

Registration number: 07155317

**ASPIRATIONS (TOPCO) LIMITED**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

Hazlewoods LLP  
Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

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COMPANIES HOUSE

## **ASPIRATIONS (TOPCO) LIMITED**

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## **ASPIRATIONS (TOPCO) LIMITED**

### **COMPANY INFORMATION**

|                          |   |
|--------------------------|---|
| <b>Directors</b>         | A N Hassan  |
|                          | C I Cameron   |
|                          | G P Buckley   |
|                          | L J Griffiths   |
| <b>Registered office</b> | Unit B2<br>Elmbridge Court<br>Cheltenham Road East<br>Gloucester<br>GL3 1JZ |
| <b>Solicitors</b>        | Shoosmiths<br>Apex Plaza<br>Forbury Road<br>Reading<br>RG1 1SH              |
| <b>Bankers</b>           | HSBC Bank Plc<br>8 Canada Square<br>London<br>E14 5HQ                       |
| <b>Auditors</b>          | Hazlewoods LLP<br>Windsor House<br>Bayshill Road<br>Cheltenham<br>GL50 3AT  |

## **ASPIRATIONS (TOPCO) LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018**

The directors present their strategic report for the year ended 31 March 2018.

On 31 January 2018 the group disposed of The Leaving Care Company Limited, Crossways Care Holdings Limited, Crossways Care Limited and Aspirations Specialist Residential Children's Services Limited.

#### **Principal activity**

The principal activity of the company is that of a non trading holding company.

The principal activity of the group is that of the provision of specialist care services.

#### **Fair review of the business**

The results for the year, which are set out in the profit and loss account, show an operating profit before amortisation and exceptional items of £4,135,460 (2017: £1,560,581) and a loss after tax of £1,492,690 (2017: £5,735,578). At 31 March 2018, the group had intangible and tangible fixed assets valued in the financial statements at cost less amortisation / depreciation amounting to £24,219,793 (2017: £33,850,602) and total assets less current liabilities of £19,451,058 (2017: £17,335,451). The directors consider the result for the year and the financial position of the group at the period end to be satisfactory.

During the year, the group sold three of its subsidiaries, the impact of which is detailed in note 14 to the financial statements.

As part of the management accounts, the directors use Key Performance Indicators ('KPIs') to assist in the understanding of the development, performance and the position of the business of the group. The KPIs used by the company to measure performance include divisional revenue, adjusted operating profit, adjusted operating margin, hours of care provided, new care contracts won, Care Quality Commission (CQC) ratings and operating cash flow conversion.

#### **Principal risks and uncertainties**

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the group are considered to relate to the continued provision of adequate government funding and the ongoing compliance with current and future legislation affecting the sector.

Approved by the Board on 12/11/18 and signed on its behalf by:



C I Cameron  
Director

## **ASPIRATIONS (TOPCO) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018**

The directors present their report and the financial statements for the year ended 31 March 2018.

#### **Directors of the group**

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

S M Booty (resigned 14 July 2017)

A N Hassan (resigned 1 April 2018)

C I Cameron

G P Buckley (resigned 1 April 2018)

L J Griffiths (resigned 1 July 2018)

The following director was appointed after the year end:

C Beck (appointed 1 April 2018)

#### **Financial instruments**

##### ***Objectives and policies***

The board constantly monitors the group's trading results and revise projections as appropriate to ensure that the group can meet its future obligations as they fall due.

##### ***Price risk, credit risk, liquidity risk and cash flow risk***

The group is exposed to the usual credit and cash flow risk associated with selling on credit and manages this through credit control procedures.

The group's bank loans and loan stock are subject to price and liquidity risk as disclosed in note 17 to the financial statements. Credit risk in respect of bank balances is safeguarded by using banks with high credit ratings.

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

The group has sufficient resources available through the provision of long term finance repayable by instalments and continues to trade profitably generating positive operating cashflows. The directors have prepared forecasts for the next 12 months that indicate that these trends will continue and that these cashflows will be sufficient for the group to meet its financing commitments as they fall due. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

#### **Employment of disabled persons**

The group's policy is to consider the recruitment of disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

#### **Employee involvement**

The group encourages the involvement of employees in its management through regular departmental meetings.

## **ASPIRATIONS (TOPCO) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018**

#### **Future developments**

The external environment is expected to remain competitive going forwards, however, the directors remain confident that the group will continue to improve its current level of performance in the future and will continue to trade as a going concern for the reasons identified in note 1 to the financial statements.

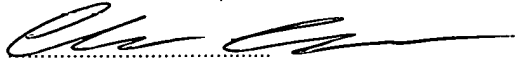
#### **Disclosure of information to the auditor**

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditors**

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 12/11/18 and signed on its behalf by:



C I Cameron  
Director

## **ASPIRATIONS (TOPCO) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting 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; 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **ASPIRATIONS (TOPCO) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPIRATIONS (TOPCO) LIMITED**

#### **Opinion**

We have audited the financial statements of Aspirations (Topco) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and



## ASPIRATIONS (TOPCO) LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPIRATIONS (TOPCO) LIMITED

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

#### Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

#### Responsibilities of directors

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 and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's 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 auditor's 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 Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

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.



