Registration number: 11053915

ADVENT TOPCO LIMITED

GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

ADVENT TOPCO LIMITED
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ADVENT TOPCO LIMITED
COMPANY INFORMATION

Directors	S Foxall-Smith B L Gibson J A Wright
Registered Office	Mountfields House Off Squirrel Way Epinal Way Loughborough LE11 3GE
Solicitors	Macfarlanes LLP 20 Cursitor Street London EC4A 1LT
Bankers	HSBC UK Bank Plc 6th Floor, 120 Edmund Street Birmingham B3 2QZ National Westminster Bank Plc 9th Floor, 250 Bishopsgate London EC2M 4AA Sumitomo Mitsui Banking Corporation Europe Limited 99 Queen Victoria Street London EC4V 4EH Santander UK Plc 17 Ulster Terrace Regents Park London NW1 4JP
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

ADVENT TOPCO LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and consolidated financial statements for the year ended 31 March 2021.

Principal Activities
The group carries on the activities of fostering and residential care, education and community based assessments across the UK through a number of subsidiary companies.

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

S Foxall-Smith
B L Gibson
J A Wright

Employment of disabled persons
The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training 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
This year has been like no other with the global pandemic impacting on all staff across our services. Staff have risen to the challenge and have continued to provide services to our young people throughout.

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins, through our intranet site and regular newsletters which aim to achieve a common awareness on the part of all employees of the operational financial and economic factors affecting the company's performance.

During the year we have once again undertaken staff surveys and working parties continue to develop an understanding of how staff are feeling. We strive to listen to our staff and continue to adapt and develop our working practices to best recognise the invaluable work our staff team undertake. In response to other world events including the "Black Lives Matter" campaign, we are pleased to have founded our G.R.A.C.E (Group and Regional Ambassadors Committed to Equality) initiative. The group will be helping refocus Compass' efforts in tackling inequality and discrimination and utilising the full talents of staff, carers and children across the organisation. The GRACE roles will be to advise and guide us in upholding and understanding the lived experiences of black children and adults, including a broader understanding of institutional racism and inequality for minority groups. One of our aims is for the wider service to understand the changes Compass need to make to respond to the impact of inequality in our society. We strive to gain a clear picture of what is happening within Compass regarding race and equality in general.

Disclosure of information to the auditors
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 auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Reappointment of auditors
Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 27 July 2021 and signed on its behalf by:

J Wright

J A Wright
Director

The directors present their strategic report and financial statements for the year ended 31 March 2021.

Section 172 statement
The Directors believe that they have effectively implemented their duties under section 172 of the Companies Act 2006. The Company has considered the long-term strategy of the business below and consider that this strategy will continue to deliver long term success to the business and it's stakeholders.

The Company is committed to maintaining an excellent reputation and strives to achieve high standards. We are highly selective about who we work alongside to deliver best value while maintaining an awareness of the environmental impact of the work that they do and strive to reduce their carbon footprint. We were carbon negative as a group in the year to March 2020 and will be again in the current year to March 2021.

The Directors recognise the importance of wider stakeholders in delivering their strategy and achieving sustainability within the business. The main stakeholders in the company are considered to be the employees, carers, young people in our care and our Local Authority Partners. Their importance to the business is considered below.

During the year we undertook a review of our Environment and Social Governance (ESG) and created an ESG committee. With the formation of our ESG committee, we are beginning to drive action across our organisation, with a cross-section of employees and senior staff to make sure changes are implemented at every level. We recognise that the most effective contribution we can make towards the fight against climate change is to reduce consumption and emissions as far as possible. However, as we work towards responsible practices and reduce our waste and energy consumption, to mitigate our immediate effect upon the environment, various actions have been taken. Electricity is partially sourced from third-party nuclear energy contracts, meaning there are no actual carbon emissions for these supplies. We have also pledged to offset more carbon than we generate each year, making us Carbon Negative. Verified carbon credits were purchased, making 5% net Carbon Negative in the year to March 2020 and we are currently undertaking the exercise for the year to March 2021 and are committed to being at least 5% net carbon negative again for this period.

In ensuring that all our stakeholders are considered as part of every decision process we believe we act fairly between all members of the Company.

