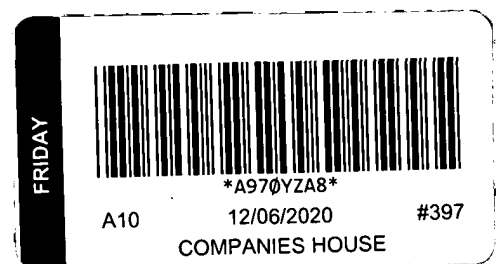


Company Registration No. 02418535 (England and Wales)

CHILDBASE PARTNERSHIP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019



CHILDBASE PARTNERSHIP LIMITED

COMPANY INFORMATION

Directors M A N Thompson CBE
E P Rooney
S L Hill
P S Thompson

Secretary M A N Thompson CBE

Company number 02418535

Registered office Kingston House
Northampton Road
Newport Pagnell
Buckinghamshire
MK16 8NJ

Auditor Mercer & Hole
Silbury Court
420 Silbury Boulevard
Milton Keynes
Buckinghamshire
MK9 2AF

Bankers HSBC Bank Plc
321 Avebury Boulevard
Milton Keynes
MK9 2NW

CHILDBASE PARTNERSHIP LIMITED

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CHILDBASE PARTNERSHIP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2019

The directors present the strategic report for the year ended 31 October 2019.

Fair review of the business

We are pleased to report for the financial year ending October 2019 that the Company achieved its best financial performance to date. The results are testament to the fully employee-owned nature of the business, a journey which was completed in 2017.

Our financial performance has showed continued growth with income rising to £56.2m, up 8.3% on the previous year. Growth came from increased occupancy from existing nurseries plus the opening of The Crescent, a new 89 place nursery based in Edgbaston Birmingham, in January 2019. We also expanded our Grasshoppers Nursery in St Albans and Nature Trails Nursery which is located in Cawston near Rugby.

£4.7m of investment has been made into the business to both increase capacity and to maintain the high quality facilities expected from a Childbase nursery within the existing portfolio.

There are no exceptional items in this year's accounts impacting upon the business. The results see Operating profit was £4.5m compared to the previous year's figure of £2.9m.

Stakeholder engagement

Childbase Partnership is No. 1 in the prestigious Sunday Times 'Best Big Companies to Work For' Awards with founder and Chairman Mike Thompson rated 'Best Leader' and 'firsts' in five of the eight categories measuring workplace engagement.

The Company has been listed for 14 of the 20 years of the competition which this year (2020) canvassed the opinions of over 242,000 staff in 757 organisations across a number of industry sectors.

Our commitment to a 'shared success approach' has been clearly demonstrated with two tax-free Partnership bonuses totalling £1,496,058 during the financial year. This equated to £1,050 paid to each eligible, fulltime employee on an equal basis, £300 of which was in recognition of Childbase Partnerships' 30th anniversary. These payments were subject to the HMRC scheme rules.

Mid-year salary increases were implemented to support staff in 'high cost of living postcodes' and these were rolled out to other settings in August before another annual pay review at the beginning of the new financial year.

New initiatives supplementing current investment programmes in employee wellbeing include a 'Happiness Training' programme which seeks to address a sector-recognised increase in the level of mental health issues experienced by Early Years professionals.

The sessions, in addition to a bespoke 'Mental Health in the Workplace' training programme and toolkit for Management teams company-wide, are designed to break down stereotypes and the stigma around mental health; ensure a climate that actively encourages all employee owners at the company to talk about how they are feeling and provides practical guidance on how to process and deal with challenging situations both at work and home.

All settings have created their own Happiness Manifesto with a set of values everybody agrees will benefit the individual and the collective.

The focus on our training and education programmes was recognised with a Princess Royal Training Award during the year. This, one of only 44 awarded to UK Companies, was for our bespoke "Teach to Reach" training, skill improvement and audit programme, all of which have been in practice across the business for years enabling our colleagues to become outstanding practitioners and meet fully the needs of the children in our care.

CHILDBASE PARTNERSHIP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

Carbon and energy reporting

Powered by renewable 'Green Energy' since 2011 and sending zero waste to landfill, all company settings were subjected to a year-long, in-depth analysis of energy use, efficiency measures and emissions to establish accurate carbon footprints, individually and collectively. This was achieved and published in January 2019 in line with Streamlined Energy and Carbon Reporting (SECR).