Simon Worsley (Senior Statutory Auditor)  
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

Date: 12/01/18

**ASPIRATIONS (TOPCO) LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018**

|  | Note | Continuing<br>operations<br>31 March<br>2018<br>£ | Discontinued<br>operations<br>31 March<br>2018<br>£ | Total<br>31 March<br>2018<br>£ | Continuing<br>operations<br>31 March<br>2017<br>£ | Discontinued<br>operations<br>31 March<br>2017<br>£ | Total<br>31 March<br>2017<br>£ |
|--|------|---|---|--------------------------------|---|---|--------------------------------|
| Turnover   | 3    | 23,190,868  | 9,056,049   | 32,246,917                     | 21,218,093  | 10,192,880  | 31,410,973                     |
| Cost of sales  |      | <u>(16,365,180)</u>                               | <u>(6,005,347)</u>                                  | <u>(22,370,527)</u>            | <u>(16,748,732)</u>                               | <u>(6,927,760)</u>                                  | <u>(23,676,492)</u>            |
| Gross profit   |      | 6,825,688   | 3,050,702   | 9,876,390                      | 4,469,361   | 3,265,120   | 7,734,481                      |
| Administrative expenses  |      | <u>(4,695,268)</u>                                | <u>(1,045,662)</u>                                  | <u>(5,740,930)</u>             | <u>(4,651,123)</u>                                | <u>(1,522,777)</u>                                  | <u>(6,173,900)</u>             |
| Group operating profit/(loss) before amortisation<br>of goodwill and exceptional costs |      | 2,130,420   | 2,005,040   | 4,135,460                      | (181,762)   | 1,742,343   | 1,560,581                      |
| Exceptional items  | 7    | (656,168)   | (124,684)   | (780,852)                      | (48,764)  | (79,517)  | (128,281)                      |
| Amortisation of goodwill   |      | <u>(3,121,632)</u>                                | <u>(319,423)</u>                                    | <u>(3,441,055)</u>             | <u>(1,863,378)</u>                                | <u>(383,307)</u>                                    | <u>(2,246,685)</u>             |
| Operating (loss)/profit  | 4    | (1,647,380)                                       | 1,560,933   | (86,447)                       | (2,093,904)                                       | 1,279,519   | (814,385)                      |
| Profit on disposal of subsidiaries   |      | -   | 3,408,690   | 3,408,690                      | -   | -   | -                              |
| Interest payable and similar charges   | 8    | <u>(4,275,060)</u>                                | -   | <u>(4,275,060)</u>             | <u>(4,609,931)</u>                                | -   | <u>(4,609,931)</u>             |
| (Loss)/profit before tax   |      | (5,922,440)                                       | 4,969,623   | (952,817)                      | (6,703,835)                                       | 1,279,519   | (5,424,316)                    |
| Taxation   | 10   | <u>(539,873)</u>                                  | -   | <u>(539,873)</u>               | <u>(268,565)</u>                                  | <u>(42,697)</u>                                     | <u>(311,262)</u>               |
| (Loss)/profit for the financial year   |      | <u>(6,462,313)</u>                                | <u>4,969,623</u>                                    | <u>(1,492,690)</u>             | <u>(6,972,400)</u>                                | <u>1,236,822</u>                                    | <u>(5,735,578)</u>             |

The notes on pages 14 to 29 form an integral part of these financial statements.

# ASPIRATIONS (TOPCO) LIMITED

(REGISTRATION NUMBER: 07155317)  
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018

|   | Note | 2018<br>£           | 2017<br>£           |
|---|------|---------------------|---------------------|
| <b>Fixed assets</b>                                     |      |                     |                     |
| Intangible assets                                       | 11   | 24,028,180          | 33,415,108          |
| Tangible assets   | 12   | <u>191,613</u>      | <u>435,494</u>      |
|   |      | <u>24,219,793</u>   | <u>33,850,602</u>   |
| <b>Current assets</b>                                   |      |                     |                     |
| Debtors   | 15   | 3,340,129           | 4,766,030           |
| Cash at bank and in hand                                |      | <u>350,192</u>      | <u>852,226</u>      |
|   |      | 3,690,321           | 5,618,256           |
| Creditors: Amounts falling due within one year          | 16   | <u>(8,459,056)</u>  | <u>(22,133,407)</u> |
| Net current liabilities                                 |      | <u>(4,768,735)</u>  | <u>(16,515,151)</u> |
| Total assets less current liabilities                   |      | <u>19,451,058</u>   | <u>17,335,451</u>   |
| Creditors: Amounts falling due after more than one year | 16   | <u>39,308,608</u>   | <u>35,700,311</u>   |
| <b>Capital and reserves</b>                             |      |                     |                     |
| Called up share capital                                 | 20   | 950,400             | 950,400             |
| Capital redemption reserve                              |      | 40,000              | 40,000              |
| Retained earnings                                       |      | <u>(20,847,950)</u> | <u>(19,355,260)</u> |
| Equity attributable to owners of the company            |      | <u>(19,857,550)</u> | <u>(18,364,860)</u> |
| Total capital, reserves and long term liabilities       |      | <u>19,451,058</u>   | <u>17,335,451</u>   |