Review of the business
The number of children in care continued to increase and much like the preceding years, the last 12 months was no different. We continue to adapt and develop our services to meet demand and have had an emphasis on therapy and education services in the last year. The global pandemic has presented many challenges to all parts of our organisation which have affected all services. We have had to adapt our operating approaches to keep staff and carers safe whilst also ensuring safeguarding of our young people remained robust. Despite the challenges, during the year to 31 March 2021, the group continued to increase its foster carer base, opened new residential homes and schools to meet this demand from Local Authorities across the UK.

The Group puts significant emphasis on quality. Ofsted suspended graded inspections as a result of the pandemic and as such there were no changes to the groups Ofsted ratings and we retain our position quality ratings from 2020.

The number of children looked after by Compass across the past 12 months increased across Fostering, Residential and Education with a resulting increase in turnover for the group. The balance sheet of the group has retained its position of having net current assets and as such we remain confident of meeting our financial obligations as they fall due.

Future outlook
As we are released from the most recent lockdowns and enter in a period of uncertain economic times, we expect to see the demands on services increase further across the coming year. This being led by unemployment and poverty which will see further increases in the number of children taken in to care. Our aim is to develop services to manage increasing complexity of children and to recruit, retain and train foster carers and residential staff. We will continue to develop our education offering in order to offer care, education and therapy where appropriate to meet children's needs. We remain committed to working in partnership with Local Authorities to ensure we offer value for money and quality services to meet need.

The board remain confident that our approach to providing high levels of support and training alongside our recruitment process will lead to an increase in the number of new carers attracted to the sector. This will ultimately help to provide more quality foster placements for looked after children and young people.

In January 2021 the government announced an independent review of children's social care, a review of the needs, experiences and outcomes of the children supported by social care. The chair of the review wrote to the Competition and Markets Authority ("CMA") with the CMA launching a market study in March 2021. This will look at the provision of accommodation and associated care and support for children in care in England, Scotland and Wales.

Principal risks and uncertainties
The management of the business and the execution of the group's strategy are subject to a number of risks. As with any service which relies on government funding, a key business risk and uncertainty affecting the group relates to the continued provision of adequate government funding. We believe that our position and the size of the business allows us to provide placements at a lower relative cost than other providers. As such, this risk actually provides Compass with a strong position to benefit from our scale and offer quality placements at sustainable prices.

Supplier payment policy
The Group agrees terms and conditions for its business transactions with suppliers before orders are placed. Payments are then made in accordance with these obligations.

As a Group we believe it is important to pay our suppliers promptly and on time for the service they provide. The average time taken to pay invoices is 9 days.

Key performance indicators
As part of the management accounts, the directors use Key Performance Indicators ('KPIs') to assist in the understanding of the development, performance and position of the business of the group. The KPIs used by the group to measure its own performance include, Ofsted gradings, carer numbers, placement numbers, staff turnover and education and residential occupancy rates.

Financial instruments
The group is exposed to the usual credit and cash flow risk associated with selling on credit and manages this through strong credit control procedures. We are exposed to interest rate fluctuations on our bank debt. This has been managed through the use of an interest rate swap, which limits the group's exposure to interest rate increases for the full term of the loan agreement. The Board constantly monitors the group's trading results and revises projections as appropriate to ensure that the group can meet its future obligations as they fall due.

Approved by the Board 27 July 2021 and signed on its behalf by:

J A Wright
Director

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 group and the company and of the profit or loss of the group 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; 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion

We have audited the financial statements of Advent Topco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, 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.

In our opinion the financial statements:

- give a true and fair view of the state of the group and the company's affairs as at 31 March 2021 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 company 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 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 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 Strategic Report and Directors' Report the for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and Directors' Report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

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

In identifying and assessing risks of material mis-statement in respect of fraud, including irregularities and non-compliance with laws and regulations, our procedures included obtaining an understanding of the legal and regulatory frameworks applicable to the company financial statements or that had a fundamental effect on the company's operations, which we determined to be UK GAAP, UK Companies Act 2006 and taxation laws; we understood how the company is complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures; we assessed the susceptibility of the company's financial statements to material mis-statement, including how fraud might occur.

