Registration number: 07448673

Acorn Norfolk Limited

Annual Report and Financial Statements

for the Year Ended 31 August 2016

Acorn Norfolk Limited

Contents

Acorn Norfolk Limited

Company Information

Directors	N-J Macdonald J-L Janet
Company secretary	H Lecky
Registered office	1 Merchant's Place River Street Bolton Lancashire BL2 1BX
Solicitors	SNR Denton One Fleet Place London EC4M 7WS
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Auditors	Ernst & Young LLP Statutory Auditor Bedford House 16 Bedford Street Belfast Northern Ireland BT2 7DT

Acorn Norfolk Limited

Strategic Report for the Year Ended 31 August 2016

The directors present their strategic report for the year ended 31 August 2016.

Principal activity
The company provides education for children and young people with special education needs with placement being referred from a number of local authorities. The company is part of the Acorn Care 1 Limited Group ("Group"). The Group provides a range of education and care services for children with special needs and looked after children, their families and local authorities across the UK. The Group Statement of Purpose is to establish a group of schools and care providers that meet the holistic needs of children and young adults with special needs. The Group aims to provide high quality care and education, to focus on the outcomes for each individual young person it looks after, and to provide equality of opportunity.

Fair review of the business
The profit for the year, after taxation amounted to £338,878 (2015: loss of £254,007).

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

	Unit	2016	2015
Turnover	£	7,725,287	6,996,589
Profit after tax	£	338,878	
Loss after tax	£	-	254,007

Principal risks and uncertainties

Regulatory and legislative risks

As an education provider, the schools are registered and approved by the Department for Education ("DfE") and are subject to inspection and report by OfSTEd. Periodic inspections are carried out for each school.

The business has an obligation to meet Health and Safety requirements, which it does through internal policies and procedures and through using the services of external specialist advisers where necessary.

The business regularly updates its policies and procedures in order to ensure compliance with required standards.

Financial risks

The company's principal financial instruments comprise trade and other debtors, cash and cash equivalents, trade and other creditors and amounts owed to/from fellow Group companies.

The main risks associated with these financial assets and liabilities are set out below:

Credit risk

Credit risk arises principally on third party derived revenues. Company policy is aimed at minimising such risk, and collection of debts is actively managed to ensure that payments are received in a timely manner. The company's customers are primarily local authorities and have a good payment history. The directors believe that the company's exposure to bad debts is not significant.

Liquidity risk
The company's liquidity risk is managed through the Group finance function. Capital expenditure is approved at Group level. Day to day cash flow flexibility is maintained by retaining surplus cash in readily accessible bank accounts. Working capital requirements are funded primarily through each Group company's resources, although the company does have recourse to additional funding through Group banking facilities.

Interest rate risk

During the year interest rate risk was managed through the Group finance function using hedging instruments. The Group uses interest rate swaps to adjust interest rate exposures in order to guarantee fixed interest payments where payments are variable and hence exposed to interest rate movements.

Market price risk

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

Acorn Norfolk Limited

Strategic Report for the Year Ended 31 August 2016 (continued)

Foreign currency risk

The business has no exposure to foreign currency.

Approved by the Board on 3 February 2017 and signed on its behalf by:

....

N-J Macdonald
Director

Acorn Norfolk Limited

Directors' Report for the Year Ended 31 August 2016

The directors present their report and the financial statements for the year ended 31 August 2016.

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

N-J Macdonald

J-L Janet

Dividends
No dividends have been distributed for the year ended 31 August 2016 (2015: Nil).

Political and charitable donations
During the year the Company made no political or charitable donations.

Future developments
The company will continue to work closely with its Local Authority customers to ensure it can provide a choice of education for children and young people with special education needs. This will mean continuing investment in the leadership team, the teaching and support teams, educational resources and the physical environment of the schools.

Where existing facilities provide opportunities for on-site expansion and the opening of additional classrooms, these opportunities will be considered if they enhance the range and quality of the current education offering. Alternatively, satellite sites may be acquired and registered as new schools to work in conjunction with the existing sites.

Going concern
The company is a subsidiary of Acorn Care 1 Limited and its financial resources are managed on a Group basis. In 2016 the Group generated strong cash flows and held a group cash balance of £10.0m at 31 August 2016 (2015: £6.4m).