Approved and authorised by the Board on 12/11/18 and signed on its behalf by:



C I Cameron  
Director


The notes on pages 14 to 29 form an integral part of these financial statements.

**ASPIRATIONS (TOPCO) LIMITED**

**(REGISTRATION NUMBER: 07155317)  
BALANCE SHEET AS AT 31 MARCH 2018**

|                             | Note | 2018<br>£      | 2017<br>£      |
|-----------------------------|------|----------------|----------------|
| <b>Fixed assets</b>         |      |                |                |
| Investments                 | 13   | <u>825,000</u> | <u>825,000</u> |
| <b>Current assets</b>       |      |                |                |
| Debtors                     | 15   | <u>165,400</u> | <u>165,400</u> |
| Net assets                  |      | <u>990,400</u> | <u>990,400</u> |
| <b>Capital and reserves</b> |      |                |                |
| Called up share capital     | 20   | 950,400        | 950,400        |
| Capital redemption reserve  |      | <u>40,000</u>  | <u>40,000</u>  |
| Total equity                |      | <u>990,400</u> | <u>990,400</u> |

Approved and authorised by the Board on 12/11/18 and signed on its behalf by:



C I Cameron  
Director

The notes on pages 14 to 29 form an integral part of these financial statements.

**ASPIRATIONS (TOPCO) LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018**  
**EQUITY ATTRIBUTABLE TO THE PARENT COMPANY**

|                   | Share capital<br>£ | Capital<br>redemption<br>reserve<br>£ | Retained<br>earnings<br>£ | Total<br>£          |
|-------------------|--------------------|---------------------------------------|---------------------------|---------------------|
| At 1 April 2017   | 950,400            | 40,000                                | (19,355,260)              | (18,364,860)        |
| Loss for the year | -                  | -                                     | (1,492,690)               | (1,492,690)         |
| At 31 March 2018  | <u>950,400</u>     | <u>40,000</u>                         | <u>(20,847,950)</u>       | <u>(19,857,550)</u> |

|                              | Share capital<br>£ | Capital<br>redemption<br>reserve<br>£ | Retained<br>earnings<br>£ | Total<br>£          |
|------------------------------|--------------------|---------------------------------------|---------------------------|---------------------|
| At 1 April 2016              | 950,000            | 40,000                                | (13,619,682)              | (12,629,682)        |
| Loss for the year            | -                  | -                                     | (5,735,578)               | (5,735,578)         |
| New share capital subscribed | 400                | -                                     | -                         | 400                 |
| At 31 March 2017             | <u>950,400</u>     | <u>40,000</u>                         | <u>(19,355,260)</u>       | <u>(18,364,860)</u> |

The notes on pages 14 to 29 form an integral part of these financial statements.

**ASPIRATIONS (TOPCO) LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018**

|                                      | <b>Share capital<br/>£</b> | <b>Capital<br/>redemption<br/>reserve<br/>£</b> | <b>Total<br/>£</b> |
|--------------------------------------|----------------------------|---|--------------------|
| At 1 April 2017 and at 31 March 2018 | <u>950,400</u>             | <u>40,000</u>                                   | <u>990,400</u>     |
|                                      |                            |   |                    |
| At 1 April 2016                      | 950,000                    | 40,000  | 990,000            |
| New share capital subscribed         | <u>400</u>                 | <u>-</u>  | <u>400</u>         |
| At 31 March 2017                     | <u>950,400</u>             | <u>40,000</u>                                   | <u>990,400</u>     |

The notes on pages 14 to 29 form an integral part of these financial statements.