Audit procedures performed by the engagement team included identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud; understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process, with detailed journal reviews undertaken of the accounting system for the year to 31 March 2021; understanding the controls in place to detect and prevent fraud and challenging assumptions and judgements made by management in its significant accounting estimates.

Reliance was not placed on controls for the entirety of the audit, instead a substantive testing approach was undertaken, however controls were in place to prevent fraud, and they appeared to be working effectively.

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

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Date: 27 July 2021

ADVENT TOPCO LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Turnover	4	81,537,526	70,329,781
Cost of sales		(45,523,399)	(39,968,092)
Gross profit		36,014,127	30,361,689
Administrative expenses		(22,097,403)	(19,034,392)
Other operating income	5	5,119	6,825
Operating profit before exceptional items and amortisation	8	13,921,843	11,334,122
Exceptional administrative costs	6	(3,475,132)	(1,977,120)
Amortisation of goodwill	11	(7,984,307)	(7,873,542)
Operating profit		2,462,404	1,483,460
Interest receivable		221,693	235
Interest payable and similar charges	9	(6,393,401)	(6,178,753)
Loss on ordinary activities before taxation		(3,709,304)	(4,695,058)
Tax on loss on ordinary activities	10	(1,340,838)	(1,017,953)
Loss for the financial year		(5,050,142)	(5,713,011)

The Group has no recognised gains or losses for the period other than the results above.

ADVENT TOPCO LIMITED (Registration Number: 11053915)
CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Fixed Assets					
Intangible fixed assets	11	50,678,960	57,939,078	-	-
Tangible fixed assets	12	9,640,229	4,449,163	-	-
Investments	13	-	-	1	1
	15	60,319,189	62,388,241	1	1
Debtors due after more than one year		-	-	11,116,196	11,084,723
Current Assets					
Debtors	14	7,183,049	6,014,432	-	6,350
Cash at bank and in hand		4,418,174	5,890,106	-	-
		11,601,223	11,904,538	-	6,350
Creditors: Amount falling due within one year	16	(7,719,026)	(7,212,908)	(5,770)	(5,246)
Net current assets/(liabilities)		3,882,197	4,691,630	(5,770)	1,104
Total assets less current liabilities		64,201,386	67,079,871	11,110,427	11,085,828
Creditors: Amount falling due after more than one year	17	74,045,963	71,968,453	155,744	141,586
Provisions for liabilities	18	175,386	81,239	-	-
Capital and reserves					
Called up share capital	21	102,940	102,940	102,940	102,940
Share premium account		10,822,560	10,822,560	10,822,560	10,822,560
Profit and loss account		(20,945,463)	(15,895,321)	29,183	18,742
Total equity		(10,019,963)	(4,969,821)	10,954,683	10,944,242
Total capital, reserves and long term liabilities		64,201,386	67,079,871	11,110,427	11,085,828

Approved by the Board and authorised for issue on 27 July 2021 and signed on its behalf by:

JWright

J A Wright
Director

The notes on pages 13 to 24 form an integral part of these financial statements.

ADVENT TOPCO LIMITED
CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

Group	Share capital £	Share premium £	Retained earnings £	Total £
At 1 April 2020	102,940	10,822,560	(15,895,321)	(4,969,821)
Loss for the year	-	-	(5,050,142)	(5,050,142)
At 31 March 2021	102,940	10,822,560	(20,945,463)	(10,019,963)

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 April 2019	98,125	10,816,125	(10,182,310)	731,940
Shares issued	4,815	6,435	-	11,250
Loss for the year	-	-	(5,713,011)	(5,713,011)
At 31 March 2020	102,940	10,822,560	(15,895,321)	(4,969,821)

Company	Share capital £	Share premium £	Retained earnings £	Total £
At 1 April 2020	102,940	10,822,560	18,742	10,944,242
Profit for the year	-	-	10,441	10,441
At 31 March 2021	102,940	10,822,560	29,183	10,954,683

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 April 2019	98,125	10,816,125	9,250	10,923,500
Shares issued	4,815	6,435	-	11,250
Profit for the year	-	-	9,492	9,492
At 31 March 2020	102,940	10,822,560	18,742	10,944,242

The notes on pages 13 to 24 form an integral part of these financial statements.