As part of a company-wide commitment, we are now working with Planet Mark on their ZeroBy30 initiative to achieve a net-zero carbon footprint by 2030. Uniquely, we are seeking to reduce the carbon emissions across all scopes, not just those associated directly with our operation, and have a strategic plan in place. Measures include financial investment in facility improvements to existing nurseries, a refurbishment programme and a wide range of stakeholder engagement activities involving employees, customers and supply chain partners.

Our commitment to best environmental practice is also demonstrated by the fact that 25 settings now hold the prestigious Eco-Schools 'Green Flags', the top award for exceptional environmental practice and awareness.

There are 1,098 registered Eco-School Nurseries in England and of those, 58 hold the Green Flag Award.

Charity and community support

We would like to take this opportunity to extend our gratitude to the company's Charity Team which, in supporting all settings in celebrating our 30 anniversary and '£3 million in three decades' for worthy causes achievement, set another record for the annual fund-raising and awareness drive with over £165,000 raised for Mind.

Behind that core activity is their dedicated work with individuals, and other charities, ensuring that while company-wide fund-raising is focused on making a real difference to one charity during the year, other worthy causes and special needs are also supported.

Corporate governance and appointments

During the year we were delighted with the appointment of Emma Rooney as Managing Director of the business and Louise Hill as Operations Director. They are integral to our strategic focus for the future. The recruitment of Martin Hinchliffe as a Non-Executive to the Executive Board was another welcome step forward.

The Partnership Trust Board, under the guidance of our independent Chair, Fred Bowden, continues to oversee, amongst its other responsibilities, the Corporate Governance of the business. The Trustees contribution continues to enhance the ownership model. I would particularly like to thank the Elected Employee members of the Board who continue to represent all their colleagues with passion and pride. They are supported in that challenge by Neil Leitch and Kate Broadhurst who provide a balanced, independent, external view.

We would like to extend our thanks to Ewan Hall who stepped down from the Partnership Trust Board this year. He had been the legal authority behind our move to a full employee owned business. Those steps could not have been taken without his support and knowledge.

The employee ownership model is now in place and 'sharing our success' embedded across the company. It is a commitment which can only be sustained by maintaining the best possible outcomes for those in our care. We continue to seek to raise standards of provision across the business.

CHILDBASE PARTNERSHIP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

Principal risks and uncertainties

The principal risks facing the group can broadly be grouped as competitive, legislative and financial.

Competitive

The main competitive risks relates to the ability of the group's nurseries to continue to meet and exceed the needs of parents and therefore continue to attract customers in their area and gain an advantage over their competitors. To this end, all Childbase nurseries are committed to a child-centred approach, which treats each child as an individual and follows a set of principles linked to the Early Years Foundation Stage to provide innovative learning through play programmes.

Legislative

The quality of service provided in the education sector continues to be under public scrutiny. The group has an excellent reputation within the marketplace however and continues to meet the requirements of the Office for Standards in Education, Children's Services and Skills (Ofsted). All of the group's nurseries have an Ofsted rating of "Outstanding" or "Good".

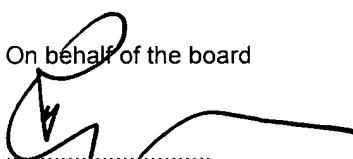
Financial

The group's main financial instruments comprised of cash, bank loans and overdraft, and trade creditors. The main purpose of these instruments is to provide funding for the group's operations. There are limited risks arising to the group as a result of these instruments and the directors agree policies for the management of these instruments which are detailed below:

- a. Credit risk – the group's contract terms with customers stipulate that fees must be paid in advance and therefore any credit risk is considered to be minimal. Where fees are not paid as per the contract, the group has procedures in place to ensure any issues are addressed in a timely manner.
- b. Liquidity risk – the group seeks to manage and minimise financial risk by ensuring that sufficient liquidity is available at all times to meet foreseeable needs and by investing cash assets safely and profitably.

Interest rate risk – the group has £20.5m loan on a variable interest rate arrangement linked to 3 month LIBOR. Management have reviewed the potential financial impact due to a rate increase and then considered the group's ability to then increase its fee rates to mitigate this risk and decided that no interest rate hedging is needed.