# ASPIRATIONS (TOPCO) LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

|   | Note | 2018<br>£           | 2017<br>£          |
|---|------|---------------------|--------------------|
| <b>Cash flows from operating activities</b>   |      |                     |                    |
| Loss for the year   |      | (1,492,690)         | (5,735,578)        |
| Adjustments to cash flows from non-cash items   |      |                     |                    |
| Depreciation and amortisation   | 4    | 3,614,294           | 2,584,723          |
| Loss on disposal of property plant and equipment  |      | 44,973              | 5,599              |
| Profit from disposals of investments  |      | (3,408,690)         | -                  |
| Finance costs   | 8    | 4,275,060           | 4,609,931          |
| Corporation tax   | 10   | 539,873             | 311,262            |
|   |      | <u>3,572,820</u>    | <u>1,775,937</u>   |
| Working capital adjustments   |      |                     |                    |
| Increase in trade and other receivables   | 15   | (1,242,837)         | (421,698)          |
| (Decrease)/increase in trade and other payables   | 16   | <u>(1,579,504)</u>  | <u>1,909,005</u>   |
| Cash generated from operations  |      | 750,479             | 3,263,244          |
| Income taxes paid   | 10   | <u>(879,059)</u>    | <u>(186,885)</u>   |
| Net cash flow from operating activities   |      | <u>(128,580)</u>    | <u>3,076,359</u>   |
| <b>Cash flows from investing activities</b>   |      |                     |                    |
| Acquisitions of property plant and equipment  |      | (140,750)           | (172,606)          |
| Proceeds from sale of property plant and equipment                                      |      | 11,819              | -                  |
| Proceeds from sale of subsidiary companies (net of cash disposed and professional fees) |      | <u>10,811,184</u>   | <u>-</u>           |
| Net cash flows from investing activities  |      | <u>10,682,253</u>   | <u>(172,606)</u>   |
| <b>Cash flows from financing activities</b>   |      |                     |                    |
| Interest paid   | 8    | (666,763)           | (819,958)          |
| Proceeds from issue of ordinary shares, net of issue costs                              |      | -                   | 400                |
| Proceeds from bank borrowing draw downs   |      | -                   | 250,000            |
| Repayment of bank borrowing   |      | <u>(11,000,000)</u> | <u>(2,200,000)</u> |
| Net cash flows from financing activities  |      | <u>(11,666,763)</u> | <u>(2,769,558)</u> |
| Net (decrease)/increase in cash and cash equivalents                                    |      | (1,113,090)         | 134,195            |
| Cash and cash equivalents at 1 April  |      | <u>852,226</u>      | <u>718,031</u>     |
| Cash and cash equivalents at 31 March   |      | <u>(260,864)</u>    | <u>852,226</u>     |

The notes on pages 14 to 29 form an integral part of these financial statements.

## **ASPIRATIONS (TOPCO) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

#### **1 General information**

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

Unit B2  
Elmbridge Court  
Cheltenham Road East  
Gloucester  
GL3 1JZ

#### **2 Accounting policies**

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Going concern**

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk : Guidance for Directors of UK Companies 2009' the directors of all groups are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

Details of the group's business activities, performance and position and future developments can be found in the Strategic Report and Directors' Report on pages 2 to 3 of these financial statements. This also includes disclosures regarding risks and uncertainties, including an assessment of credit risk and liquidity risk.

The group has adequate financial resources available. The forecasts for the period 12 months after the date of sign off of these accounts predict that the group will comply with its banking covenants and be able to meet its financing commitments. The directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the accounts.



## **ASPIRATIONS (TOPCO) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

#### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2018.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

#### **Judgements and estimation uncertainty**

These financial statements do not contain any significant judgements or estimation uncertainty.

#### **Revenue recognition**

Turnover represents the amounts chargeable during the year for the provision of care services. Where the amount covers the balance sheet date, the amount is apportioned over the period to which it relates.

The group recognises revenue when the amount of revenue can be reliably measured; it is probable that the future economic benefits will flow to the entity; and specific criteria have been met for each of the group's activities.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

## ASPIRATIONS (TOPCO) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### **Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, as follows:

| <b>Asset class</b>                | <b>Depreciation method and rate</b> |
|-----------------------------------|-------------------------------------|
| Leasehold properties              | Over the term of the lease          |
| Furniture, fittings and equipment | 25% of cost / 25% reducing balance  |
| Motor vehicles                    | 25% reducing balance                |

#### **Intangible assets**

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

#### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

| <b>Asset class</b> | <b>Amortisation method and rate</b> |
|--------------------|-------------------------------------|
| Goodwill           | Over 20 years                       |

#### **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.

#### **Debtors**

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All debtors are repayable within one year and are hence included at the discounted amount of cash expected to be received. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

## **ASPIRATIONS (TOPCO) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

#### **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.

#### **Trade payables**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. All creditors are repayable within one year and are hence included at the undiscounted amount of the cash expected to be received. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### **Borrowings**

Interest bearing borrowings are initially recorded at fair value, net of transaction costs. Interest bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

## **ASPIRATIONS (TOPCO) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

#### **Defined benefit pension obligation**

The company set up a defined benefit contribution scheme for certain employees in October 2010, following their transfer of employment to the company from an NHS trust. The scheme transactions and balances are considered not to be material and a full valuation has not been performed and accounted for in accordance with the requirements of FRS17.

In the current period there is no net cost to the company charged to the profit and loss account, as all employer contributions have been refunded by the previous employer of the employees for whom the scheme was established.

