

LGDN TOPCO LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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LGDN TOPCO LIMITED

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LGDN TOPCO LIMITED

COMPANY INFORMATION

Directors	C D Grant
	A T Morris
	W Thresher
	G Walsh
	D T Lonsdale
	O M Humphries
Registered office	3 Peardon Street London SW8 3BW
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

LGDN TOPCO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their strategic report for the year ended 30 September 2021. The comparative period is from 24 April 2019 to 30 September 2020.

Principal activity

The principal activity of the company is that of a holding company. The principal activity of the group is the provision of early years education.

Fair review of the business

The results for the year which are set out in the profit and loss account show turnover of £11,856,002 (2020 - £5,184,699) and an operating profit before depreciation, amortisation and exceptionals of £1,506,702 (2020 - £189,242). At 30 September 2021 the group had total assets less current liabilities of £62,008,654 (2020 - £9,942,810). The directors consider the performance for the year and the financial position at the year end to be satisfactory.

The objective of the company is to acquire and operate high quality child care settings primarily within the South East of England. Performance is determined through qualitative and financial measures to ensure each setting is moving towards and achieving an outstanding level of childcare at a sustainable and profitable level. Measurements are focused on level of occupancy, conversion of new starters, ratios and welfare along with cost and cash flow management.

Specific measurements used in the business include Occupancy levels, Average Fee rate, Turnover, Staff cost percentage and Net EBITDA.

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

	Unit	2021	2020
Occupancy	%	72	64
Average fee rate (per month)	£	1,435	1,426
Turnover	£	11,856,002	5,184,699
Staff cost	%	55	67
Net EBITDA	£	1,506,702	189,242

Principal risks and uncertainties

The management of the business and the execution of the strategy are subject to a number of risks. The key business risks and uncertainties affecting the group are considered to relate to competition from local providers of early years education.

1/4/2022

Approved by the Board on and signed on its behalf by:

Warwick Thresher

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W Thresher
Director

LGDN TOPCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their report and the consolidated financial statements for the year ended 30 September 2021. The comparative period is from 24 April 2019 to 30 September 2020.

Directors of the company

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

J W J Bakewell (resigned 27 October 2021)

C A Dube (resigned 6 September 2021)

C D Grant (appointed 16 April 2021)

A T Morris

D T Lonsdale (appointed 6 September 2021)

The following directors were appointed after the year end:

W Thresher (appointed 9 November 2021)

G Walsh (appointed 9 November 2021)

O M Humphries (appointed 9 November 2021)

Financial instruments

Objectives and policies

The directors constantly monitor the group's trading results and revised projections as appropriate to ensure that the group can meet its future obligations as they fall due.

Price risk, credit risk, liquidity risk and cash flow risk

The group is exposed to the usual credit and cash flow risks associated with selling on credit and manage this through credit control procedures. The group's loan financing is subject to price and liquidity risk as disclosed in note 18 to the financial statements.

The group has sufficient resources available and the directors have prepared forecasts for the next 12 months that indicate that this will continue to be the case and that these cashflows will be sufficient for the group to meet its financing commitments as they fall due. The directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Employment of disabled persons

The group's policy is to recruit disabled workers for those vacancies they are able to fill. All necessary assistance with initial training is given. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

The group's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interest. Information on matters of concern to employees is given via information bulletins and reports. We strive to listen to our staff and continue to adapt and develop our working practices to best recognise the invaluable work our staff team undertake.

Future developments

The external commercial environment is expected to remain competitive going forward, however the directors are confident that the group will continue to improve the current level of performance in the future.

LGDN TOPCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

Disclosure of information to the auditor

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

1/4/2022

Approved by the Board on and signed on its behalf by:

Warwick Thresher

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W Thresher
Director

LGDN TOPCO LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

LGDN TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LGDN TOPCO LIMITED

Opinion

We have audited the financial statements of LGDN Topco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2021, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 30 September 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 director's 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 original financial statements were 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 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.

