

COMPANY REGISTRATION NUMBER: 05326869

Blue Sky Fostering Limited
Financial Statements
31 March 2018



LEATHERS LLP
Chartered Accountants & Statutory Auditors
17th Floor
Cale Cross House
Pilgrim Street
Newcastle-upon-Tyne
NE1 6SU

Blue Sky Fostering Limited

Financial Statements

Year Ended 31 March 2018

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Blue Sky Fostering Limited
Officers and Professional Advisers

The board of directors

Mr S Lockyer
Mrs F Lockyer
Mrs G Wyatt

Registered office

4 Jardine House
Harrovia Business Village
Bessborough Road
Harrow
HA1 3EX

Auditor

Leathers LLP
Chartered Accountants & Statutory Auditors
17th Floor
Cale Cross House
Pilgrim Street
Newcastle-upon-Tyne
NE1 6SU

Blue Sky Fostering Limited

Strategic Report

Year Ended 31 March 2018

PRINCIPAL ACTIVITY

The principal activity of the Company is to aim to deliver outstanding outcomes for some of the UK's most vulnerable young people. By operating a foster agency that ensures children are provided the love, care, education and ongoing support they deserve we help provide a start in life that nurtures successful, independent young adults.

BUSINESS REVIEW

The Company believes its key strengths are its highly skilled carer and staff teams, without whose incredible dedication and passion for enhancing life chances we would not be able to operate.

We have continued to make significant investment in the recruitment, training and support of our teams so that we can maintain the high quality of our service provision, which continues to be rated as 'Outstanding' by Ofsted. This investment has also enabled us to increase the number of placements we are able to take on and we continue to assist Local Authorities with children with higher levels of need.

Despite operating in an increasingly competitive environment the Directors are pleased with the Company's performance, and our ability to meet the needs of our customers. We have increased both the number of children supported and the variety and complexity of those placements.

RISKS AND UNCERTAINTIES

The Directors actively monitor and manage both current and future potential risks that may impact upon the Company's ability to continue with its current strategy.

The Directors consider the following as key risks and uncertainties:

- Local Authorities are currently facing pressure from Central Government to reduce costs.
- The sector suffers from a shortage of applications from high quality potential new carers.
- We operate in a highly regulated market which is subject to legislative and regulatory changes.

The risks are managed by the continued monitoring of quality control procedures which help to maintain a high standard of care as well as developing and maintaining strong relationships with the Company's customers. By delivering a high-quality service we aim to ensure our customers are provided with value for money.

The Directors strive to ensure the Company remains on the highest tier of supply contracts with Local Authorities to help support continued growth in key areas. The Company continues to invest in its carers to ensure it can suitably match carers with referrals from Local Authorities as and when they arise.

BUSINESS MODEL AND STRATEGY

Blue Sky Fostering recruit's carers who can provide foster care for young children referred from Local Authorities. Support workers employed by the company provide training, support and assessment to the carers to ensure the Company's strict standards are met on an ongoing basis.

The agency follow's complex tendering processes and continues to be successful within key regions. Blue Sky continues to receive a high level of referral opportunities from Local Authorities which underpins the existing business and presents future growth opportunities. The level of referrals received provides confidence to continue to invest in the recruitment of new carers as there is a strong underlying demand for our services.

Blue Sky Fostering Limited

Strategic Report *(continued)*

Year Ended 31 March 2018

The Company maintains cash reserves sufficient to cover their obligations to carers for the provision of services provided. This is in response to the risk of late payment made by Local Authorities.

PERFORMANCE

We consider the key financial indicators to be turnover and gross margin. Turnover has increased by over 5% and this has been delivered through an increase in placement numbers and a focus on therapeutic placements.

The Company has continued to develop despite rising costs and the level of cuts to Local Government budgets. It has been able to maintain the gross profit margin by continuing to increase the number of specialist placements it takes on particularly focusing on children with a higher level of specialist care needs.

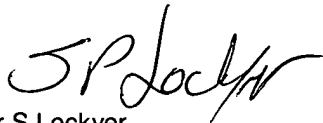
Due to the asset light nature of the business there has not been a requirement for high levels of capital expenditure. Trade debtors have risen as we have experienced an increase in debtor days following a reorganisation of the Company's finance provision. This is expected to return to previous levels as we move forward. The Company remains cash generative and expects this to continue going forward.

LIKELY FUTURE DEVELOPMENTS

The Directors believe that their strategy and business model will allow for further cost efficiencies, and are investing in making improvements to processes and infrastructure in order to drive this going forward.