In subsequent accounting periods, if material, the cost of providing benefits under the defined benefit pension plan will be determined in accordance with FRS17, using the projected unit method, which attributed entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and will be based on actuarial advice. Past service costs will be recognised in the profit and loss account on a straight line basis over the vesting period or immediately if the benefits have vested. When a settlement or curtailment occurs, the change in the present value of the scheme liabilities and the fair value of the plan assets will reflect the gain or loss which is recognised in the profit and loss account. Losses will be measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost will represent the change in the present value of the scheme obligations relating from the passage of time, and will be determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest costs will be recognised in the profit and loss account as other finance income or expenses.

Actuarial gains and losses will be recognised in full in the statement of recognised gains and loss in the period in which they occur.

The defined benefit pension liability in the balance sheet will comprise the present value of the defined obligation (using the discount rate based on high quality corporate bonds), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value will be based on market price information and in the case of quoted services will be the current bid price.

## **ASPIRATIONS (TOPCO) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

#### **Financial instruments**

##### ***Classification***

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

##### ***Recognition and measurement***

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial assets or financial liabilities are measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets and liabilities are only offset in the statement of financial position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### ***Impairment***

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

#### **Non-financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a 'CGU' is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

#### **Financial assets**

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

## ASPIRATIONS (TOPCO) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 3 Revenue

The total turnover of the company has been derived from its principal activity wholly undertaken in the United Kingdom.

#### 4 Operating profit

Arrived at after charging

|   | 2018<br>£ | 2017<br>£ |
|---|-----------|-----------|
| Depreciation expense  | 187,320   | 338,038   |
| Operating lease expense - property                                | 1,807,083 | 1,723,921 |
| Operating lease expense - plant and machinery                     | 17,745    | 14,522    |
| Auditor's remuneration - The audit of the group's annual accounts | 28,750    | 39,750    |
| Auditor's remuneration - Non audit work                           | 48,980    | 32,775    |

#### 5 Staff costs

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

|  | 2018<br>£         | 2017<br>£         |
|--|-------------------|-------------------|
| Wages and salaries                         | 19,774,626        | 21,114,439        |
| Social security costs                      | 1,600,221         | 1,806,100         |
| Pension costs, defined contribution scheme | 120,037           | 104,380           |
|  | <u>21,494,884</u> | <u>23,024,919</u> |

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

|                | 2018<br>No. | 2017<br>No.  |
|----------------|-------------|--------------|
| Care           | 807         | 989          |
| Administration | 65          | 57           |
|                | <u>872</u>  | <u>1,046</u> |

#### 6 Directors' remuneration

The directors' remuneration for the year was as follows:

|  | 2018<br>£      | 2017<br>£      |
|--|----------------|----------------|
| Remuneration                                 | 485,871        | 467,489        |
| Contributions paid to money purchase schemes | 770            | 740            |
|  | <u>486,641</u> | <u>468,229</u> |

# **ASPIRATIONS (TOPCO) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

In respect of the highest paid director:

|              | <b>2018</b>    | <b>2017</b>    |
|--------------|----------------|----------------|
|              | <b>£</b>       | <b>£</b>       |
| Remuneration | <u>213,166</u> | <u>146,500</u> |

### **7 Exceptional items**

|                                     | <b>2018</b>    | <b>2017</b>    |
|-------------------------------------|----------------|----------------|
|                                     | <b>£</b>       | <b>£</b>       |
| Exceptional administrative expenses | <u>780,852</u> | <u>128,281</u> |

Exceptional administrative expenses in both years relate to redundancy payments and other non-recurring costs.

### **8 Interest payable and similar expenses**

|                             | <b>2018</b>      | <b>2017</b>      |
|-----------------------------|------------------|------------------|
|                             | <b>£</b>         | <b>£</b>         |
| Interest on bank borrowings | 666,762          | 819,959          |
| Interest on other loans     | 3,608,298        | 3,609,597        |
| Debt costs amortisation     | -                | 180,375          |
|                             | <u>4,275,060</u> | <u>4,609,931</u> |

### **9 Auditors' remuneration**

|                                     | <b>2018</b>   | <b>2017</b>   |
|-------------------------------------|---------------|---------------|
|                                     | <b>£</b>      | <b>£</b>      |
| Audit of these financial statements | <u>28,750</u> | <u>39,750</u> |
| <b>Other fees to auditors</b>       |               |               |
| All other non-audit services        | <u>43,480</u> | <u>24,775</u> |

# ASPIRATIONS (TOPCO) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 10 Income tax

Tax charged in the profit and loss account

|   | 2018<br>£      | 2017<br>£        |
|---|----------------|------------------|
| <b>Current taxation</b>                                     |                |                  |
| UK corporation tax  | 255,058        | 475,163          |
| UK corporation tax adjustment to prior periods              | <u>(8,149)</u> | <u>180,242</u>   |
|   | 246,909        | 655,405          |
| <b>Deferred taxation</b>                                    |                |                  |
| Arising from origination and reversal of timing differences | <u>292,964</u> | <u>(344,143)</u> |
| Tax expense in the income statement                         | <u>539,873</u> | <u>311,262</u>   |

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 20%).

