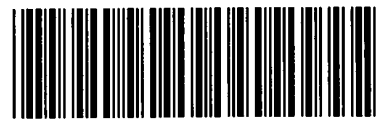


Registration number: 08374139

**COMPASS FOSTERING SOUTH LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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COMPASS FOSTERING SOUTH LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2017

(Registration Number: 08374139)

	Note	2017 £	2016 £
<b>Fixed Assets</b>			
Intangible fixed assets	5	4,036,449	4,655,048
Tangible fixed assets	6	<u>39,155</u>	<u>92,519</u>
		4,075,604	4,747,567
<b>Current Assets</b>			
Debtors	7	609,374	641,133
Cash at bank and in hand		<u>149,150</u>	<u>1,742,625</u>
		758,524	2,383,758
Creditors: Amount falling due within one year	8	<u>(337,519)</u>	<u>(434,672)</u>
Net current liabilities		<u>421,005</u>	<u>1,949,086</u>
Total assets less current liabilities		<u>4,496,609</u>	<u>6,696,653</u>
Creditors: Amount falling due after more than one year	9	<u>6,170,809</u>	<u>7,713,570</u>
<b>Capital and reserves</b>			
Called up share capital	10	2,000,001	2,000,001
Profit and loss account		(3,674,201)	(3,016,918)
Total equity		<u>(1,674,200)</u>	<u>(1,016,917)</u>
Total capital, reserves and long term liabilities		<u>4,496,609</u>	<u>6,696,653</u>

Approved by the Board and authorised for issue on 22 June 2017 and signed on its behalf by:



J A Wright  
Director

COMPASS FOSTERING SOUTH LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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**1. General information**

Compass Fostering South Limited is a company limited by shares, incorporated in England & Wales. Its registered office is Mountfields House, Off Squirrel Way, Epinal Way, Loughborough, LE11 3GE.

**2. Summary of 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.

**Statement of compliance**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

**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 Pound 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.

**Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable for services rendered, stated net of discounts and of Value Added Tax. When the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes in effect a financing transaction, the fair value of the consideration is measured as the present value of all future receipts determined using an imputed rate of interest, normally the rate that discounts the nominal amount of consideration to the cash sales price.

The company recognises revenue when the amount of revenue can be measured reliably, when it is probable that future economic benefits will flow to the entity.

**Intangible fixed assets**

**Goodwill**

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business. Goodwill recognised at acquisition is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis over its useful life, which is estimated to be ten years. Goodwill amortisation is charged on a straight line basis so as to write off the cost of the asset, less its residual value assumed to be zero, over its useful economic life, which is estimated to be ten years. Goodwill amortisation is included in administrative expenses in the statement of comprehensive income.

**Tangible Assets**

Tangible assets are carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on assets is calculated so as to write off the cost of an asset, less its residual value, over their estimated useful lives as follows:

Leasehold improvements	20% straight line
Equipment	25% straight line
Fixtures and fittings	20% straight line
Motor vehicles	25% straight line

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in profit or loss, and included in other operating income.

**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.

COMPASS FOSTERING SOUTH LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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**Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments like loans and other accounts receivable and payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method; Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Impairment of non-financial assets**

At each reporting date non-financial assets not carried at fair value, like goodwill and plant, property and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

**Leases**

Leases are classified as finance leases when they transfer substantially all the risks and rewards of ownership of the leased assets to the company. Other leases that do not transfer substantially all the risks and rewards of ownership of the leased assets to the company are classified as operating leases.

**Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Provisions**

Provisions are recognised when the company has a legal or constructive obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

COMPASS FOSTERING SOUTH LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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**Income Tax**

Taxation expense represents the aggregate amount of current tax and deferred tax recognised in the reporting period.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years.

A deferred tax asset or liability is recognised for tax recoverable or payable in future periods in respect of transactions and events recognised in the financial statements of current and previous periods.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. Timing differences result from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date apart from certain exceptions.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing differences. Deferred tax relating to land and investment properties that is measured at fair value is measured using the tax rates and allowances that apply to the sale of the asset.

**Employee benefits**

**Short-term employee benefits**

Short-term employee benefits are recognised as an expense in the period in which they are incurred.

**Post-employment defined contribution plans**

Amounts in respect of defined contributions plans are recognised as an expense as they are incurred.

**Termination benefits**

Provisions for termination benefits are recognised only when the company is demonstrably committed to terminate the employment of an employee or of a group of employees before their normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand 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 to changes in value.

**Going concern**

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

**Debtors**

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

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

**Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company 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 all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

COMPASS FOSTERING SOUTH LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

3. Judgements and key sources of estimation uncertainty

No significant judgements have had to be made by management in preparing these financial statements.

4. Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 No.	2016 No.
Fostering & Residential	22	32
Administration	11	6
Directors	3	3
	<u>36</u>	<u>41</u>

5. Intangible fixed assets

	Purchased Goodwill £
<b>Cost</b>	
At 31 March 2016 and 31 March 2017	<u>6,185,985</u>
<b>Amortisation</b>	
At 31 March 2016	1,530,937
Charge for the year	<u>618,599</u>
At 31 March 2017	<u>2,149,536</u>
<b>Net book value</b>	
At 31 March 2017	<u>4,036,449</u>
At 31 March 2016	<u>4,655,048</u>

6. Tangible fixed assets

	Leasehold improvements £	Equipment £	Fixtures & fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 31 March 2016	33,966	46,882	30,097	53,800	164,745
Additions	10,527	4,039	6,231	-	20,797
Transfers to group undertakings	(18,474)	(8,533)	(24,763)	(25,000)	(76,770)
Disposals	<u>(13,453)</u>	<u>-</u>	<u>-</u>	<u>(28,800)</u>	<u>(42,253)</u>
At 31 March 2017	<u>12,566</u>	<u>42,388</u>	<u>11,565</u>	<u>-</u>	<u>66,519</u>
<b>Depreciation</b>					
At 31 March 2016	12,790	22,548	7,651	29,237	72,226
Charge for the year	2,724	7,137	2,015	-	11,876
Transfers to group undertakings	(8,684)	(7,158)	(6,649)	(15,550)	(38,041)
Disposals	<u>(5,010)</u>	<u>-</u>	<u>-</u>	<u>(13,687)</u>	<u>(18,697)</u>
At 31 March 2017	<u>1,820</u>	<u>22,527</u>	<u>3,017</u>	<u>-</u>	<u>27,364</u>
<b>Net book value</b>					
At 31 March 2017	<u>10,746</u>	<u>19,861</u>	<u>8,548</u>	<u>-</u>	<u>39,155</u>
At 31 March 2016	<u>21,176</u>	<u>24,334</u>	<u>22,446</u>	<u>24,563</u>	<u>92,519</u>

COMPASS FOSTERING SOUTH LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

7. Debtors

	2017 £	2016 £
Trade debtors	436,567	481,122
Other debtors	2,078	7,741
Prepayments and accrued income	144,864	121,216
Deferred taxation	25,865	31,054
	<u>609,374</u>	<u>641,133</u>
		<b>Deferred taxation £</b>
Deferred tax asset at 31 March 2016		(31,054)
Charged to the Statement of Comprehensive Income		<u>5,189</u>
Deferred tax asset at 31 March 2017		<u>(25,865)</u>
<b>Analysis of deferred tax</b>	<b>2017 £</b>	<b>2016 £</b>
Difference between accumulated depreciation and capital allowances	(25,124)	(30,108)
Other short term timing differences	(741)	(946)
	<u>(25,865)</u>	<u>(31,054)</u>

8. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	150,453	136,641
Other taxes and social security	20,453	39,320
Other creditors	7,826	68,849
Corporation tax	-	35,738
Accruals and deferred income	158,787	154,124
	<u>337,519</u>	<u>434,672</u>

9. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Amounts owed to group undertakings	<u>6,170,809</u>	<u>7,713,570</u>

10. Share capital

	2017		2016	
	No.	£	No.	£
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £1 each	<u>2,000,001</u>	<u>2,000,001</u>	<u>2,000,001</u>	<u>2,000,001</u>

COMPASS FOSTERING SOUTH LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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**11. Pension schemes**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £21,841 (2016: £38,732). At 31 March 2017 there was £4,356 (2016: £5,255) included within other creditors.

**12. Financial commitments**

As at 31 March the company had commitments under non-cancellable operating leases as follows:

	2017 £	2016 £
Within one year	220,856	206,207
Within two to five years	414,470	541,013
Over five years	-	493,971
	<u>635,326</u>	<u>1,241,191</u>

**13. Contingent liabilities**

The company is bound by an intra-group cross guarantee in respect of bank loans with other members of the group headed by Compass Holdco Limited. The amount guaranteed as at 31 March 2017 is £21,463,676 (2016: £10,595,000).

**14. Control**

The company is a wholly owned subsidiary of Compass Community Limited.

**15. Disclosure under Section 444(5B) CA 2006 relating to the independent Auditor's Report**

As permitted by Section 444 CA 2006, these accounts do not contain a copy of the company's profit and loss account for the year or a copy of the directors' report. Accordingly, the independent auditors' report has also been omitted.

The independent auditors' report for the year was unqualified.

The auditor was Hazlewoods LLP and Andrew Brookes signed the auditor's report as senior statutory auditor.