On behalf of the board



M A N Thompson CBE
Director

3 March 2020

CHILDBASE PARTNERSHIP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2019

The directors present their annual report and financial statements for the year ended 31 October 2019.

Principal activities

The principal activity of the company and group continued to be that of the provision of nursery care. The group had 43 nurseries in operation in the year.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M A N Thompson CBE

V Mead-Herbert

(Resigned 30 June 2019)

E P Rooney

S L Hill

P S Thompson

K Broadhurst

(Resigned 9 May 2019)

N Leitch

(Appointed 11 June 2019 and resigned 23 January 2020)

Results and dividends

The results for the year are set out on page 10.

During the year dividends of £nil (2018: £nil) were paid. In addition dividends of £147,338 (2018: £171,876) have been accrued on the Ordinary 'B' shares. The Employee Ownership Trust has agreed to forgo dividends on the shares it holds.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The directors do recognise that the success of the group continues as a result of the huge efforts its managers and staff put in to running the nurseries. The directors are always grateful for their continued commitment and dedication to the group.

The directors are committed to keeping employees fully informed about current issues within the group and future developments. This is achieved through regular staff meetings, a quarterly newsletter and the annual 'Roadshows' where the directors make local presentations to all employees.

Future developments

The directors do not anticipate that there will be any fundamental change in the development of the group's business during the coming year.

Auditor

The auditor, Mercer & Hole, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

CHILDBASE PARTNERSHIP LIMITED

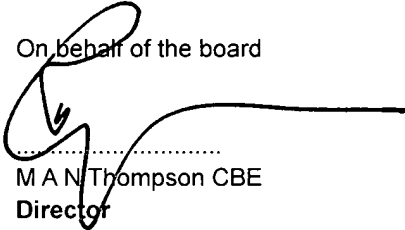
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



.....
M A N Thompson CBE
Director

Date: 3 March 2020

CHILDBASE PARTNERSHIP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2019

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then 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 group and company will continue in business.

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

CHILDBASE PARTNERSHIP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHILDBASE PARTNERSHIP LIMITED

Opinion

We have audited the financial statements of Childbase Partnership Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 group's and the parent company's affairs as at 31 October 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CHILDBASE PARTNERSHIP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHILDBASE PARTNERSHIP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

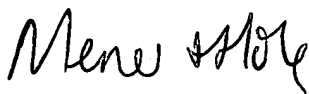
CHILDBASE PARTNERSHIP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHILDBASE PARTNERSHIP LIMITED

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.



Paul Maberly FCA (Senior Statutory Auditor)
for and on behalf of Mercer & Hole

10 March 2020

Chartered Accountants
Statutory Auditor

Silbury Court
420 Silbury Boulevard
Central Milton Keynes
Buckinghamshire
MK9 2AF

CHILDBASE PARTNERSHIP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME **FOR THE YEAR ENDED 31 OCTOBER 2019**

	Notes	2019 £	2018 £
Turnover	3	56,203,790	51,905,527
Cost of sales		(36,544,489)	(33,867,013)
Gross profit		19,659,301	18,038,514
Administrative expenses		(15,135,581)	(13,320,316)
Exceptional items	4	-	(1,820,486)
Operating profit	5	4,523,720	2,897,712
Interest receivable and similar income	9	90	432
Interest payable and similar expenses	10	(950,048)	(924,079)
Profit before taxation		3,573,762	1,974,065
Tax on profit	11	(935,088)	(577,151)
Profit for the financial year	27	2,638,674	1,396,914