During the year, the Group was financed by a mixture of equity funding (ordinary and preference shares), unsecured loan notes, senior banking facilities and operating cash flows from the underlying business of the Group. On 3rd August 2016 Acorn Care 1 Limited, the ultimate parent in the Acorn Group, was acquired by SSCP Spring Bidco Limited, a holding company in the National Fostering Agency (NFA) group. As a result of the transaction, the Group's funding is secured via funds from another entity in the NFA group.

The NFA directors have confirmed that the NFA group support will continue to be made available to the company where required. The directors of the company believe that the financing in place is more than adequate for the future needs of the Group and the Group is well placed to manage its business risks successfully.

On the basis of the assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Disclosure of information to the auditors
Each director has taken 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 of which they know the auditors are unaware.

Reappointment of auditors
In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 3 February 2017 and signed on its behalf by:

....

N-J Macdonald
Director

Acorn Norfolk Limited

Directors' Responsibilities Statement

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

Acorn Norfolk Limited

Independent Auditor's Report to the Members of Acorn Norfolk Limited

We have audited the financial statements of Acorn Norfolk Limited for the year ended 31 August 2016, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet and Statement of Changes in Equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report, the Directors' Report and the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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.

Independent Auditor's Report to the Members of Acorn Norfolk Limited (continued)

Ernst & Young LLP
Michael Kidd (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Bedford House
16 Bedford Street
Belfast
Northern Ireland
BT2 7DT

Date: 7/2/2017

Acorn Norfolk Limited

Profit and Loss Account for the Year Ended 31 August 2016

	Note	2016 £	2015 £
Turnover	2	7,725,287	6,996,589
Cost of sales		(4,095,123)	(3,346,973)
Gross profit		3,630,164	3,649,616
Administrative expenses		(3,393,200)	(4,056,299)
Other operating income		53,611	65,758
Operating profit/(loss)		290,575	(340,925)
Interest payable and similar charges	4	-	(185)
Profit/(loss) on ordinary activities before tax		290,575	(341,110)
Taxation	6	48,303	87,103
Profit/(loss) on ordinary activities for the financial year		338,878	(254,007)

Turnover and operating profit derive wholly from continuing operations.

Acorn Norfolk Limited

Statement of Comprehensive Income for the Year Ended 31 August 2016

	Note	2016 £	2015 £
Profit/(loss) for the financial year		338,878	(254,007)
Total comprehensive income for the financial year		338,878	(254,007)

The notes on pages 13 to 27 form an integral part of these financial statements.

Acorn Norfolk Limited

(Registration number: 07448673)
Balance Sheet as at 31 August 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	7	-	763,246
Tangible assets	8	2,085,808	1,986,078
		2,085,808	2,749,324
Current assets			
Stocks	9	4,717	5,000
Debtors	10	937,847	1,982,754
Cash at bank and in hand		26,227	14,560
		968,791	2,002,314
Creditors: Amounts falling due within one year	11	(3,550,230)	(5,569,565)
Net current liabilities		(2,581,439)	(3,567,251)
Total assets less current liabilities		(495,631)	(817,927)
Provisions for liabilities		-	(16,582)
Net liabilities		(495,631)	(834,509)
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account		(495,632)	(834,510)
Total equity		(495,631)	(834,509)

Approved by the Board on 3 February 2017 and signed on its behalf by:

....

J-L Janet

Director

The notes on pages 13 to 27 form an integral part of these financial statements.

Acorn Norfolk Limited

Statement of Changes in Equity for the Year Ended 31 August 2016

	Share capital £	Profit and loss account £	Total £
At 1 September 2014	1	(580,503)	(580,502)
Loss for the year	-	(254,007)	(254,007)
Other comprehensive income	-	-	-
Total comprehensive income	-	(254,007)	(254,007)
At 31 August 2015	1	(834,510)	(834,509)

	Share capital £	Profit and loss account £	Total £
At 1 September 2015	1	(834,510)	(834,509)
Profit for the year	-	338,878	338,878
Other comprehensive income	-	-	-
Total comprehensive income	-	338,878	338,878
At 31 August 2016	**1**	**(495,632)**	**(495,631)**

Acorn Norfolk Limited

Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies

Acorn Norfolk Limited is a limited liability company incorporated in England.

The Registered Office is 1 Merchant's Place, River Street, Bolton, Lancashire, BL2 1BX.

These financial statements were authorised for issue by the Board on 3 February 2017.

Statement of compliance

The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements for the year ended 31 August 2016. The date of transition from the previous UK GAAP to FRS 102 was as at 1 September 2014. An explanation of the transition is given in note 17.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards.

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

The financial statements have been prepared in Sterling, which is the functional currency.

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.