The Company continues to innovate and develop new services particularly its Therapeutic service. Blue Sky is focused on continued revenue growth and delivering further efficiency savings going forward. In addition, the Directors are actively seeking future acquisition opportunities.

This report was approved by the board of directors on 25/09/18 and signed on behalf of the board by:



Mr S Lockyer
Director

Registered office:
4 Jardine House
Harrobian Business Village
Bessborough Road
Harrow
HA1 3EX

Blue Sky Fostering Limited

Directors' Report

Year Ended 31 March 2018

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

Directors

The directors who served the company during the year were as follows:

Mr S Lockyer
Mrs F Lockyer
Mrs G Wyatt

Dividends

The directors do not recommend the payment of a dividend.

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 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 then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Blue Sky Fostering Limited

Directors' Report *(continued)*

Year Ended 31 March 2018

This report was approved by the board of directors on 25/09/18 and signed on behalf of the board by:



Mr S Lockyer
Director

Registered office:
4 Jardine House
Harrovia Business Village
Bessborough Road
Harrow
HA1 3EX

Blue Sky Fostering Limited

Independent Auditor's Report to the Members of Blue Sky Fostering Limited

Year Ended 31 March 2018

Opinion

We have audited the financial statements of Blue Sky Fostering Limited (the 'company') for the year ended 31 March 2018 which comprise the statement of income and retained earnings, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Blue Sky Fostering Limited

Independent Auditor's Report to the Members of Blue Sky Fostering Limited (continued)

Year Ended 31 March 2018

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Blue Sky Fostering Limited

Independent Auditor's Report to the Members of Blue Sky Fostering Limited (continued)

Year Ended 31 March 2018

Auditor's responsibilities for the audit of the financial statements

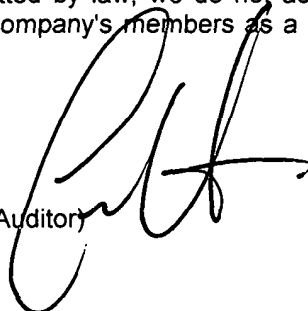
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. 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.

Michael Leather BA FCA (Senior Statutory Auditor)



For and on behalf of
Leathers LLP
Chartered Accountants & Statutory Auditors
17th Floor
Cale Cross House
Pilgrim Street
Newcastle-upon-Tyne
NE1 6SU

28/9/18

Blue Sky Fostering Limited
Statement of Income and Retained Earnings
Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover	4	13,160,676	12,461,753
Cost of sales		<u>(6,298,927)</u>	<u>(5,957,232)</u>
Gross profit		6,861,749	6,504,521
Administrative expenses		<u>(5,556,218)</u>	<u>(5,283,820)</u>
Other operating income	5	-	6,000
Operating profit	6	1,305,531	1,226,701
Interest receivable	10	<u>2,922</u>	<u>4,620</u>
Profit before taxation		1,308,453	1,231,321
Taxation on ordinary activities	11	<u>(251,542)</u>	<u>(259,035)</u>
Profit for the financial year and total comprehensive income		<u>1,056,911</u>	<u>972,286</u>
Retained earnings at the start of the year		2,164,292	1,192,006
Retained earnings at the end of the year		<u>3,221,203</u>	<u>2,164,292</u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 20 form part of these financial statements.

Blue Sky Fostering Limited

Statement of Financial Position

31 March 2018

	Note	2018 £	£	2017 £
Fixed assets				
Tangible assets	12		70,705	69,207
Current assets				
Debtors	13	2,996,140		1,430,058
Cash at bank and in hand		<u>815,920</u>		<u>1,442,397</u>
		3,812,060		2,872,455
Creditors: amounts falling due within one year	14	<u>657,883</u>		<u>769,463</u>
Net current assets			<u>3,154,177</u>	<u>2,102,992</u>
Total assets less current liabilities			<u>3,224,882</u>	<u>2,172,199</u>
Provisions	15		<u>3,579</u>	<u>7,807</u>
Net assets			<u>3,221,303</u>	<u>2,164,392</u>
Capital and reserves				
Called up share capital	20		100	100
Profit and loss account	21		<u>3,221,203</u>	<u>2,164,292</u>
Shareholders funds			<u>3,221,303</u>	<u>2,164,392</u>

These financial statements were approved by the board of directors and authorised for issue on 25/09/17, and are signed on behalf of the board by:



Mr S Lockyer
Director

Company registration number: 05326869

The notes on pages 11 to 20 form part of these financial statements.