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

CHILDBASE PARTNERSHIP LIMITED

GROUP BALANCE SHEET

AS AT 31 OCTOBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	13	4,324,986		4,641,017	
Tangible assets	14	23,700,733		20,724,504	
		<u>28,025,719</u>		<u>25,365,521</u>	
Current assets					
Stocks	18	977		7,671	
Debtors	19	2,074,533		1,471,810	
Cash at bank and in hand		2,673,386		4,928,067	
		<u>4,748,896</u>		<u>6,407,548</u>	
Creditors: amounts falling due within one year	20	<u>(12,930,954)</u>		<u>(12,168,455)</u>	
Net current liabilities		<u>(8,182,058)</u>		<u>(5,760,907)</u>	
Total assets less current liabilities		<u>19,843,661</u>		<u>19,604,614</u>	
Creditors: amounts falling due after more than one year	21	(18,566,722)		(20,912,129)	
Provisions for liabilities	23	<u>(101,977)</u>		<u>(156,197)</u>	
Net assets/(liabilities)		<u><u>1,174,962</u></u>		<u><u>(1,463,712)</u></u>	
Capital and reserves					
Called up share capital	26	327,996		327,996	
Share premium account	27	-		2,466,695	
Revaluation reserve	27	1,226,760		1,242,266	
Capital redemption reserve	27	50,985		50,985	
Profit and loss reserves	27	<u>(430,779)</u>		<u>(5,551,654)</u>	
Total equity		<u><u>1,174,962</u></u>		<u><u>(1,463,712)</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 3 March 2020 and are signed on its behalf by:

.....
M A N Thompson CBE
Director

.....
P S Thompson
Director

CHILDBASE PARTNERSHIP LIMITED

COMPANY BALANCE SHEET

AS AT 31 OCTOBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	13		4,313,651		3,583,142
Tangible assets	14		23,700,733		20,724,504
Investments	15		716,615		1,753,506
			<u>28,730,999</u>		<u>26,061,152</u>
Current assets					
Stocks	18	977		7,671	
Debtors	19	2,074,533		1,471,801	
Cash at bank and in hand		2,673,386		4,928,067	
			<u>4,748,896</u>		<u>6,407,539</u>
Creditors: amounts falling due within one year	20	(13,647,569)		(12,885,067)	
Net current liabilities			<u>(8,898,673)</u>		<u>(6,477,528)</u>
Total assets less current liabilities			<u>19,832,326</u>		<u>19,583,624</u>
Creditors: amounts falling due after more than one year	21		(18,566,722)		(20,912,129)
Provisions for liabilities	23		(101,977)		(156,197)
Net assets/(liabilities)			<u>1,163,627</u>		<u>(1,484,702)</u>
Capital and reserves					
Called up share capital	26		327,996		327,996
Share premium account	27		-		2,466,695
Revaluation reserve	27		1,226,760		1,242,266
Capital redemption reserve	27		50,985		50,985
Profit and loss reserves	27		(442,114)		(5,572,644)
Total equity			<u>1,163,627</u>		<u>(1,484,702)</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £2,648,329 (2018 - £1,375,924 profit).

The financial statements were approved by the board of directors and authorised for issue on 3 March 2020 and are signed on its behalf by:


M A N Thompson CBE
Director


P S Thompson
Director

Company Registration No. 02418535

CHILDBASE PARTNERSHIP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY **FOR THE YEAR ENDED 31 OCTOBER 2019**

	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£	£
Balance at 1 November 2017	327,996	2,466,695	1,257,772	50,985	(6,964,074)	(2,860,626)
Year ended 31 October 2018:						
Profit and total comprehensive income for the year	-	-	-	-	1,396,914	1,396,914
Transfers	-	-	(15,506)	-	15,506	-
Balance at 31 October 2018	327,996	2,466,695	1,242,266	50,985	(5,551,654)	(1,463,712)
Year ended 31 October 2019:						
Profit and total comprehensive income for the year	-	-	-	-	2,638,674	2,638,674
Transfers	-	-	(15,506)	-	15,506	-
Other movements	-	(2,466,695)	-	-	2,466,695	-
Balance at 31 October 2019	327,996	-	1,226,760	50,985	(430,779)	1,174,962

CHILDBASE PARTNERSHIP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2019

	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£	£
Balance at 1 November 2017	327,996	2,466,695	1,257,772	50,985	(6,964,074)	(2,860,626)
Year ended 31 October 2018:						
Profit and total comprehensive income for the year	-	-	-	-	1,375,924	1,375,924
Transfers	-	-	(15,506)	-	15,506	-
Balance at 31 October 2018	327,996	2,466,695	1,242,266	50,985	(5,572,644)	(1,484,702)
Year ended 31 October 2019:						
Profit and total comprehensive income for the year	-	-	-	-	2,648,329	2,648,329
Transfers	-	-	(15,506)	-	15,506	-
Other movements	-	(2,466,695)	-	-	2,466,695	-
Balance at 31 October 2019	327,996	-	1,226,760	50,985	(442,114)	1,163,627