LGDN TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LGDN TOPCO LIMITED

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 Statement of Directors' Responsibilities set out on page 5, 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

LGDN TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LGDN TOPCO LIMITED

Extent to which the auditor was considered capable of detecting irregularities, including fraud

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements, may not be detected, even though the audit is properly planned and performed in accordance with the ISA's (UK). In identifying and assessing risks of material misstatement in respect of fraud, including irregularities and non-compliance with laws and regulations our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the group and company financial statements or that had a fundamental effect on the group and company's operations. We determined that the most significant laws and regulations included UK GAAP, UK Companies Act 2006 and taxation laws.
- We understood how the group and company is complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures.
- We assessed the susceptibility of the group and company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud:
 - Understanding how management considered and addressed the potential for override of controls. Detailed analysis of journals was posted through the accounting system during the year to 30 September 2021 has been undertaken:
 - Understanding the controls in place to prevent and detect fraud. Reliance was not placed on controls for the entirety of the audit, instead taking a substantive testing approach, however controls were in place to prevent fraud and they appeared to be working effectively.
 - Challenging assumptions and judgements made by management in its significant accounting estimates.

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.

Martin Howard

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Martin Howard (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

1/4/2022

Date:.....

LGDN TOPCO LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2021**

		Year ended 30 September 2021 £	24 April 2019 to 30 September 2020 £
	Note		
Turnover	3	11,856,002	5,184,699
Other income	4	115,042	280,976
Cost of sales		<u>(6,053,188)</u>	<u>(2,772,881)</u>
Gross profit		5,917,856	2,692,794
Administrative expenses		(4,411,154)	(2,859,643)
Other operating income	4	<u>-</u>	<u>356,091</u>
Operating profit before exceptional items, amortisation and depreciation		1,506,702	189,242
Exceptional items	6	(365,653)	(793,893)
Amortisation		(1,800,157)	(1,175,091)
Depreciation		<u>(462,763)</u>	<u>(232,777)</u>
Operating loss after exceptionals, depreciation and amortisation	5	(1,121,871)	(2,012,519)
Other interest receivable and similar income	7	1,206	3,345
Interest payable and similar charges	8	<u>(3,276,331)</u>	<u>(1,750,281)</u>
Loss before tax		(4,396,996)	(3,759,455)
Taxation	12	<u>(180,076)</u>	<u>15,474</u>
Loss for the financial year		<u><u>(4,577,072)</u></u>	<u><u>(3,743,981)</u></u>

The above results were derived from continuing operations.

The group has no other comprehensive income for the year.

LGDN TOPCO LIMITED**(REGISTRATION NUMBER: 11960895)****CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2021**

	Note	30 September 2021 £	30 September 2020 £
Fixed assets			
Intangible assets	13	25,095,410	9,842,494
Tangible assets	14	<u>3,696,412</u>	<u>1,044,641</u>
		<u>28,791,822</u>	<u>10,887,135</u>
Current assets			
Debtors	17	1,352,208	472,761
Cash at bank and in hand		<u>36,749,730</u>	<u>1,086,875</u>
		38,101,938	1,559,636
Creditors: Amounts falling due within one year	18	<u>(4,885,106)</u>	<u>(2,503,961)</u>
Net current assets/(liabilities)		<u>33,216,832</u>	<u>(944,325)</u>
Total assets less current liabilities		<u>62,008,654</u>	<u>9,942,810</u>
Creditors: Amounts falling due after more than one year	18	<u>69,564,727</u>	<u>13,185,580</u>
Provisions for liabilities	12	<u>265,079</u>	<u>1,310</u>
Capital and reserves			
Called up share capital	21	5,000	5,000
Share premium reserve		494,901	494,901
Profit and loss account		<u>(8,321,053)</u>	<u>(3,743,981)</u>
Total Equity		<u>(7,821,152)</u>	<u>(3,244,080)</u>
Total capital, reserves and long-term liabilities		<u>62,008,654</u>	<u>9,942,810</u>

1/4/2022

Approved and authorised by the Board on and signed on its behalf by:

*Warwick Thresher*W Thresher
Director

The notes on pages 15 to 38 form an integral part of these financial statements.

LGDN TOPCO LIMITED

(REGISTRATION NUMBER: 11960895)
BALANCE SHEET AS AT 30 SEPTEMBER 2021

	Note	30 September 2021 £	30 September 2020 £
Fixed assets			
Investments	15	500,000	500,000
Current assets			
Debtors: Amounts falling due after more than one year	17	<u>499,901</u>	<u>499,901</u>
Total assets less current liabilities		999,901	999,901
Creditors: Amounts falling due after more than one year	18	<u>(500,000)</u>	<u>(500,000)</u>
Net assets		<u>499,901</u>	<u>499,901</u>
Capital and reserves			
Called up share capital	21	5,000	5,000
Share premium reserve		<u>494,901</u>	<u>494,901</u>
Total equity		<u>499,901</u>	<u>499,901</u>

The company made a loss after tax for the financial year of £Nil.