Summary of exemptions - Reduced Disclosure Framework

In preparing the separate financial statements of the company, advantage has been taken of the exemption provided by FRS 102 paragraph 1.12 (b) to prepare a cash flow statement.

In preparing the separate financial statements of the company, advantage has been taken of the exemptions provided by FRS 102 Sections 11 and 12 to provide financial instruments disclosures, including categories of financial instruments, items of income, expense, gains or losses relating to financial instruments, and exposure to and management of financial risks.

In preparing the separate financial statements of the company, advantage has been taken of the exemptions provided by FRS 102 Section 33.7 to provide aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Name of parent of group

These financial statements are consolidated in the financial statements of Acorn Care 1 Limited. The shareholders of the company have been notified in writing about, and do not object to, the use of the disclosure exemptions.

1 Accounting policies (continued)

Judgements

Preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements. Items in the financial statements where these judgements and estimates have been made include:

• Lease commitments – determination as to whether leases entered into either as a lessor or lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

• Indicators of impairment – determination as to whether there are indicators of impairment of tangible and intangible assets, including goodwill. Factors taken into account include economic viability and expected future financial performance, and where is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty:

• Tangible fixed assets – these are depreciated over their useful lives, taking into account residual values. The lives and the residual values are assessed annually. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments include consideration of future market conditions, the remaining life and projected disposal values.

• Taxation – Provisions are based on reasonable estimates based on various factors including experience and interpretation of regulations.

Turnover

Turnover is generated from the provision of education and care for children and young adults with special education needs.

Turnover represents amounts chargeable in respect of services provided during the year. Where invoices are raised and the services to which they relate have not been performed, the extent of the invoice relating to the unperformed service is carried forward as deferred income. All turnover arose within the United Kingdom.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding VAT and discounts.

Current and deferred tax

The tax expense for the period comprises deferred tax.

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in respect of all timing differences at the reporting date. Deferred income tax is determined on an undiscounted basis using the rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

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 benefits.

1 Accounting policies (continued)

Tangible assets

Tangible assets are stated at cost less accumulated depreciation.

At each reporting date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit and loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

Depreciation

Depreciation is provided on all tangible assets at the following rates calculated to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter. Freehold land is not depreciated.

Asset class	**Depreciation method and rate**
Freehold and leasehold property	2% straight line
Plant and machinery	15% straight line
Fixtures, fittings and equipment	15-33% straight line
Motor vehicles	25% straight line

Goodwill

Purchased goodwill, representing the excess of fair value of the consideration given over the fair values of identifiable net assets acquired, is capitalised and amortised over its estimated useful life. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised through the profit and loss account on a straight line basis over its estimated useful life of 5 years.

In accordance with the transition exemption available in FRS 102, the company has elected not to apply Section 19 Business Combinations and Goodwill to business combinations that were effected before the date of transition, being 1 September 2014. As such, no adjustment has been made to the carrying value of goodwill and intangible assets subsumed within goodwill have not been separately recognised.

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.

Stocks

Stocks are stated at the lower of cost and net realisable value.

At each reporting date, stocks are assessed for impairment. If impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit and loss.

1 Accounting policies (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases are charged to profit and loss on a straight line basis over the period of the lease. Lease incentives are recognised over the lease term on a straight line basis.

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at the lower of their fair value at inception of the lease and the present value of the minimum lease payments and are depreciated over the shorter of the lease term and the useful lives. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between the reduction of the lease liability and finance charges in the profit and loss account so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

The company has not applied paragraphs 20.15A or 20.25A to operating lease incentives where the lease commenced before the date of transition to FRS 102. It has continued to recognise any residual benefit or cost associated with these lease incentives on the same basis that applied prior to transition to FRS 102.

Basic financial instruments

Basic financial assets, including trade and other debtors, cash and cash equivalents, are initially recognised at transaction price. Such assets are subsequently measured at amortised cost using the effective interest rate, less provision for impairment.

Basic financial liabilities, including trade and other payables, bank loans, loan notes, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts discounted as a market rate of interest. Such liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit or loss.

All bank loans are financing transactions. They are therefore initially recognised at the present value of cash payable to the bank, including interest payments and repayment of principal. Bank loans that qualify as basic are subsequently measured at amortised cost. Non basic bank loans are subsequently measured at fair value with movements recognised in profit or loss.

Derivatives, including interest rate swaps, are not basic financial instruments.