The differences are reconciled below:

|  | 2018<br>£        | 2017<br>£          |
|--|------------------|--------------------|
| Loss before tax  | <u>(952,817)</u> | <u>(5,424,316)</u> |
| Corporation tax at standard rate   | (181,035)        | (714,361)          |
| Revenues exempt from taxation  | (685,247)        | 3,109              |
| Effect of expense not deductible in determining taxable profit (tax loss)      | 1,345,080        | 1,094,000          |
| Deferred tax credit from unrecognised temporary difference from a prior period | 8,149            | (180,242)          |
| Tax increase from effect of capital allowances and depreciation                | 63,026           | 108,756            |
| Tax increase from disallowable revenue expenditure                             | <u>(10,100)</u>  | <u>-</u>           |
| Total tax charge   | <u>539,873</u>   | <u>311,262</u>     |

### Deferred tax

#### Group

Deferred tax assets and liabilities

|  | Asset<br>£     |
|--|----------------|
| <b>2017</b>                              |                |
| Deferred tax on other timing differences | <u>344,143</u> |



# **ASPIRATIONS (TOPCO) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

### **11 Intangible assets**

| <b>Group</b>                         | <b>Goodwill<br/>£</b> |
|--------------------------------------|-----------------------|
| <b>Cost</b>                          |                       |
| At 1 April 2017                      | 45,204,734            |
| Disposals                            | <u>(9,543,481)</u>    |
| At 31 March 2018                     | <u>35,661,253</u>     |
| <b>Amortisation</b>                  |                       |
| At 1 April 2017                      | 11,789,626            |
| Amortisation charge                  | 3,441,055             |
| Amortisation eliminated on disposals | <u>(3,597,608)</u>    |
| At 31 March 2018                     | <u>11,633,073</u>     |
| <b>Carrying amount</b>               |                       |
| At 31 March 2018                     | <u>24,028,180</u>     |
| At 31 March 2017                     | <u>33,415,108</u>     |

Details of disposals are disclosed in note 14 to the financial statements.

### **12 Tangible fixed assets**

| <b>Group</b>           | <b>Leasehold<br/>land and<br/>buildings<br/>£</b> | <b>Furniture,<br/>fittings and<br/>equipment<br/>£</b> | <b>Motor<br/>vehicles<br/>£</b> | <b>Total<br/>£</b> |
|------------------------|---|--|---------------------------------|--------------------|
| <b>Cost</b>            |   |  |                                 |                    |
| At 1 April 2017        | 775,253   | 1,453,801  | 30,716                          | 2,259,770          |
| Additions              | 54,411  | 55,484   | 30,855                          | 140,750            |
| Disposals              | <u>(160,326)</u>                                  | <u>(657,154)</u>                                       | <u>(77,533)</u>                 | <u>(895,013)</u>   |
| At 31 March 2018       | <u>669,338</u>                                    | <u>852,131</u>   | <u>(15,962)</u>                 | <u>1,505,507</u>   |
| <b>Depreciation</b>    |   |  |                                 |                    |
| At 1 April 2017        | 617,059   | 1,178,054  | 29,163                          | 1,824,276          |
| Charge for the year    | 87,840  | 93,059   | 6,421                           | 187,320            |
| Eliminated on disposal | <u>(101,979)</u>                                  | <u>(554,259)</u>                                       | <u>(41,464)</u>                 | <u>(697,702)</u>   |
| At 31 March 2018       | <u>602,920</u>                                    | <u>716,854</u>   | <u>(5,880)</u>                  | <u>1,313,894</u>   |
| <b>Carrying amount</b> |   |  |                                 |                    |
| At 31 March 2018       | <u>66,418</u>                                     | <u>135,277</u>   | <u>(10,082)</u>                 | <u>191,613</u>     |
| At 31 March 2017       | <u>158,194</u>                                    | <u>275,747</u>   | <u>1,553</u>                    | <u>435,494</u>     |

**ASPIRATIONS (TOPCO) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

**13 Investments**

**Company**

|                             | <b>2018</b>    | <b>2017</b>    |
|-----------------------------|----------------|----------------|
|                             | <b>£</b>       | <b>£</b>       |
| Investments in subsidiaries | <u>825,000</u> | <u>825,000</u> |

