



Cranstoun Services Limited

Report and Financial Statements

17-month period ending 31 March 2021

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General Information

Date of incorporation	13 November 2019
Directors	Kim Coles Martin Holly Peter Glass (resigned 31 March 2021)
Bankers	National Westminster Bank PO Box 2BA 69 Baker Street London W1A 2BA
Auditors	Mazars LLP 6 Sutton Plaza Sutton Court Road Sutton Surrey SM1 4FS
Legal Advisors	Blake Morgan LLP New Kings Court Chandler's Ford Eastleigh SO53 3LG
Registered office	Thames Mews Portsmouth Road Esher Surrey KT10 9AD

DIRECTORS' REPORT

for the 17-month period ended 31 March 2021

Principal Activities

The company undertakes contracts delivering health and social care services. Service users include adults, young people and families seeking to overcome issues such as substance misuse, homelessness, offending and domestic abuse. The company subcontracts the delivery of this work to Cranstoun, its parent company and registered charity, at a value equal to income receivable under the terms of the service contract less a fee in line with the service agreement between the organisations. Taxable profits made by the company are to be transferred to the parent by way of gift aid.

Review of Business

The company commenced trading on 1 January 2020, prior to that it had been dormant since its incorporation on 13 November 2019. In the first 15 months of trading, the company recognised income of £5,037k and incurred costs of £5,031k resulting in a profit of £6k that will be paid under gift aid to the parent.

Risk Management

The charities within Cranstoun Group operate in similar environments and the risks are largely the same. The trustees maintain a common register of the risks to which the group companies are exposed. Formal reviews of the register are undertaken on a twice yearly basis and involve senior management, together with the directors of the companies. The register identifies risks, assesses their severity in terms of impact and likelihood of occurrence and then determines plans to avoid, reduce, share, transfer or mitigate these risks. As a result of this process the trustees are satisfied that the risks to which the charity is exposed have been identified and systems have been established and implemented to mitigate exposure to those risks.

The principal risks identified and the plans and strategies for managing these risks are as follows:

The possibility of reduced or changed funding as a result of changes in Government policy. This risk is managed by monitoring, on a group basis, government strategy and any legal and regulatory changes, membership of service provider bodies representing the sector and engaging with policy makers and commissioners.

Pandemic. The coronavirus pandemic is being mitigated through enacting business continuity plans, closely monitoring and following government advice, improved internal and external communications and adopting new methods of working. This approach has enabled Cranstoun Services Ltd to maintain both service delivery and income.

Results and Dividends

The audited accounts for the year ended 31 March 2021 are set out on pages 11 to 15. The profit for the year after taxation was £6k which will be paid under gift aid to the parent.

Corporate Governance

Details of the Cranstoun Group's corporate governance are set out within the financial statements of its ultimate parent company, Cranstoun.

Going Concern

During the period Cranstoun Services Limited was affected by the coronavirus pandemic. Our working practices and operations have been amended so that the risk of coronavirus to both employees and clients are reduced. Despite our amended working practices, we have continued to support our clients and provided additional support and help where needed. Our commissioners and customers have continued to support us throughout this period, and we have seen little detrimental financial effect. We have prepared a revised forecast to the end of 2021 which considers our cash position, sources of income and planned expenditure. The directors have scrutinised the key assumptions within the forecast and are satisfied that the cash reserves are adequate to meet the group's obligations as they fall due. Having regard to the above, the directors are satisfied that there are no material uncertainties around the decision to adopt the going concern basis of accounting in preparing these financial statements.

Brexit

Brexit has not had a significant impact on trading results for Cranstoun Services Ltd.

Directors

The Directors who have held office in the period and at the date of signing these accounts are shown on page 2.

None of the Directors had a beneficial interest in the shares of the company at 31 March 2021.

Directors' and Officers' Liability Insurance

During the year the company maintained an insurance policy to indemnify the company's Directors against all risks except for dishonesty, fraud or deliberate breach of trust. The cost of the insurance is managed by the parent company, Cranstoun.

Directors' Responsibilities

The Directors are responsible for preparing the strategic report, the 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;
- 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 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 annual report confirms that:

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

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Mazars LLP has expressed its willingness to continue as auditor for the next financial year.

Kim Coles

Director

11 October 2021

Independent Auditor's Report to the members of Cranstoun Services Limited

Opinion

We have audited the financial statements of Cranstoun Services Limited (the 'company') for the 17 month period ended 31 March 2021 which comprise the statement of comprehensive income, statement of financial position, 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, 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 2021 and of its result for the period 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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 course of 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 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.
the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 5-6, 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 the 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. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;

Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and

Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;

Gaining an understanding of the internal controls established to mitigate risks related to fraud;

Discussing amongst the engagement team the risks of fraud; and

Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 the audit 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.