CHILDBASE PARTNERSHIP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	31	6,788,373		9,216,046	
Interest paid		(950,048)		(924,079)	
Income taxes paid		(950,220)		(936,648)	
Net cash inflow from operating activities		4,888,105		7,355,319	
Investing activities					
Purchase of business		-	(1,753,497)		
Purchase of tangible fixed assets	(4,701,076)		(1,413,116)		
Proceeds on disposal of tangible fixed assets		-	9,927		
Interest received		90	432		
Net cash used in investing activities		(4,700,986)		(3,156,254)	
Financing activities					
Repayment of borrowings	(441,800)		-		
Repayment of bank loans	(2,000,000)		(2,000,000)		
Contribution and associated costs incurred in setting up the Employee Ownership Trust	-		(880,733)		
Cash acquired with business	-		141,706		
Net cash used in financing activities		(2,441,800)		(2,739,027)	
Net (decrease)/increase in cash and cash equivalents		(2,254,681)		1,460,038	
Cash and cash equivalents at beginning of year		4,928,067		3,468,029	
Cash and cash equivalents at end of year		2,673,386		4,928,067	

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

Company information

Childbase Partnership Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Kingston House, Northampton Road, Newport Pagnell, Buckinghamshire, MK16 8NJ.

The group consists of Childbase Partnership Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Childbase Partnership Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 October 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

(Continued)

1.4 Turnover

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding value added tax.

Revenue in respect of the provision of nursery care is recognised as the services are provided.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which varies between 25 and 35 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	1% on cost
Leasehold land and buildings	Over the term of the lease
Plant and equipment	10% - 33% on cost
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

(Continued)

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

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

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, 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 the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

(Continued)

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

(Continued)

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Carrying value of goodwill

The directors review the carrying value of goodwill together with the associated impairment provision that may be required annually using discounted future cash flows.

3 Turnover and other revenue

	2019 £	2018 £
Turnover analysed by class of business		
Provision of nursery care	56,203,790	51,905,527
	<u> </u>	<u> </u>
	2019 £	2018 £
Other significant revenue		
Interest income	90	432
	<u> </u>	<u> </u>
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	56,019,042	51,905,527
Rest of the world	184,748	-
	<u> </u>	<u> </u>
	56,203,790	51,905,527
	<u> </u>	<u> </u>

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

4	Exceptional costs	2019	2018
		£	£
	Costs associated with establishing the new Employee Ownership Trust	-	880,733
	Provision for onerous lease	-	541,800
	Additional staff costs	-	397,953
		<u>-</u>	<u>1,820,486</u>

(a) In the prior year a further contribution of £880,733 was made to the Employee Ownership Trust in order to enable it to purchase some of the Ordinary B shares.

(b) A further provision of £541,800 was made in the prior year in respect of payments that are due on the lease on one of the premises that was no longer in use following the closure of the nursery.

(c) During the prior year a provision was made to cover additional staff costs that were payable.

5	Operating profit	2019	2018
		£	£
	Operating profit for the year is stated after charging:		
	Depreciation of owned tangible fixed assets	1,634,026	1,560,892
	Impairment of owned tangible fixed assets	88,074	-
	Loss on disposal of tangible fixed assets	2,747	-
	Amortisation of intangible assets	316,031	282,436
	Operating lease charges	2,618,584	2,567,840
		<u>2,618,584</u>	<u>2,567,840</u>

6	Auditor's remuneration	2019	2018
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the group and company	40,000	40,000
		<u>40,000</u>	<u>40,000</u>
	For other services		
	Other taxation services	44,500	44,299
	All other non-audit services	30,041	26,149
		<u>74,541</u>	<u>70,448</u>

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Administration	62	97	62	58
Nursery	2,003	1,825	2,003	1,825
	<u>2,065</u>	<u>1,922</u>	<u>2,065</u>	<u>1,883</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	31,045,524	29,133,138	31,045,524	28,739,899
Social security costs	2,113,541	1,975,256	2,113,541	1,950,817
Pension costs	705,423	476,303	705,423	470,369
	<u>33,864,488</u>	<u>31,584,697</u>	<u>33,864,488</u>	<u>31,161,085</u>