ADVENT TOPCO LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flow from operating activities	11,427,156	11,281,891
Cash flows from investing activities	(7,795,356)	(10,199,032)
Cash flows from financing activities	(5,103,732)	1,916,397
(Decrease)/Increase in cash in the period	(1,471,932)	2,999,256
Cash and cash equivalents at 1 April	5,890,106	2,890,850
Cash and cash equivalents at 31 March	4,418,174	5,890,106

	2021 £	2020 £
Reconciliation of loss for the year to net cash flow from operating activities		
Loss for the year	(5,050,142)	(5,713,011)
Depreciation	1,074,914	570,100
Amortisation and impairment charges	7,984,307	7,873,542
Loss on disposal of tangible fixed assets	42,264	15,853
Loss on disposal of intangible fixed assets	4,213	-
Interest payable and similar charges	6,393,401	6,178,753
Interest receivable	(221,693)	(235)
Tax charge	1,340,838	1,017,953
	11,568,102	9,942,955
Working capital adjustments:		
Decrease/(increase) in debtors	983,637	1,233,244
Increase in creditors	353,950	443,691
Cash inflow from operating activities	12,905,689	11,619,890
Taxation paid	(1,478,533)	(337,999)
Net cash inflow from operating activities	11,427,156	11,281,891
Cash flows from investing activities		
Interest received	2,847	235
Payments to acquire tangible fixed assets	(6,322,059)	(3,765,274)
Proceeds from sale of tangible fixed assets	22,310	-
Purchase of subsidiary undertakings (net of cash acquired)	(1,498,454)	(6,433,993)
Net cash outflow from investing activities	(7,795,356)	(10,199,032)
Cash flows from financing activities		
Proceeds from issue of shares	-	11,250
Interest paid	(2,828,732)	(2,884,353)
Bank loan finance advanced (gross)	1,000,000	6,052,000
Bank loan finance repaid	(3,275,000)	(1,262,500)
Net cash (outflow)/inflow from financing	(5,103,732)	1,916,397

The notes on pages 13 to 24 form an integral part of these financial statements.

1. General information

Advent Topco 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 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

The financial statements have been prepared under the historical cost convention, except where disclosed in these accounting policies, certain items 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.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2021.

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 period are included in the Statement of Comprehensive Income 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.

Going concern

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

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.

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

Interest income
Interest income is recognised using the effective interest method.

Intangible fixed assets
Goodwill
Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the group'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 charged to 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:

Freehold property	2% straight line
Leasehold property	25% 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.

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 group has a legal or constructive obligation at the reporting date as a result of a past event, it is probable that the group 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.

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, loans to related parties and investments in non-puttable ordinary shares.

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.

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.

Parent company profit
As permitted by section 480 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The group profit for the period includes a profit of £10,441 (2020: £9,492) dealt with in the profit and loss account of the parent company.

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 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

In preparing these financial statements, management have made certain judgements, including that the useful life of goodwill is considered to be 10 years and that no other separately identifiable intangible assets have been identified as part of the acquisitions made in the period. No other significant judgements have had to be made by in preparing these financial statements

4. Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the UK.

5. Other operating income

	2021 £	2020 £
Rental income	5,119	6,825

6. Exceptional administrative costs

Exceptional items comprise non-recurring administration expenses of £ 1,450,614 (2020: £1,144,840). During the year there were also non-recurring costs in setting up a children's residential home which comprised of pre opening costs of £2,024,518 (2020: £832,280).

7. Employees

Group number of employees

The average monthly number of employees (including directors) during the year was

	2021 No.	2020 No.
Care	520	449
Centralised services	72	73
Administration (including directors)	82	78
	674	600

Group Employment Costs	2021 £	2020 £
Wages and salaries	17,960,063	13,742,581
Social security costs	1,742,528	1,323,976
Other pension costs	537,331	445,745
	20,239,922	15,512,302

Directors' emoluments	2021 £	2020 £
Emoluments for qualifying services	481,417	348,807
Company pension contributions to money purchase schemes	15,200	11,600
	496,617	360,407

Emoluments disclosed above include the following amounts paid to the highest paid director:	2021 £	2020 £
Emoluments for qualifying services	243,300	179,969
Company pension contributions to money purchase schemes	9,500	8,000
	252,800	187,969

The number of directors for whom retirement benefits are accruing under money purchase schemes was two (2020: two).