Nicola Wakefield (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

2nd Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date

STATEMENT OF COMPREHENSIVE INCOME
For the 17 month period ended 31 March 2021

	Note	17 months ended 31 March 2021 £'000
Turnover		5,037
Cost of sales		5,031
Operating profit	2	<u>6</u>
Interest receivable		<u>-</u>
Profit for the financial year		<u>6</u>
Gift Aid payment to Cranstoun		-
Profit for the financial year before taxation		<u>6</u>
Tax on profit for the financial year	4	-
Total Comprehensive Income for the Year		<u><u>6</u></u>

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The notes on pages 14 to 15 form part of these financial statements.

Statement of Financial Position

as at 31 March 2021

	Note	2021 £'000
Current assets		
Debtors	5	878
Cash at bank and in hand		<u>150</u>
		1,028
Current liabilities		
Creditors falling due within one year	6	(1,022)
Net assets		<u><u>6</u></u>
Represented by:		
Capital & Reserves		
Called up share capital	7	-
Profit & loss account		<u>6</u>
Shareholder Funds		<u><u>6</u></u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 11 to 15 were approved and authorised for issue by the Board of Directors on 11 October 2021 and are signed on its behalf by:

.....
Kim Coles
Director

Statement of Cash Flows

For the 17 month period ended 31 March 2021

	17 months ended 31 March 2021
Note	£'000
Cash flows from operating activities	
Profit for the financial period	6
Adjustments for:	
(Increase) in debtors	(878)
Increase in creditors	1,022
Gift Aid payments	-
Net cash provided by operating activities	<u>150</u>
Change in cash and cash equivalents in the period	150
Cash and cash equivalents at the beginning of the period	-
	<u> </u>
Cash and cash equivalents at the end of the period	<u><u>150</u></u>

No analysis of changes in net debt is presented as the company has no borrowings.

Notes to the Financial Statements

For the 17 month period ended 31 March 2021

1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the provisions of Section IA "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared on the going concern basis; the directors consider that this is appropriate given group support in place from the parent charity, Cranstoun

a) Company information

Cranstoun Services Limited is a company incorporated in England and Wales under the Companies Act. The address of the registered office is Thames Mews, Portsmouth Road, Esher, KT10 9AD. The nature of the company's operating and its principal activities are set out in the Directors' report. Cranstoun Services Ltd is a company limited by shares and is registered in the United Kingdom (company number:12313944). It is a wholly owned subsidiary of Cranstoun (registered charity number: 3306337). The results of Cranstoun Services Limited are consolidated in full within the Group financial statements of the Charity.

b) Income

Turnover represents contract income recognisable in the year excluding Value Added Tax. The company sub-contracts the actual provision of the service to its ultimate parent company, Cranstoun.

Income is recognised in line with the delivery of the service and the contract, with amounts invoiced or received in advance deferred until subsequent years.

c) Expenditure

Direct costs represent all costs which relate directly to the delivery of the services in Cost of sales and are incurred by the parent, Cranstoun, and charged to the company.

d) Gift Aid Payment

Profits of the company are passed to Cranstoun by means of a Gift Aid payment.

e) Financial Instruments

Debtors

Debtors are recognised at the settlement amount due.

Cash and cash equivalents

Cash at bank and cash in hand includes cash held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2. Operating Profit

Operating profit is stated after charging:	17 months ended 31 March 2021 £'000
Auditors remuneration	<u>1</u>

3. Staff Costs

No Directors received emoluments and no staff are directly employed. All key management functions are performed by the parent undertaking and as such there are no key management personnel. Remuneration of staff is borne by the parent undertaking and disclosed in its accounts. There were no employees in the year.

	17 months ended 31 March 2021 £'000
4. Tax on profit on ordinary activities	
Based on profit for the year	
UK Corporation Tax	-
Deferred Tax	-
Tax charge on profit on ordinary activities	<u>-</u>

	17 months ended 31 March 2021 £'000
5. Debtors	
Trade Debtors	725
Prepayments and accrued income	<u>153</u>
	<u>878</u>

	17 months ended 31 March 2021 £'000
6. Creditors falling due within 1 year	
Amounts owed to parent undertaking	355
Other taxation and social security costs	227
Accruals	118
Deferred income	<u>322</u>
	<u>1,022</u>

	2021 £
7. Called up share capital	
Authorised:	
100 ordinary shares off 1 each	<u>100</u>
Issued and fully paid:	
100 ordinary shares off 1 each	<u>100</u>

8. Ultimate holding Company

The ultimate parent company and smallest and largest group for which group accounts are published is Cranstoun, registered in England and Wales no. 3306337.

9. Related party transactions.

The company has taken advantage of the exemption available under FRS102 which allows disclosures between a wholly owned subsidiary and its parent to be excluded from the financial statements. There are no other related party transactions or balances to be disclosed within the financial statements.