Blue Sky Fostering Limited
Notes to the Financial Statements
Year Ended 31 March 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 4 Jardine House, Harrovian Business Village, Bessborough Road, Harrow, HA1 3EX.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102 (revised September 2015), 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland.'

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis for this single entity.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The revision to FRS 102 has not led to any changes in the information presented in the financial statements.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Alderbury Holdings Limited which can be obtained from the registered office address on note 25. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) Disclosures in respect of share-based payments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of estimation means the actual outcomes could differ from those estimates. There are no judgements and estimates that have a significant effect on the financial statements.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts.

When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period. When the outcome of a transaction involving the rendering of services cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Blue Sky Fostering Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2018

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are 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 that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Employee benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. Contributions are recognised as an expense in the period in which the related service is provided.

Termination benefits are assessed on an individual basis and are dependant on a number of key factors such as years of service. Such benefits are recognised immediately as an expense in the profit or loss account once the company is demonstrably committed to those accounts.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and Fittings	-	33% straight line
Motor Vehicles	-	33% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Blue Sky Fostering Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2018

3. Accounting policies *(continued)*

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Blue Sky Fostering Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2018

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Turnover

Turnover arises from:

	2018	2017
	£	£
Rendering of services	<u>13,160,676</u>	<u>12,461,753</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2018	2017
	£	£
Government grant income	<u>-</u>	<u>6,000</u>

During the previous year, government grants were received from the Department of Education in relation to the training of young staff.

Blue Sky Fostering Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2018

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2018	2017
	£	£
Depreciation of tangible assets	38,640	70,606
Gains on disposal of tangible assets	(2,838)	–
Impairment of trade debtors	(70,608)	(42,866)
Operating lease rentals	<u>174,896</u>	<u>176,860</u>

7. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	<u>13,320</u>	<u>9,928</u>

8. Particulars of employees

The average number of persons employed by the company during the year, including the directors, amounted to:

	2018	2017
	No.	No.
Directors	2	3
Carer support and admin	<u>99</u>	<u>89</u>
	<u>101</u>	<u>92</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018	2017
	£	£
Wages and salaries	2,597,770	2,620,200
Social security costs	250,185	233,134
Other pension costs	74,821	71,878
	<u>2,922,776</u>	<u>2,925,212</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018	2017
	£	£
Remuneration	121,412	415,639
Company contributions to defined contribution pension plans	–	421
	<u>121,412</u>	<u>416,060</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2018	2017
	No.	No.
Defined contribution plans	<u>–</u>	<u>1</u>

Blue Sky Fostering Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2018

9. Directors' remuneration *(continued)*

Remuneration of the highest paid director in respect of qualifying services:

	2018	2017
	£	£
Aggregate remuneration	60,100	290,850
Company contributions to defined contribution pension plans	—	421
	<u>60,100</u>	<u>291,271</u>

During the year £nil (2017: £282,423) was paid to one of the directors in respect of compensation for loss of office.

10. Interest receivable

	2018	2017
	£	£
Interest on cash and cash equivalents	<u>2,922</u>	<u>4,620</u>

11. Taxation on ordinary activities

Major components of tax expense

	2018	2017
	£	£
Current tax:		
UK current tax expense	253,953	253,078
Adjustments in respect of prior periods	2,067	(1,850)
Interest receivable	(249)	—
Total current tax	<u>255,771</u>	<u>251,228</u>
Deferred tax:		
Accelerated capital allowances	<u>(4,229)</u>	<u>7,807</u>
Taxation on ordinary activities	<u>251,542</u>	<u>259,035</u>

Blue Sky Fostering Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2018

11. Taxation on ordinary activities *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 20%).

	2018 £	2017 £
Profit on ordinary activities before taxation	<u>1,308,453</u>	<u>1,231,321</u>
Profit on ordinary activities by rate of tax	248,606	246,264
Adjustment to tax charge in respect of prior periods	2,067	(1,850)
Effect of expenses not deductible for tax purposes	597	4,352
Effect of capital allowances and depreciation	4,750	2,462
Deferred tax - accelerated capital allowances	(4,229)	7,807
Interest receivable	(249)	-
Tax on profit	<u>251,542</u>	<u>259,035</u>

Factors that may affect future tax expense

The corporation tax rate for the year ended 31 March 2018 was 19%, effective from 1 April 2017, and this rate applies to the current year tax charge.