8. Operating profit before exceptional items and amortisation

Operating profit before exceptional items and amortisation is stated after charging:	2021 £	2020 £
Depreciation of tangible fixed assets	1,074,914	570,100
Operating lease rentals - plant and machinery	44,035	134,452
Operating lease rentals - other	1,704,190	1,124,343
Auditors remuneration - audit services (includes irrecoverable VAT)	70,745	51,000
Auditors remuneration - non audit services (includes irrecoverable VAT)	4,487	30,852

In addition to the above, the auditors were paid £18,000 (2020: £25,500) in respect of professional due diligence work included as part of the cost of acquisitions in note 11 to the financial statements.

9. Interest payable and similar charges

	2021 £	2020 £
Finance costs adjacent to interest	1,218,576	1,099,566
Bank interest payable	2,602,674	2,622,725
Other interest payable	2,572,151	2,456,462
	6,393,401	6,178,753

10. Tax on loss on ordinary activities

	2021 £	2020 £
Current tax		
Corporation tax charge	1,282,633	854,651
Adjustments in respect of prior periods	140,441	1,290
	1,423,074	855,941
Deferred tax		
Origination and reversal of timing differences	(82,171)	163,183
Adjustments in respect of prior periods	(65)	(1,562)
Effect of tax rate change on opening balance	-	391
	(82,236)	162,012
Total tax on loss on ordinary activities	1,340,838	1,017,953

Factors affecting current tax charge for the period

Tax on loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are reconciled below:

	2021 £	2020 £
Loss on ordinary activities before taxation	(3,709,304)	(4,695,058)
Corporation tax at standard rate	(704,768)	(892,061)
Fixed asset differences	(109,861)	20,363
Non-deductible expenses	1,778,495	1,701,641
Adjustments in respect of prior periods	140,376	1,281
Timing differences not recognised	(37)	-
Chargeable gain	126,753	
Change in tax rate on deferred taxation	-	(10,055)
Deferred tax not recognised	109,880	196,784
Total tax charge	1,340,838	1,017,953

11. Intangible fixed assets

Group

	Goodwill £
Cost	
At 1 April 2020	75,734,831
Additions	728,402
Disposals	(175,938)
At 31 March 2021	76,287,295
Amortisation	
At 1 April 2020	17,795,753
Charge for the year	7,984,307
Disposal	(171,725)
At 31 March 2021	25,608,335
Net book value	
At 31 March 2021	50,678,960
At 31 March 2020	57,939,078

During the year the group disposed of the goodwill relating to an acquisition undertaken in an earlier year.

During the year the group acquired the share capital of Mayne Enterprises Limited. No adjustments were considered necessary in calculating the fair values of the net assets acquired. The effect in the financial statements is as follows:

	Mayne Enterprises Limited £
Consideration (including associated legal and professional fees of £100,717)	1,585,016
Less fair value of net assets acquired:	
Tangible fixed assets	8,495
Debtors	2,152,254
Cash at bank and in hand	86,562
Creditors	(1,214,314)
Deferred taxation	(176,383)
Book and fair value of net assets acquired	856,614
Goodwill arising	728,402

Turnover and operating profit shown on page 9 to the financial statements include £278,702 and £21,579 relating to the above acquisition.

The directors have considered the accounting requirements of FRS102 and have concluded that there were no material intangible assets acquired with the above businesses.

12. Tangible fixed assets

Group

	Freehold property	***Leasehold property***	**Equipment**	***Fixtures & fitting***	***Motor vehicles***	**Total**
	£	£	£	£	£	£
Cost						
At 1 April 2020	1,500,296	1,554,932	731,391	1,382,040	268,263	5,436,922
Additions	1,666,805	3,156,595	376,102	897,197	225,360	6,322,059
Acquired	-	2,130	1,111	2,965	2,289	8,495
Disposals	-	(1,733)	(109,516)	(40,520)	(12,490)	(164,259)
At 31 March 2021	3,167,101	4,711,924	999,088	2,241,682	483,422	11,603,217
Depreciation						
At 1 April 2020	17,503	230,861	279,324	394,500	65,571	987,759
Charge for the year	30,006	405,699	209,549	321,865	107,795	1,074,914
Disposals	-	(1,528)	(94,992)	(3,068)	(97)	(99,685)
At 31 March 2021	47,509	635,032	393,881	713,297	173,269	1,962,988
Net book value						
At 31 March 2021	3,119,592	4,076,892	605,207	1,528,385	310,153	9,640,229
At 31 March 2020	1,482,793	1,324,071	452,067	987,540	202,692	4,449,163