8 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	1,112,973	1,085,942
Company pension contributions to defined contribution schemes	43,806	30,997
	<u>1,156,779</u>	<u>1,116,939</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2018 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	<u>416,293</u>	<u>396,376</u>

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

9 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	-	432
Other interest income	90	-
	<u>90</u>	<u>432</u>
Total income	<u>90</u>	<u>432</u>

10 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and loans	802,180	747,062
Dividends on redeemable preference shares not classified as equity	147,338	171,876
Other interest	530	5,141
	<u>950,048</u>	<u>924,079</u>
Total finance costs	<u>950,048</u>	<u>924,079</u>

11 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	820,195	1,002,772
Adjustments in respect of prior periods	(6,537)	(338,131)
	<u>813,658</u>	<u>664,641</u>
Total current tax	<u>813,658</u>	<u>664,641</u>
Deferred tax		
Origination and reversal of timing differences	121,430	(87,490)
	<u>121,430</u>	<u>(87,490)</u>
Total tax charge	<u>935,088</u>	<u>577,151</u>

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

11 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	3,573,762	1,974,065
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	679,015	375,072
Tax effect of expenses that are not deductible in determining taxable profit	42,362	393,289
Adjustments in respect of prior years	(6,537)	(338,131)
Effect of change in corporation tax rate	(11,041)	57,633
Depreciation on assets not qualifying for tax allowances	231,289	89,288
Taxation charge	935,088	577,151

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2019 £	2018 £
In respect of:			
Property, plant and equipment	14	88,074	-
Recognised in:			
Administrative expenses		88,074	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

13 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 November 2018 and 31 October 2019	6,376,326
Amortisation and impairment	
At 1 November 2018	1,735,309
Amortisation charged for the year	316,031
At 31 October 2019	2,051,340

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

13	Intangible fixed assets	(Continued)
	Carrying amount	
	At 31 October 2019	4,324,986
	At 31 October 2018	4,641,017
	Company	Goodwill
		£
	Cost	
	At 1 November 2018	5,242,888
	Transfers (see note 15)	1,036,885
	At 31 October 2019	6,279,773
	Amortisation and impairment	
	At 1 November 2018	1,659,746
	Amortisation charged for the year	306,376
	At 31 October 2019	1,966,122
	Carrying amount	
	At 31 October 2019	4,313,651
	At 31 October 2018	3,583,142

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

14 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 November 2018	9,184,243	19,581,964	3,576,177	41,670	32,384,054
Additions	719,484	2,996,811	984,781	-	4,701,076
Disposals	-	(7,259)	(1,070,166)	-	(1,077,425)
Transfers	6,125	(9,076)	2,951	-	-
At 31 October 2019	9,909,852	22,562,440	3,493,743	41,670	36,007,705
Depreciation and impairment					
At 1 November 2018	1,205,873	8,090,576	2,346,902	16,199	11,659,550
Depreciation charged in the year	72,640	1,027,148	527,870	6,368	1,634,026
Impairment losses	-	88,074	-	-	88,074
Eliminated in respect of disposals	-	(4,512)	(1,070,166)	-	(1,074,678)
At 31 October 2019	1,278,513	9,201,286	1,804,606	22,567	12,306,972
Carrying amount					
At 31 October 2019	8,631,339	13,361,154	1,689,137	19,103	23,700,733
At 31 October 2018	7,978,370	11,491,388	1,229,275	25,471	20,724,504

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

14 Tangible fixed assets

(Continued)

Company	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 November 2018	9,184,243	19,559,718	3,570,575	41,670	32,356,206
Additions	719,484	2,996,811	984,781	-	4,701,076
Disposals	-	(7,259)	(1,070,166)	-	(1,077,425)
Transfers	6,125	(9,076)	2,951	-	-
At 31 October 2019	9,909,852	22,540,194	3,488,141	41,670	35,979,857
Depreciation and impairment					
At 1 November 2018	1,205,873	8,068,330	2,341,300	16,199	11,631,702
Depreciation charged in the year	72,640	1,027,148	527,870	6,368	1,634,026
Impairment losses	-	88,074	-	-	88,074
Eliminated in respect of disposals	-	(4,512)	(1,070,166)	-	(1,074,678)
At 31 October 2019	1,278,513	9,179,040	1,799,004	22,567	12,279,124
Carrying amount					
At 31 October 2019	8,631,339	13,361,154	1,689,137	19,103	23,700,733
At 31 October 2018	7,978,370	11,491,388	1,229,275	25,471	20,724,504

More information on impairment movements in the year is given in note 12.

