>3,622</u>
	<u><u>8,761,726</u></u>	<u><u>7,677,592</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 2022 (continued)

8 Provisions for liabilities

	Deferred tax £	Total £
At 1 September 2021	402,251	402,251
Provisions used	<u>(57,507)</u>	<u>(57,507)</u>
At 31 August 2022	<u>344,744</u>	<u>344,744</u>

9 Called up share capital

Allotted, called up and fully paid shares

	2022		2021	
	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 SSCP Spring Bidco Limited (formerly known as Outcomes First Group 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 (formerly known as Outcomes First Group Limited) at 31 August 2022 was £581.7m (2021: £581.8m).

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% (2021: 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.