Pensions

A defined contribution scheme is operated. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

Pension contributions are made in respect of certain eligible teaching staff to the Teachers Pension Agency which is a "Multi-Employer" pension scheme. Based on consultations the directors are unable to identify the company's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Consequently, the company treats the scheme as a defined contribution scheme with contributions charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2 Turnover

Analysis of turnover for the year from continuing operations is as follows:

	2016 £	2015 £
Rendering of services	7,725,287	6,996,589

3 Operating profit

Operating profit is stated after charging/(crediting)

	2016 £	2015 £
Depreciation expense	256,447	198,899
Amortisation expense	763,246	1,137,499
Operating lease expense - property	493,500	492,243
Audit of the financial statements	4,245	4,426

Fees paid to the company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit of the company are disclosed in Acorn Care 1 Limited on a consolidated basis.

The directors did not receive any remuneration from the company during the year ended 31 August 2016 (2015: nil).

4 Interest payable and similar charges

	2016 £	2015 £
Interest on obligations under finance leases and hire purchase contracts	-	185

5 Staff costs

The aggregate payroll costs were as follows:

	2016 £	2015 £
Wages and salaries	3,749,481	3,491,168
Social security costs	306,321	287,834
Other pension costs	87,097	66,374
	4,142,899	3,845,376

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

	2016 No.	2015 No.
Teaching, care and support staff	195	170

6 Taxation

Tax charged/(credited) in the income statement

	2016 £	2015 £
Current taxation		
Group relief	-	(105,546)
Deferred taxation		
Arising from origination and reversal of timing differences	(21,208)	3,081
Arising from changes in tax rates and laws	3,525	-
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(30,620)	15,362
Total deferred taxation	(48,303)	18,443
Tax receipt in the income statement	(48,303)	(87,103)

Factors affecting total tax charge

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20.58%).

The differences are reconciled below:

	2016 £	2015 £
Profit/(loss) before tax	290,575	(341,110)
Corporation tax at standard rate	58,115	(70,204)
Adjustment for prior period	(30,620)	15,362
Effect of revenues exempt from taxation	-	(43,125)
Effect of expense not deductible in determining taxable profit (tax loss)	16,492	10,952
Effect of tax losses	(53,494)	-
Deferred tax expense (credit) relating to changes in tax rates or laws	3,525	-
Tax increase (decrease) from transfer pricing adjustments	(42,321)	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	(88)
Total tax credit	(48,303)	(87,103)

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 20% to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020 were substantively enacted in October 2015. Deferred tax has been calculated at 18% as at 31 August 2016 reflecting HMRC enactment.

A further reduction to 17% was substantively enacted post year end in September 2016 with effect from 1 April 2020.

Acorn Norfolk Limited

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

6 Taxation (continued)

Deferred tax

The movement in the deferred tax asset/(liability) in the year is as follows:

	Asset £	Liability £
At 01 September 2015	-	16,582
Additions charged in the profit and loss account	1,102	(16,582)
Adjustment in respect of prior years	30,619	-
At 31 August 2016	31,721	-

The analysis of deferred tax assets and liabilities is as follows:

2016	Asset £
Accelerated capital allowances	31,721
Transition adjustment arising from first-time adoption to FRS 102	-
	31,721

2015	Liability £
Accelerated capital allowances	30,171
Transition adjustment arising from first-time adoption to FRS 102	(13,589)
	16,582

7 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 September 2015	5,687,494	5,687,494
At 31 August 2016	5,687,494	5,687,494
Amortisation		
At 1 September 2015	4,924,248	4,924,248
Amortisation charge	763,246	763,246
At 31 August 2016	5,687,494	5,687,494
Carrying amount		
At 31 August 2016	-	-
At 31 August 2015	763,246	763,246

Amortisation is charged through administrative expenses in the profit and loss account.

8 Tangible assets

	Long leasehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 September 2015	1,183,054	1,157,303	114,901	2,455,258
Additions	17,631	338,546	-	356,177
At 31 August 2016	1,200,685	1,495,849	114,901	2,811,435
Depreciation				
At 1 September 2015	76,261	342,806	50,113	469,180
Charge for the year	23,879	210,784	21,784	256,447
At 31 August 2016	100,140	553,590	71,897	725,627
Carrying amount				
At 31 August 2016	1,100,545	942,259	43,004	2,085,808
At 31 August 2015	1,106,793	814,497	64,788	1,986,078

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2016 £	2015 £
Plant and machinery	-	-
Fixtures and fittings	-	5,179
Motor vehicles	-	-
	-	5,179

9 Stocks

	2016 £	2015 £
Fuel stock	4,717	5,000

The difference between purchase price and replacement cost is not material.