1/4/2022

Approved and authorised by the Board on and signed on its behalf by:

Warwick Thresher

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W Thresher
 Director

The notes on pages 15 to 38 form an integral part of these financial statements.

LGDN TOPCO LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30
SEPTEMBER 2021
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY**

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 October 2020	5,000	494,901	(3,743,981)	(3,244,080)
Loss for the year	-	-	(4,577,072)	(4,577,072)
At 30 September 2021	<u>5,000</u>	<u>494,901</u>	<u>(8,321,053)</u>	<u>(7,821,152)</u>

	Share capital £	Share premium £	Profit and loss account £	Total £
Loss for the year	-	-	(3,743,981)	(3,743,981)
New share capital subscribed	<u>5,000</u>	<u>494,901</u>	<u>-</u>	<u>499,901</u>
At 30 September 2020	<u>5,000</u>	<u>494,901</u>	<u>(3,743,981)</u>	<u>(3,244,080)</u>

The notes on pages 15 to 38 form an integral part of these financial statements.

LGDN TOPCO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital £	Share premium £	Total £
At 1 October 2020 and at 30 September 2021	<u>5,000</u>	<u>494,901</u>	<u>499,901</u>
	Share capital £	Share premium £	Total £
New share capital subscribed	<u>5,000</u>	<u>494,901</u>	<u>499,901</u>
At 30 September 2020	<u>5,000</u>	<u>494,901</u>	<u>499,901</u>

The notes on pages 15 to 38 form an integral part of these financial statements.

LGDN TOPCO LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

		Year ended 30 September 2021	24 April 2019 to 30 September 2020
	Note	£	£
Cash flows from operating activities			
Loss for the year		(4,577,072)	(3,743,981)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	2,262,920	1,407,868
Finance income	7	(1,206)	(3,345)
Finance costs	8	3,276,331	1,750,281
Income tax expense	12	180,076	(15,474)
		<u>1,141,049</u>	<u>(604,651)</u>
Working capital adjustments			
Increase in trade debtors	17	(23,894)	(97,112)
(Decrease)/increase in trade creditors	18	<u>(1,175,569)</u>	<u>987,223</u>
Cash generated from operations		(58,414)	285,460
Income taxes paid	12	<u>(29,317)</u>	<u>-</u>
Net cash flow from operating activities		<u>(87,731)</u>	<u>285,460</u>
Cash flows from investing activities			
Interest received		1,206	3,345
Acquisitions of tangible assets		(1,185,972)	(755,546)
Acquisition of subsidiaries (net of cash acquired)	13	<u>(16,346,195)</u>	<u>(9,912,509)</u>
Net cash flows from investing activities		<u>(17,530,961)</u>	<u>(10,664,710)</u>
Cash flows from financing activities			
Interest paid		(540,586)	(845)
Proceeds from bank borrowing draw downs		49,050,000	-
Repayment of bank borrowing		(887)	-
Proceeds from other borrowing draw downs		11,050,000	11,436,144
Repayment of other borrowing		(2,698,191)	-
Proceeds from issue of shares		-	499,901
Debt costs paid		<u>(3,578,789)</u>	<u>(469,075)</u>
Net cash flows from financing activities		<u>53,281,547</u>	<u>11,466,125</u>
Net increase in cash and cash equivalents		35,662,855	1,086,875
Cash and cash equivalents at 1 October		<u>1,086,875</u>	<u>-</u>
Cash and cash equivalents at 30 September		<u><u>36,749,730</u></u>	<u><u>1,086,875</u></u>

The notes on pages 15 to 38 form an integral part of these financial statements.

LGDN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
3 Peardon Street
London
SW8 3BW
England

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

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

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 September 2021.

No Profit and Loss Account is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a loss after tax for the financial year of £Nil (2020 - loss of £Nil).