Included in the amounts for land and buildings above are capitalised interest costs of £250,831 (2018: £250,831). No interest has been capitalised during the year.

15 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	16	-	-	716,615	1,753,506

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 OCTOBER 2019**

15	Fixed asset investments	(Continued)
	Movements in fixed asset investments	
	Company	Shares in group undertakings £
	Cost or valuation	
	At 1 November 2018	1,753,506
	Transfer to goodwill	(1,036,885)
	At 31 October 2019	716,621
	Impairment	
	At 1 November 2018	-
	Impairment losses	6
	At 31 October 2019	6
	Carrying amount	
	At 31 October 2019	716,615
	At 31 October 2018	1,753,506

Following the transfer of the trade and assets of Nature Trails Limited to the company, the carrying value of the company's investment in Nature Trails Limited has been written down to the net assets shown in Nature Trails Limited's financial statements with the amount being transferred to goodwill.

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

16 Subsidiaries

Details of the company's subsidiaries at 31 October 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Child Base Limited	England	Dormant	Ordinary	100.00	
Child Base Trust Company 2 Limited	England	Dormant	Ordinary	100.00	
Child Base Trust Company 3 Limited	England	Dormant	Ordinary	100.00	
Child Base Trust Company Limited	England	Dormant	Ordinary	100.00	
Toy Barn Limited	England	Dormant	Ordinary	100.00	
Nature Trails Limited	England	Dormant	Ordinary	100.00	

Child Base Trust Company Limited, Child Base Trust Company 2 Limited and Child Base Trust Company 3 Limited were dissolved on 28 January 2020.

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

17 Financial instruments

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	475,730	402,118	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	25,232,497	27,504,369	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

18 Stocks

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Finished goods and goods for resale	977	7,671	977	7,671

19 Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	71,372	54,116	71,372	54,116
Corporation tax recoverable	162,267	48,784	162,267	48,784
Other debtors	404,358	348,002	404,358	347,993
Prepayments and accrued income	1,436,536	953,035	1,436,536	953,035
	2,074,533	1,403,937	2,074,533	1,403,928
Amounts falling due after more than one year:				
Deferred tax asset (note 24)	-	67,873	-	67,873
Total debtors	2,074,533	1,471,810	2,074,533	1,471,801

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

20 Creditors: amounts falling due within one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	22	2,000,000	2,000,000	2,000,000	2,000,000
Other borrowings	22	-	96,393	-	96,393
Trade creditors		1,568,953	1,319,144	1,568,953	1,319,144
Amounts owed to group undertakings		-	-	716,612	716,612
Corporation tax payable		364,963	388,042	364,963	388,042
Other taxation and social security		501,613	406,220	501,613	406,220
Other creditors		3,163,544	3,243,425	3,163,547	3,243,425
Accruals and deferred income		5,331,881	4,715,231	5,331,881	4,715,231
		<u>12,930,954</u>	<u>12,168,455</u>	<u>13,647,569</u>	<u>12,885,067</u>

21 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	22	18,500,000	20,500,000	18,500,000	20,500,000
Other borrowings	22	66,722	66,722	66,722	66,722
Other creditors		-	345,407	-	345,407
		<u>18,566,722</u>	<u>20,912,129</u>	<u>18,566,722</u>	<u>20,912,129</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	11,250,000	12,750,000	11,250,000	12,750,000
	<u>11,250,000</u>	<u>12,750,000</u>	<u>11,250,000</u>	<u>12,750,000</u>

22 Loans and overdrafts

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	20,500,000	22,500,000	20,500,000	22,500,000
Ordinary 'B' shares of 25p each	66,722	66,722	66,722	66,722
Other loans	-	441,800	-	441,800
	<u>20,566,722</u>	<u>23,008,522</u>	<u>20,566,722</u>	<u>23,008,522</u>
Payable within one year	2,000,000	2,096,393	2,000,000	2,096,393
Payable after one year	18,566,722	20,912,129	18,566,722	20,912,129
	<u>18,566,722</u>	<u>20,912,129</u>	<u>18,566,722</u>	<u>20,912,129</u>

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

22 Loans and overdrafts

(Continued)

The bank loans and overdrafts are secured by a debenture including a fixed and floating charge over all the assets and undertakings of the company, a fixed charge over the goodwill and intellectual property of the company and a first legal charge over eight of the company's freehold properties and four of its leasehold properties.