10 Debtors

	Note	2016 £	2015 £
Trade debtors		685,108	1,770,440
Accrued income		12,667	-
Other debtors		1,402	3,726
Prepayments		67,339	68,978
Deferred tax assets	6	31,721	-
Intercompany group relief		139,610	139,610
Total current trade and other debtors		937,847	1,982,754

All amounts fall due within one year.

Trade debtors are stated after provisions for impairment of £Nil (2015: £Nil).

11 Creditors

	Note	2016 £	2015 £
Due within one year			
Trade creditors		137,072	121,367
Amounts due to group undertakings	15	1,855,451	3,434,708
Social security and other taxes		74,375	80,082
Outstanding defined contribution pension costs		11,759	12,020
Obligations under finance lease and hire purchase contracts		-	4,107
Other creditors		20,652	53,242
Accruals and deferred income		1,450,921	1,864,039
		3,550,230	5,569,565

12 Commitments under leases and hire purchase contracts

Finance leases

The company uses finance leases and hire purchase contracts to acquire office equipment. There are no contingent rental, renewal or purchase option clauses.

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	-	4,107

Operating leases

The total of future minimum lease payments under non-cancellable operating leases is as follows:

	2016 £	2015 £
Not later than one year	493,500	493,500
Later than one year and not later than five years	322,146	815,646
	815,646	1,309,146

13 Share capital

Allotted, called up and fully paid shares

	2016 No.	2016 £	2015 No.	2015 £
Ordinary shares of £1 each	1	1	1	1

14 Contingent liabilities

During the year the company gave security by way of unlimited fixed and floating charges over all of its assets to the finance parties providing banking facilities to Acorn Care 4 Limited, a fellow subsidiary undertaking of the Acorn Care 1 Limited Group.

Following the acquisition by NFA, the banking facilities of Acorn Care 4 Limited were repaid in full and the company committed to grant security by way of unlimited fixed and floating charges over all of its assets to the finance parties providing banking facilities to SSCP Spring Bidco Limited, a fellow subsidiary in the SSCP Spring Topco Limited Group.

The amount outstanding to the finance parties providing the banking facilities to SSCP Spring Bidco Limited at 31 August 2016 was £300,410,000. The amount outstanding at 31 August 2016 to the finance parties providing the banking facilities to Acorn Care 4 Limited was £Nil (2015: £161,139,969).

15 *Related party transactions*

During the year, the company entered into transactions in the ordinary course of business, with other related parties including management charges, interest and amounts paid on behalf of the company. Transactions entered into, and trading balances excluding group relief outstanding at 31 August, are as follows:

	Sales to related parties £	Purchases from related parties £	Amounts owed to related parties £	Amounts owed from related parties £
Amounts with Parent Company				
2016	-	-	-	-
2015	-	-	(3,434,708)	-

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The company is exempt from disclosing related party balances outstanding at 31 August 2016 as they are with other companies that are wholly owned within the Group.

Key management personnel

Key management includes the directors. In the current and prior year, remuneration for these individuals was borne by another group company, Acorn Care and Education Limited.

16 Parent and ultimate parent undertaking

On 3rd August 2016 Acorn Care 1 Limited, the ultimate parent undertaking in the Acorn Group, was acquired from Ontario Teachers' Pension Plan by SSCP Spring Bidco Limited which is a holding company in the National Fostering Agency (NFA) Group.

The company's immediate parent is Acorn Care and Education Limited, a company incorporated in England and Wales.

The ultimate parent is SSCP Spring Topco Limited, a company incorporated in England and Wales.

By virtue of its shareholding in SSCP Spring Topco Limited, the ultimate controlling party is deemed to be SSCP Spring Holdings SCA, a company incorporated in Luxembourg.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated from the date of acquisition is SSCP Spring Topco Limited, a company incorporated in England and Wales.

The address of SSCP Spring Topco Limited is:
Frays Court, 71 Cowley Road, Uxbridge, Middlesex, UB8 2AE.

The parent of the smallest group in which these financial statements are consolidated is Acorn Care 1 Limited, a company incorporated in England and Wales.

The address of Acorn Care 1 Limited is:
1 Merchants Place, River Street, Bolton, BL2 1BX.