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

LGDN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Going concern

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimation uncertainty

These financial statements do not contain any significant judgements or estimation uncertainty.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of discounts and after eliminating sales within the company. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021****Tangible assets**

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Over the period of the lease
Fixture and Fittings	10%-20% straight line
Computer equipment	20%-33% straight line

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill is amortised over its useful life, which shall not exceed five years if a reliable estimate of the useful life cannot be made.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	10% straight line

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

LGDN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the debtors.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

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

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

LGDN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021****3 Revenue**

The analysis of the group's revenue for the year from continuing operations is as follows:

	Year ended 30 September 2021	24 April 2019 to 30 September 2020
	£	£
Rendering of services	<u>11,856,002</u>	<u>5,184,699</u>

The total turnover of the company has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	Year ended 30 September 2021	24 April 2019 to 30 September 2020
	£	£
Government grants (above Gross Profit)	<u>115,042</u>	<u>280,976</u>
Government grants	-	5,924
Miscellaneous other operating income	<u>-</u>	<u>350,167</u>
	<u>-</u>	<u>356,091</u>

In the current year, the Group received £115,042 (2020 - £286,900) relating to CJRS income, of which £Nil (2020 - £280,976) is shown above Gross Profit.

In addition, in the prior period the Group received insurance monies of £350,167 due to the loss of income due to COVID.

5 Operating profit

Arrived at after charging

	Year ended 30 September 2021	24 April 2019 to 30 September 2020
	£	£
Depreciation expense	462,763	232,777
Amortisation expense	1,800,157	1,175,091
Operating lease expense - property	<u>963,450</u>	<u>521,724</u>

6 Exceptional items

	Year ended 30 September 2021	24 April 2019 to 30 September 2020
	£	£
Exceptional expenses	<u>365,653</u>	<u>793,893</u>

Exceptional costs in the current year comprise aborted deal costs, rebranding, recruitment costs, redundancy costs and other one off legal and consultancy costs for newly acquired companies.

Exceptional costs in the prior year comprise aborted deal costs, recruitment costs, redundancy costs, one off bonuses and other one off legal costs.

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021****7 Other interest receivable and similar income**

	Year ended 30 September 2021 £	24 April 2019 to 30 September 2020 £
Interest income on bank deposits	<u>1,206</u>	<u>3,345</u>

8 Interest payable and similar expenses

	Year ended 30 September 2021 £	24 April 2019 to 30 September 2020 £
Interest on bank overdrafts and borrowings	246,230	845
Interest expense on other finance liabilities	2,499,702	1,686,043
Costs adjacent to interest	<u>530,399</u>	<u>63,393</u>
	<u>3,276,331</u>	<u>1,750,281</u>

9 Staff costs**Group**

The aggregate payroll costs (including directors' remuneration) were as follows:

	Year ended 30 September 2021 £	24 April 2019 to 30 September 2020 £
Wages and salaries	6,169,858	3,163,362
Social security costs	469,915	243,900
Pension costs, defined contribution scheme	<u>100,513</u>	<u>45,550</u>
	<u>6,740,286</u>	<u>3,452,812</u>

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

	Year ended 30 September 2021 No.	24 April 2019 to 30 September 2020 No.
Nursery staff	290	143
Administration and support	<u>21</u>	<u>10</u>
	<u>311</u>	<u>153</u>

Company

The company incurred no staff costs and had no employees other than the directors.

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021****10 Directors' remuneration**

The directors' remuneration for the year was as follows:

	Year ended 30 September 2021 £	24 April 2019 to 30 September 2020 £
Remuneration	639,334	480,226
Contributions paid to money purchase schemes	6,875	-
	<u>646,209</u>	<u>480,226</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	Year ended 30 September 2021 No.	24 April 2019 to 30 September 2020 No.
Accruing benefits under money purchase pension scheme	3	-

In respect of the highest paid director:

	Year ended 30 September 2021 £	24 April 2019 to 30 September 2020 £
Remuneration	<u>244,646</u>	<u>236,812</u>

11 Auditors' remuneration

	Year ended 30 September 2021 £	24 April 2019 to 30 September 2020 £
Audit of these financial statements	<u>33,950</u>	<u>46,740</u>
Other fees to auditors		
All other non-audit services	<u>30,000</u>	<u>16,260</u>