13. Fixed asset investments

	Shares in group undertakings £
Cost and net book value	
At 1 April 2020 and at 31 March 2021	1

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the Statement of Financial Position.

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	Type of Holding	% of voting and shares held	Principal activity
Advent Midco 1 Limited	Ordinary	100%	Intermediate holding company

The below list of companies are indirectly owned via Advent Midco 1 Limited.

Undertaking	Type of Holding	% of voting and shares held 2021	2020	Principal activity
Advent Midco 2 Limited	Ordinary	100%	100%	Intermediate holding company
Advent Bidco Limited	Ordinary	100%	100%	Intermediate holding company
Compass Community Limited	Ordinary	100%	100%	Head office and holding company
Compass Children's Homes Limited	Ordinary	100%	100%	Residential children's homes and independent schools
Compass Fostering North Limited	Ordinary	100%	100%	Independent foster care
Compass Fostering London Limited	Ordinary	100%	100%	Independent foster care
Compass Fostering Central Limited	Ordinary	100%	100%	Independent foster care
Compass Fostering South Limited	Ordinary	100%	100%	Independent foster care
Compass Fostering Wales Limited	Ordinary	100%	100%	Independent foster care
Compass Fostering South East Limited	Ordinary	100%	100%	Independent foster care
Compass Fostering East Limited	Ordinary	100%	100%	Dormant company
Compass Fostering West Limited	Ordinary	100%	100%	Independent foster care
Compass Children's Homes Kent Limited	Ordinary	100%	100%	Residential children's homes and independent schools
Mayne Enterprises Limited	Ordinary	100%	0%	Residential children's homes and independent schools

The financial year end of all group companies is 31 March. All companies are registered in England and Wales.

14. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	5,215,148	4,604,438	-	-
Other debtors	532,668	215,707	-	6,350
Prepayments	1,435,233	1,194,287	-	-
	7,183,049	6,014,432	-	6,350

15. Debtors due after more than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts due from group undertakings	-	-	11,116,196	11,084,723

Amounts due from group undertakings are considered to be due after more than one year.

16. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	1,487,500	2,275,000	-	-
Trade creditors	1,167,251	881,339	-	-
Corporation tax	803,005	853,663	5770	5,246
Other taxes and social security	546,795	384,449	-	-
Other creditors	1,439,094	1,192,092	-	-
Accruals	2,275,381	1,626,365	-	-
	7,719,026	7,212,908	5,770	5,246

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Loan notes (unsecured)	27,091,992	24,552,928	155,744	141,586
Bank loans	46,953,971	47,415,525	-	-
	74,045,963	71,968,453	155,744	141,586

18. Provisions for liabilities
Group

	Deferred taxation £
Deferred tax at 1 April 2020	81,239
Deferred tax liability acquired	(176,383)
Charged to the Statement of Comprehensive Income	82,236
Deferred tax at 31 March 2021	175,386

Analysis of deferred tax	2021 £	2020 £
Difference between accumulated depreciation and capital allowances	185,433	88,263
Other short term timing differences	(10,047)	(7,024)
	175,386	81,239

19. Loans and borrowings

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Current loans and borrowings				
Bank loans	1,487,500	2,275,000	-	-
Non-current loans and borrowings				
Bank loans	46,953,971	47,415,525	-	-
Loan notes	27,091,992	24,552,928	155,744	141,586
	74,045,963	71,968,453	155,744	141,586

The bank loans are secured by a fixed charge over the assets of the group.

Total bank loans outstanding of £48,441,471 (2020: £49,690,525) are stated after deducting £176,029 (2020: £958,975) of costs associated with the raising of this finance which are being released to the Statement of Comprehensive Income over the term of the debt in accordance with FRS102.