17 Transition to FRS 102

The company transitioned to FRS 102 as at 1 September 2014. The following were changes in accounting policies arising from this transition:

Holiday pay accrual
Under the previous UK GAAP, the company did not accrue for holiday pay that was earned at the balance sheet date, but was expected to be taken in the subsequent financial year.
Under FRS 102, the company is required to accrue for holiday entitlement earned, but not taken at the date of the Balance Sheet.

Operating lease incentives
Under the previous UK GAAP, operating lease incentives were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent.
Under FRS 102, such incentives are spread over the lease period.

The company has taken advantage of transitional relief as follows:

Operating lease incentives
The company has not applied paragraphs 20.15A or 20.25A to operating lease incentives where the lease commenced before the date of transition to FRS 102. It has continued to recognise any residual benefit or cost associated with these lease incentives on the same basis that applied prior to transition to FRS 102. Accordingly the FRS 102 accounting policy has been applied to new operating leases entered into since 1 September 2014 and resulted in no material impact on the profit and loss or balance sheet of the company.

Goodwill
In accordance with the transition exemption available in FRS 102, the company has elected not to apply Section 19 Business Combinations and Goodwill to business combinations that were effected before the date of transition, being 1 September 2014. As such, no adjustment has been made to the carrying value of goodwill and intangible assets subsumed within goodwill have not been separately recognised.

Having undertaken a full review of the changes in accounting policies arising from the transition to FRS 102, the Company has recognised a liability for holiday pay of £67,945, together with the associated deferred tax asset of £13,589, resulting in a net impact on reserves of £54,356 on transition to FRS 102. At 31 August 2015 the Company recognised a liability for holiday pay of £67,945 and an associated deferred tax asset of £13,589, which resulted in no impact on the profit and loss account for the year ended 31 August 2015.

17 Transition to FRS 102 (continued)

Balance Sheet at 1 September 2014

	As originally reported under previous UK GAAP £	Effect of transition £	As restated under FRS 102 £
Fixed assets			
Intangible assets	1,900,745	-	1,900,745
Tangible assets	1,476,328	-	1,476,328
	3,377,073	-	3,377,073
Current assets			
Stocks	8,000	-	8,000
Debtors	1,287,625	1,861	1,289,486
Cash at bank and in hand	7,084	-	7,084
	1,302,709	1,861	1,304,570
Creditors: Amounts falling due within one year	(5,194,200)	(67,945)	(5,262,145)
Net current liabilities	(3,891,491)	(66,084)	(3,957,575)
Total assets less current liabilities	(514,418)	(66,084)	(580,502)
Provisions for liabilities	(11,728)	11,728	-
Net liabilities	(526,146)	(54,356)	(580,502)
Capital and reserves			
Called up share capital	1	-	1
Profit and loss account	(526,147)	(54,356)	(580,503)
Total equity	(526,146)	(54,356)	(580,502)

17 Transition to FRS 102 (continued)

Balance Sheet at 31 August 2015

	As originally reported under previous UK GAAP £	Effect of transition £	As restated under FRS 102 £
Fixed assets			
Intangible assets	763,246	-	763,246
Tangible assets	1,986,078	-	1,986,078
	2,749,324	-	2,749,324
Current assets			
Stocks	5,000	-	5,000
Debtors	1,982,754	-	1,982,754
Cash at bank and in hand	14,560	-	14,560
	2,002,314	-	2,002,314
Creditors: Amounts falling due within one year	(5,501,620)	(67,945)	(5,569,565)
Net current liabilities	(3,499,306)	(67,945)	(3,567,251)
Total assets less current liabilities	(749,982)	(67,945)	(817,927)
Provisions for liabilities	(30,171)	13,589	(16,582)
Net liabilities	(780,153)	(54,356)	(834,509)
Capital and reserves			
Called up share capital	1	-	1
Profit and loss account	(780,154)	(54,356)	(834,510)
Total equity	(780,153)	(54,356)	(834,509)

17 Transition to FRS 102 (continued)

Profit and Loss Account for the year ended 31 August 2015

	As originally reported under previous UK GAAP £	Effect of transition £	As restated under FRS 102 £
Turnover	6,996,589	-	6,996,589
Cost of sales	(3,356,333)	-	(3,356,333)
Gross profit	3,640,256	-	3,640,256
Administrative expenses	(4,046,939)	-	(4,046,939)
Other operating income	65,758	-	65,758
Operating loss	(340,925)	-	(340,925)
Interest payable and similar charges	(185)	-	(185)
	(185)	-	(185)
Loss before tax	(341,110)	-	(341,110)
Taxation	87,103	-	87,103
Loss for the financial year	(254,007)	-	(254,007)