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021****12 Taxation**

Tax charged/(credited) in the profit and loss account

	Year ended 30 September 2021 £	24 April 2019 to 30 September 2020 £
Current taxation		
UK corporation tax	36,679	8,553
UK corporation tax adjustment to prior periods	(2,228)	1,937
	<u>34,451</u>	<u>10,490</u>
Deferred taxation		
Arising from origination and reversal of timing differences	145,625	(25,964)
Tax expense/(receipt) in the income statement	<u>180,076</u>	<u>(15,474)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	30 September 2021 £	30 September 2020 £
Loss before tax	<u>(4,396,996)</u>	<u>(3,759,455)</u>
Corporation tax at standard rate	(835,429)	(714,296)
Effect of revenues exempt from taxation	(5,844)	-
Effect of expense not deductible in determining taxable profit (tax loss)	883,469	298,187
Increase from tax losses for which no deferred tax asset was recognised	-	375,863
Deferred tax (credit)/expense from unrecognised temporary difference from a prior period	(2,300)	2,675
Increase in UK and foreign current tax from adjustment for prior periods	-	15,461
Tax increase from effect of capital allowances and depreciation	89,842	6,636
Tax increase from effect of unrelieved tax losses carried forward	<u>50,338</u>	<u>-</u>
Total tax charge/(credit)	<u>180,076</u>	<u>(15,474)</u>

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021****Deferred tax****Group**

Deferred tax assets and liabilities

30 September 2021**Liability
£**

Fixed asset timing differences

271,890

Short-term timing differences

(6,811)265,079**30 September 2020****Liability
£**

Fixed asset timing differences

5,821

Short-term timing differences

(4,511)1,310**13 Intangible assets****Group****Goodwill
£****Cost**

At 1 October 2020

11,017,585

Acquired through business combinations

17,053,073

At 30 September 2021

28,070,658**Amortisation**

At 1 October 2020

1,175,091

Amortisation charge

1,800,157

At 30 September 2021

2,975,248**Carrying amount**

At 30 September 2021

25,095,410

At 30 September 2020

9,842,494

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021****14 Tangible assets****Group**

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 October 2020	661,834	615,584	-	1,277,418
Additions	3,624	1,182,348	-	1,185,972
Acquired through business combinations	<u>1,619,940</u>	<u>302,845</u>	<u>5,777</u>	<u>1,928,562</u>
At 30 September 2021	<u>2,285,398</u>	<u>2,100,777</u>	<u>5,777</u>	<u>4,391,952</u>
Depreciation				
At 1 October 2020	53,976	178,801	-	232,777
Charge for the year	<u>104,965</u>	<u>357,798</u>	<u>-</u>	<u>462,763</u>
At 30 September 2021	<u>158,941</u>	<u>536,599</u>	<u>-</u>	<u>695,540</u>
Carrying amount				
At 30 September 2021	<u>2,126,457</u>	<u>1,564,178</u>	<u>5,777</u>	<u>3,696,412</u>
At 30 September 2020	<u>607,858</u>	<u>436,783</u>	<u>-</u>	<u>1,044,641</u>

Included within the net book value of land and buildings above is £885,000 (2020 - £Nil) in respect of freehold land and buildings.

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021****15 Investments****Company**

	30 September 2021	30 September 2020
	£	£
Investments in subsidiaries	<u>500,000</u>	<u>500,000</u>

Subsidiaries**£****Cost**

At 1 October 2020 and at 30 September 2021

500,000**Carrying amount**

At 30 September 2021

500,000

At 30 September 2020

500,000**Details of undertakings**

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
LGDN Midco Limited*	England and Wales	Ordinary	100%	100%
LGDN Finco Limited	England and Wales	Ordinary	100%	100%
LGDN Bidco Limited	England and Wales	Ordinary	100%	100%
Little Garden Day Nurseries Limited	England and Wales	Ordinary	100%	100%
Prima Montessori Limited	England and Wales	Ordinary	100%	100%
Bizzy Bees Nursery Limited	England and Wales	Ordinary	100%	100%
Acorn Montessori School Limited	England and Wales	Ordinary	100%	100%
Poppies Day Nurseries Limited	England and Wales	Ordinary	100%	0%
Family First Holdings Limited	England and Wales	Ordinary	100%	0%
Buckinghamshire Nursery Schools Limited	England and Wales	Ordinary	100%	0%
Head Start (Enfield) Limited	England and Wales	Ordinary	100%	0%
Head Start Day Nurseries Limited	England and Wales	Ordinary	100%	0%
Oaklands Management Services Limited	England and Wales	Ordinary	100%	0%
Oaklands Employment Services Limited	England and Wales	Ordinary	100%	0%
Nursery on the Hill (Enfield) Limited	England and Wales	Ordinary	100%	0%
Nursery on the Green Limited	England and Wales	Ordinary	100%	0%

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
Nurturing Childcare Limited	England and Wales	Ordinary	100%	0%
Rosewood Montessori Limited	England and Wales	Ordinary	100%	0%
Family First Pre School Limited	England and Wales	Ordinary	100%	0%

*-Directly Held.

