Registration number: 08374139

COMPASS FOSTERING SOUTH LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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COMPASS FOSTERING SOUTH LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

(Registration Number: 08374139)

	Note	2019 £	2018 £
Fixed Assets			
Intangible fixed assets	5	2,799,251	3,417,850
Tangible fixed assets	6	67,583	40,551
		2,866,834	3,458,401
Current Assets			
Debtors	7	994,617	556,389
Cash at bank and in hand		325,712	468,191
		1,320,329	1,024,580
Creditors: Amount falling due within one year	8	(390,191)	(377,823)
Net current liabilities		930,138	646,757
Total assets less current liabilities		3,796,972	4,105,158
Creditors: Amount falling due after more than one year	9	5,495,292	6,047,256
Capital and reserves			
Called up share capital	10	2,000,001	2,000,001
Profit and loss account		(3,698,321)	(3,942,099)
Total equity		(1,698,320)	(1,942,098)
Total capital, reserves and long term liabilities		3,796,972	4,105,158

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the profit and loss account has been taken.

Approved by the Board and authorised for issue on 31 July 2019 and signed on its behalf by:

JWright

J A Wright
Director

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

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.

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 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.

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.

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:

	2019 No.	2018 No.
Fostering & Residential	30	32
Administration	14	11
Directors	2	3
	46	46

5. Intangible fixed assets

	Purchased goodwill £
Cost	
At 31 March 2018 and 31 March 2019	6,185,985
Amortisation	
At 31 March 2018	2,768,135
Charge for the year	618,599
At 31 March 2019	3,386,734
Net book value	
At 31 March 2019	2,799,251
At 31 March 2018	3,417,850

6. Tangible fixed assets

	Leasehold improvements £	Equipment £	Fixtures & fittings £	Total £
Cost				
At 31 March 2018	16,678	50,698	16,155	83,531
Additions	9,627	27,240	12,783	49,650
At 31 March 2019	26,305	77,938	28,938	133,181
Depreciation				
At 31 March 2018	5,289	32,038	5,653	42,980
Charge for the year	5,778	12,402	4,438	22,618
At 31 March 2019	11,067	44,440	10,091	65,598
Net book value				
At 31 March 2019	15,238	33,498	18,847	67,583
At 31 March 2018	11,389	18,660	10,502	40,551

7. Debtors

	2019 £	2018 £
Trade debtors	767,177	376,168
Other debtors	207,288	154,356
Deferred taxation	20,152	25,865
	994,617	556,389

	Deferred taxation £
As at 31 March 2018	25,865
Charged to the Statement of Comprehensive Income	(5,713)
As at 31 March 2019	20,152

Analysis of deferred tax

	2019 £	2018 £
Difference between accumulated depreciation and capital allowances	19,155	25,124
Other short term timing differences	997	741
	20,152	25,865

8. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	90,788	75,955
Other taxes and social security	25,787	28,316
Corporation tax	19,000	-
Other creditors	254,616	273,552
	390,191	377,823

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

	2019 £	2018 £
Amounts owed to group undertakings	5,495,292	6,047,256

10. Share capital

	2019		2018	
	No.	£	No.	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	2,000,001	2,000,001	2,000,001	2,000,001

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 £44,425 (2018: £39,989). At 31 March 2019, there was £5,870 (2018: £3,794) included within other creditors.

12. Financial commitments

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

	2019 £	2018 £
Within one year	130,541	168,613
Within two to five years	125,829	240,652
	256,370	409,265

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 Advent Topco Limited. The amount guaranteed as at 31 March 2019 is £45,860,000 (2018: £46,710,000).

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 Simon Worsley signed the auditor's report as senior statutory auditor.