Details of loans not wholly repayable in five years are as follows:

One of the company's bank loans is repayable by quarterly instalments of £500,000. Interest is charged at LIBOR rate plus 2.75%.

The other bank loan is repayable in quarterly instalments of £375,000 which commence in May 2022. Interest is charged at LIBOR rate plus 2.4%.

23 Provisions for liabilities

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Onerous leases		48,420	156,197	48,420	156,197
Deferred tax liabilities	24	53,557	-	53,557	-
		<u>101,977</u>	<u>156,197</u>	<u>101,977</u>	<u>156,197</u>

Movements on provisions apart from deferred tax liabilities:

Group	£
At 1 November 2018	156,197
Utilisation of provision	(107,777)
At 31 October 2019	<u>48,420</u>
	Onerous leases
	£
At 1 November 2018	156,197
Utilisation of provision	(107,777)
At 31 October 2019	<u>48,420</u>

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

24 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Group				
Accelerated capital allowances	45,433	-	-	74,128
Other timing differences	8,124	-	-	(6,255)
	<u>53,557</u>	<u>-</u>	<u>-</u>	<u>67,873</u>
	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Company				
Accelerated capital allowances	45,433	-	-	74,128
Other timing differences	8,124	-	-	(6,255)
	<u>53,557</u>	<u>-</u>	<u>-</u>	<u>67,873</u>
			Group 2019 £	Company 2019 £
Movements in the year:				
Asset at 1 November 2018			(67,873)	(67,873)
Charge to profit or loss			121,430	121,430
			<u>53,557</u>	<u>53,557</u>

25 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>705,423</u>	<u>476,303</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

At the year end there were amounts due to the defined contribution pension scheme of £179,098 (2018: £196,590).

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

26 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
11,969,831 Ordinary shares of 2.5p each	299,246	299,246
1,150,000 Reviewed incentive shares of 2.5p each	28,750	28,750
	<u>327,996</u>	<u>327,996</u>
Preference share capital		
Shares classified as non-equity		
Issued and fully paid		
2,668,885 Ordinary 'B' shares of 2.5p each	66,722	66,722
	<u>66,722</u>	<u>66,722</u>

The Ordinary 'B' shares carry no voting rights but are entitled to a fixed cumulative dividend based on the Bank of England's base rate. They also take preference on a return of assets.

27 Reserves

Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

The share premium account was transferred to profit and loss reserves in the year.

Revaluation reserve

This reserve represents the increase in the carrying value of freehold land and buildings to the revalued amount.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

28 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Within one year	2,168,688	2,148,061	2,168,688	2,148,061
Between two and five years	8,829,125	8,592,245	8,829,125	8,592,245
In over five years	16,879,887	18,495,106	16,879,887	18,495,106
	<u>27,877,700</u>	<u>29,235,412</u>	<u>27,877,700</u>	<u>29,235,412</u>

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	1,660,150	1,254,791

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Purchases 2019 £	2018 £
Group		
Other related parties	1,314,517	744,415
Company		
Other related parties	1,314,517	744,415

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2019 £	2018 £
Group		
Other related parties	8,513	8,060
Company		
Other related parties	8,513	8,060

30 Controlling party

Following the establishment of the Employee Ownership Trust the company is now controlled by the Trust.

CHILDBASE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

31 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	2,638,674	1,396,914
Adjustments for:		
Taxation charged	935,088	577,151
Finance costs	950,048	924,079
Investment income	(90)	(432)
Loss on disposal of tangible fixed assets	2,747	-
Amortisation and impairment of intangible assets	316,031	282,436
Depreciation and impairment of tangible fixed assets	1,722,100	1,560,892
Costs associated with establishing the new Employee Ownership Trust	-	880,733
(Decrease)/increase in provisions	(107,777)	308,589
Movements in working capital:		
Decrease in stocks	6,694	2,738
(Increase)/decrease in debtors	(557,113)	636,466
Increase in creditors	881,971	2,646,480
Cash generated from operations	6,788,373	9,216,046