**Subsidiaries**

**£**

**Cost and net book value**

At 1 April 2017 and as at 31 March 2018

825,000

## ASPIRATIONS (TOPCO) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 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   | Registered office | Holding         | Proportion of voting rights and shares held |      |
|---|-------------------|-----------------|---|------|
|   |                   |                 | 2018  | 2017 |
| Subsidiary undertakings   |                   |                 |   |      |
| Aspirations (Bidco) Limited   | England and Wales | Ordinary shares | 100%  | 100% |
| New Start Supported Housing   | England and Wales | Ordinary shares | 100%  | 100% |
| Aspirations Care Limited  | England and Wales | Ordinary shares | 100%  | 100% |
| Aspirations (Midlands) Limited  | England and Wales | Ordinary shares | 100%  | 100% |
| Crossways Care Holdings Limited   | England and Wales | Ordinary shares | 0%  | 100% |
| Crossways Care Limited  | England and Wales | Ordinary shares | 0%  | 100% |
| The Leaving Care Company Limited  | England and Wales | Ordinary shares | 0%  | 100% |
| Keys Specialist Residential Children's Services Limited (formerly Aspirations Specialist Residential Children's Services Limited) | England and Wales | Ordinary shares | 0%  | 100% |

The principal activity of Aspirations (Bidco) Limited is that of an intermediate holding company.

The principal activity of New Start Supported Housing is the provision of accommodation.

The principal activity of Aspirations Care Limited is the provision of adult supported living services.

The principal activity of Aspirations (Midlands) Limited is the provision of adult supported living services.

The principal activity of Crossways Care Holdings Limited is that of a dormant holding company.

The principal activity of Crossways Care Limited is the provision of children's residential care and education.

The principal activity of The Leaving Care Company Limited is the provision of supported living services for young adults, leaving care.

The principal activity of Keys Specialist Residential Children's Services Limited (formerly Aspirations Specialist Residential Children's Services Limited) is the provision of children's residential care and education.

#### 14 Disposal of subsidiary

On 31 January 2018, the group disposed of its interest in The Leaving Care Company Limited, Crossways Care Holdings Limited, Crossways Care Limited and Keys Specialist Residential Children's Services Limited (formerly Aspirations Specialist Residential Children's Services Limited). The profit on disposal of The Leaving Care Company Limited, Crossways Care Holdings Limited, Crossways Care Limited and Keys Specialist Residential Children's Services Limited (formerly Aspirations Specialist Residential Children's Services Limited) was £3,408,690.

# **ASPIRATIONS (TOPCO) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

### **15 Debtors**

|   | Note | Group            |                  | Company        |                |
|---|------|------------------|------------------|----------------|----------------|
|   |      | 2018<br>£        | 2017<br>£        | 2018<br>£      | 2017<br>£      |
| Trade debtors                             |      | 1,919,340        | 3,008,604        | -              | -              |
| Amounts owed by group undertakings        |      | -                | -                | 165,000        | 165,000        |
| Accrued income                            |      | -                | 3,343            | -              | -              |
| Other receivables                         |      | 1,247,047        | 1,049,959        | 400            | 400            |
| Prepayments and accrued income            |      | 173,742          | 359,981          | -              | -              |
| Deferred tax assets                       | 10   | -                | 344,143          | -              | -              |
|   |      | <u>3,340,129</u> | <u>4,766,030</u> | <u>165,400</u> | <u>165,400</u> |
| Less non-current portion                  |      | -                | -                | (165,000)      | (165,000)      |
| Total current trade and other receivables |      | <u>3,340,129</u> | <u>4,766,030</u> | <u>400</u>     | <u>400</u>     |

#### **Details of non-current trade and other debtors**

##### **Company**

£165,000 (2018 - £165,000) of amounts owed by group undertakings is classified as non current.

### **16 Creditors**

|                                 | Note | Group             |                   | Company   |           |
|---------------------------------|------|-------------------|-------------------|-----------|-----------|
|                                 |      | 2018<br>£         | 2017<br>£         | 2018<br>£ | 2017<br>£ |
| <b>Due within one year</b>      |      |                   |                   |           |           |
| Trade creditors                 |      | 672,297           | 1,031,915         | -         | -         |
| Loans and borrowings            | 17   | 5,936,856         | 16,325,800        | -         | -         |
| Social security and other taxes |      | 335,063           | 664,056           | -         | -         |
| Other payables                  |      | 503,243           | 615,745           | -         | -         |
| Accrued expenses                |      | 757,260           | 2,519,758         | -         | -         |
| Corporation tax liability       |      | 254,337           | 976,133           | -         | -         |
|                                 |      | <u>8,459,056</u>  | <u>22,133,407</u> | <u>-</u>  | <u>-</u>  |
| <b>Due after one year</b>       |      |                   |                   |           |           |
| Loans and borrowings            | 17   | 28,866,380        | 28,866,380        | -         | -         |
| Accruals                        |      | 10,442,228        | 6,833,931         | -         | -         |
|                                 |      | <u>39,308,608</u> | <u>35,700,311</u> | <u>-</u>  | <u>-</u>  |

Details of bank loans, including securities, are disclosed in note 17 to the financial statements.