A further reduction to 17% will be effective from 1 April 2020. A rate of 17% has therefore been applied to the deferred tax liability at the statement of financial position date.

12. Tangible assets

	Fixtures and fittings £	Motor vehicles £	Total £
Cost			
At 1 April 2017	345,762	34,390	380,152
Additions	11,702	39,099	50,801
Disposals	(154,960)	(23,990)	(178,950)
At 31 March 2018	<u>202,504</u>	<u>49,499</u>	<u>252,003</u>
Depreciation			
At 1 April 2017	299,505	11,440	310,945
Charge for the year	23,153	15,487	38,640
Disposals	(154,960)	(13,327)	(168,287)
At 31 March 2018	<u>167,698</u>	<u>13,600</u>	<u>181,298</u>
Carrying amount			
At 31 March 2018	<u>34,806</u>	<u>35,899</u>	<u>70,705</u>
At 31 March 2017	<u>46,257</u>	<u>22,950</u>	<u>69,207</u>

Blue Sky Fostering Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2018

13. Debtors

	2018	2017
	£	£
Trade debtors	1,707,869	715,065
Amounts owed by group undertakings	1,091,823	393,114
Amounts due from related parties	96,307	96,307
Other debtors	100,141	225,572
	<u>2,996,140</u>	<u>1,430,058</u>

14. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	101,930	184,415
Amounts owed to group undertakings	234,681	285,101
Corporation tax	159,455	105,000
Social security and other taxes	66,008	61,816
Other creditors	95,809	133,131
	<u>657,883</u>	<u>769,463</u>

15. Provisions

	Deferred tax (note 16)
	£
At 1 April 2017	7,807
Charge against provision	<u>(4,228)</u>
At 31 March 2018	<u>3,579</u>

16. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2018	2017
	£	£
Included in provisions (note 15)	<u>3,579</u>	<u>7,807</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2018	2017
	£	£
Accelerated capital allowances	<u>3,579</u>	<u>7,807</u>

17. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £74,821 (2017: £71,457).

Blue Sky Fostering Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2018

18. Share options

An EMI share option scheme existed during the year relating to options on shares in another group company. The maximum period of the option is 10 years and they can only be exercised after sale of the shares with settlement in cash.

19. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2018	2017
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	—	<u>6,000</u>

20. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

The ordinary shares have full rights in the Company with respect to voting, dividends and distributions.

21. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

22. Commitments under operating leases

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

	2018	2017
	£	£
Not later than 1 year	52,821	24,000
Later than 1 year and not later than 5 years	178,477	290,359
Later than 5 years	<u>6,141</u>	—
	<u>237,439</u>	<u>314,359</u>

23. Charges on assets

The company provided security in the form of a debenture with fixed and floating charges over all assets and undertakings dated 4 June 2013, these charges were satisfied on 2 June 2017.

On 5 June 2017, the company provided security by way of a fixed and floating charge over all the company's assets, along with a negative pledge to the finance parties providing banking facilities to its ultimate parent company Alderbury Holdings Limited. The amount outstanding to the finance parties providing the banking facilities at 31 March 2018 was £6,800,000 (2017: £nil).

Blue Sky Fostering Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2018

24. Related party transactions

Related party transactions with group undertakings have not been disclosed in accordance with the exemption conferred by section 33 of FRS 102.

Terms and conditions of transactions with related parties

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement is expected within 30 days of invoice. The company has not provided or benefited from any guarantees for any related party receivables or payables.

During the year a property was leased from a company in which two of the directors are directors. Rent of £40,200 (2017 - £42,625) was charged. At the balance sheet date £nil (2017 - £2,425) remained outstanding. During the year the company also provided an interest free and repayable on demand loan of £nil (2017 - £96,307) to the company. At the balance sheet date £96,307 (2017 - £96,307) remained outstanding and is included in debtors. In addition, a cross guarantee and debenture has been provided to the company, this was settled on 2 June 2017.

During the year the company leased a property from a director. Rent of £32,004 (2017 - £32,004) was charged. At the balance sheet date £nil (2017 - £nil) remained outstanding.

25. Controlling party

In the opinion of the directors, there is no ultimate controlling party.

The immediate parent company is BSN Social Care Limited, a company incorporated in England. The ultimate parent company is Alderbury Holdings Limited, a company incorporated in England. The registered office is 4 Jardine House, Harrovian Business Village, Harrow, HA1 3EX.