The bank loans are split between three facilities, £5,261,324 is repayable in instalments up to 1 December 2023, £33,851,176 is repayable as a bullet payment on 1 December 2024 and the remaining of £9,262,000 is repayable as a bullet payment on 1 December 2023. The loans attract interest between 2.75% and 4.25% above LIBOR per annum, subject to the group's compliance with banking covenants.

The group has an interest rate swap in place for £28,000,000 at a fixed rate of 1.3275% which reduced to £14,000,000 on 31 March 2021; the remaining £14,000,000 expires on 31 March 2022. As at 31 March 2021, the fair value of the swap was a loss of £171,418 (2020: £390,264). A credit of £218,846 (2020: charge of £79,980) has been made to the statement of comprehensive income. At 31 March 2021, there was £171,418 (2020: £390,264) included in other creditors.

The loan notes (unsecured) total £27,091,992 (2020: £24,552,928) after deducting £314,270 (2020: £589,256) of costs associated with the raising of finance which are being treated in accordance with FRS102 and are repayable in full on 1 December 2027. Interest is levied at a rate of 10% per annum and is accumulated within the loan balance.

20. Statement of changes in net debt

Cash flows from financing activities	At 1 April 2020 £	Cash flows £	Other non cash changes £	At 31 March 2021 £
Cash and cash equivalents				
Cash at bank & petty cash	5,890,106	(644,424)	-	5,245,682
Overdraft	-	(827,508)	-	(827,508)
	5,890,106	(1,471,932)	-	4,418,174
Borrowings				
Bank loans	(2,275,000)	(2,275,000)	3,062,500	(1,487,500)
Due greater than 1 year				
Bank loans	(47,415,525)	(2,828,732)	3,290,286	(46,953,971)
Loan notes	(24,552,928)	-	(2,539,064)	(27,091,992)
	(71,968,453)	(2,828,732)	751,222	(74,045,963)
Total net debt	(68,353,347)	(6,575,664)	3,813,722	(71,115,289)

21. Share capital

Company and Group

	2021		2020	
	No.	**£**	**No.**	**£**
Allotted, called up and fully paid				
A1 Ordinary shares of £0.10 each	397,748	39,775	397,748	39,775
A2 Ordinary shares of £0.10 each	2,252	225	2,252	225
B1 Ordinary shares of £1 each	59,100	59,100	59,100	59,100
B2 Ordinary shares of £0.10 each	38,400	3,840	38,400	3,840
	497,500	102,940	497,500	102,940

Each class of share ranks pari passu in all respects, other than as detailed in the company's Articles of Association.

22. Pension schemes

The group operates a number of defined contribution pension schemes for staff. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £537,331 (2020: £445,745). At 31 March 2021, there was £2,024,518 (2020: £77,541) included within other creditors.

23. Financial commitments

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

	2021	2020
	£	**£**
Within one year	2,503,698	1,313,173
Within two to five years	8,611,300	2,899,585
Over five years	16,087,379	6,402,093
	27,202,377	10,614,851

24. 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 2021 is £48,374,500 (2020: £50,649,500).

25. Related party transactions

During the year, the group paid monitoring fees of £157,915 (2020: £151,861) to Graphite Capital Partners LLP. At 31 March 2021, there was £40,808 (2020: £39,361) owed to Graphite Capital Partners LLP.

The total loan notes balance owed to the Group's ultimate controlling party at the 31 March 2021 was £27,322,597 (2020: £24,845,328). During the year, interest accruing on the loan totalled £2,477,269 (2020: £2,263,167) and the total accrued interest at 31 March 2021 was £7,452,606 (2020: £4,975,337).

The total loan notes owed to the management group at the 31 March 2021 was £326,665 (2020: £296,856). During the year, interest accruing on the loans totalled £29,809 (2020: £27,016) and the total accrued interest at 31 March 2021 was £83,368 (2020: £53,559).

26. Control

The A1 ordinary shares in Advent Topco Limited are held by funds managed by Graphite Capital. None of the funds individually has an ultimate controlling stake in the company. No individual holds more than 20% of the share capital of the company. Hence, the Directors consider that there is no ultimate controlling party of the company.

The financial statements of Advent Topco Limited are not consolidated into the accounts of any other entity.