# **ASPIRATIONS (TOPCO) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

### **17 Loans and borrowings**

|   | <b>Group</b>      |                   | <b>Company</b> |             |
|---|-------------------|-------------------|----------------|-------------|
|   | <b>2018</b>       | <b>2017</b>       | <b>2018</b>    | <b>2017</b> |
|   | <b>£</b>          | <b>£</b>          | <b>£</b>       | <b>£</b>    |
| <b>Current loans and borrowings</b>     |                   |                   |                |             |
| Bank borrowings                         | <u>5,936,856</u>  | <u>16,325,800</u> | <u>-</u>       | <u>-</u>    |
| <b>Non-current loans and borrowings</b> |                   |                   |                |             |
| Other loans                             | 28,866,380        | 28,866,380        | -              | -           |
| Accruals                                | <u>10,442,228</u> | <u>6,833,931</u>  | <u>-</u>       | <u>-</u>    |
|   | <u>39,308,608</u> | <u>35,700,311</u> | <u>-</u>       | <u>-</u>    |

The bank loans and borrowings are secured by a debenture over the assets and undertakings of each company in the group. The loan notes are unsecured.

Bank loans total £5,325,800 (2017 - £16,325,800) after adding £62,000 (2017 - £62,000), of costs associated with the raising of this finance which is being released to the profit and loss account over the term of the debt (i.e. total bank loans were £5,263,800 at 31 March 2018 and £16,263,800 at 31 March 2017). A proportion of the bank loans were repaid during the year following the sale of certain subsidiaries. The remaining bank loan facilities were renewed in June 2018. Interest is levied at a rate of between 4% and 4.5% over LIBOR per annum, subject to the group's compliance with banking covenants.

Included in the analysis of loan notes is £28,866,380 (2017: £28,866,380) was repayable in full on 31 March 2017. Interest is levied at the rate of 12.5% per annum. The loan notes have continued to be shown within non-current loans and borrowings on the basis that the loan note holder has agreed with the group's bankers to defer any capital repayments until at least after 1 September 2019.

### **18 Obligations under leases and hire purchase contracts**

#### **Group**

#### **Operating leases**

The total of future minimum lease payments is as follows:

|   | <b>2018</b>    | <b>2017</b>      |
|---|----------------|------------------|
|   | <b>£</b>       | <b>£</b>         |
| Not later than one year                           | 340,199        | 904,234          |
| Later than one year and not later than five years | 223,598        | 851,859          |
| Later than five years                             | <u>68,234</u>  | <u>85,082</u>    |
|   | <u>632,031</u> | <u>1,841,175</u> |

## ASPIRATIONS (TOPCO) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 19 Pension and other schemes

##### Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £120,037 (2017 - £104,380).

Contributions totalling £21,389 (2017 - £4,408) were payable to the scheme at the end of the year and are included in creditors.

#### 20 Share capital

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

|                              | 2018           |                | 2017           |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | No.            | £              | No.            | £              |
| Ordinary shares of £1 each   | 235,400        | 235,400        | 235,400        | 235,400        |
| Ordinary A shares of £1 each | 715,000        | 715,000        | 715,000        | 715,000        |
|                              | <u>950,400</u> | <u>950,400</u> | <u>950,400</u> | <u>950,400</u> |

The Ordinary and Ordinary A shares rank pari passu in all respects, other than as detailed in the company's Articles of Association.

#### 21 Contingent assets

##### Group

The disposal of the subsidiaries detailed in note 14 include potential additional consideration not recognised of £770,000. This consideration is payable to the group, subject to whether any future liabilities arise in those subsidiaries in relation to the HMRC compliance issue disclosed below. Any liabilities arising following completion of the HMRC review will be deducted from the amount due to the group and no amount will be paid to the group by the acquirer of those subsidiaries until the issue has been concluded.

#### 22 Contingent liabilities

##### Group

As at 31 March 2018, one of the group companies was subject to a compliance review by HMRC that commenced in January 2017. At the date of sign off of these financial statements, the directors have reviewed the likely outcome of the review in light of updated guidance from HMRC and the result of a recent legal case and have concluded that no material liability is expected to arise on its closure. The directors have therefore released the accrued liabilities that were provided for in the previous year in respect of this issue.

## **ASPIRATIONS (TOPCO) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

#### **23 Related party transactions**

During the year, the group accrued monitoring fees of £90,000 (2017: £90,000) to August Equity LLP, an entity connected to the group's ultimate controlling company.

During the year, £3,608,297 (2017: £3,609,597) of loan note interest was accrued at a rate of 12.5% per annum on the £28,866,380 of loan notes owed to the group's ultimate controlling entity, August Equity Partners II GP Limited.

During the year, rent of £38,778 was paid (up to the date S M Booty resigned as a director of the group) to Snowberry Ventures Limited for properties used in the group's trade. Snowberry Ventures Limited is a company controlled by S M Booty and his immediate family members.

#### **24 Parent and ultimate parent undertaking**

The company is controlled by August Equity Partners II GP Limited, a company registered in Scotland, which is considered to have no single controlling party.