The principal activity of LGDN Bidco Limited, LGDN Finco Limited, LGDN Midco Limited, Family First Holdings Limited and Oaklands Employment Services Limited is as a holding company. The principal activity of Family First Pre School Limited is that of a dormant company. The principal activity of all other subsidiaries is the provision of nursery services.

For the year ending 30 September 2021 the following subsidiaries were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies:

LGDN Midco Limited
 LGDN Finco Limited
 LGDN Bidco Limited
 Little Garden Day Nurseries Limited
 Prima Montessori Limited
 Acorn Montessori School Limited
 Bizzy Bees Nursery Limited
 Poppies Day Nurseries Limited
 Head Start (Enfield) Limited
 Head Start Day Nurseries Limited
 Oaklands Management Services Limited
 Family First Holdings Limited
 Buckinghamshire Nursery Schools Limited
 Nursery on the Hill (Enfield) Limited
 Nursery on the Green Limited
 Nurturing Childcare Limited

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021****16 Business combinations**

On 31 October 2020, LGDN Bidco Limited acquired 100% of the issued share capital of Head Start (Enfield) Limited, Head Start Day Nurseries Limited, Oaklands Management Services Limited and Oaklands Employment Services Limited, obtaining control.

Head Start (Enfield) Limited, Head Start Day Nurseries Limited, Oaklands Management Services Limited and Oaklands Employment Services Limited contributed £2,101,757 revenue and profit of £433,419 to the group's loss for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 30 September 2021 £
Assets and liabilities acquired	
Financial assets	595,671
Tangible assets	178,481
Financial liabilities	<u>(405,794)</u>
Total identifiable assets	<u>368,358</u>
Goodwill	<u>2,614,059</u>
Total consideration	<u>2,982,417</u>
Satisfied by:	
Cash	2,498,639
Contingent consideration arrangement	200,000
Transaction costs	<u>283,778</u>
Total consideration transferred	<u>2,982,417</u>
Cash flow analysis:	
Cash consideration	2,782,417
Less: cash and cash equivalent balances acquired	<u>(381,788)</u>
Net cash outflow arising on acquisition	<u>2,400,629</u>

The useful life of goodwill is 10 years.

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

On 26 February 2021, LGDN Bidco Limited acquired 100% of the issued share capital of Family First Holdings Limited and its subsidiary Buckinghamshire Nursery Schools Limited, obtaining control.

Family First Holdings Limited and its subsidiary Buckinghamshire Nursery Schools Limited contributed £350,051 revenue and profit of £121,103 to the group's loss for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 30 September 2021 £
Assets and liabilities acquired	
Financial assets	192,554
Tangible assets	6,873
Financial liabilities	<u>(528,220)</u>
Total identifiable assets	<u>(328,793)</u>
Goodwill	<u>665,422</u>
Total consideration	<u><u>336,629</u></u>
Satisfied by:	
Cash	273,612
Transaction costs	<u>63,017</u>
Total consideration transferred	<u><u>336,629</u></u>
Cash flow analysis:	
Cash consideration	336,629
Less: cash and cash equivalent balances acquired	<u>(189,872)</u>
Net cash outflow arising on acquisition	<u><u>146,757</u></u>

The useful life of goodwill is 10 years.

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

On 31 March 2021, LGDN Bidco Limited acquired 100% of the issued share capital of Poppies Day Nurseries Limited, obtaining control.

Poppies Day Nurseries Limited contributed £2,331,663 revenue and profit of £508,846 to the group's loss for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 30 September 2021 £
Assets and liabilities acquired	
Financial assets	470,732
Property, plant and equipment	299,078
Financial liabilities	<u>(640,696)</u>
Total identifiable assets	<u>129,114</u>
Goodwill	<u>7,581,401</u>
Total consideration	<u>7,710,515</u>
Satisfied by:	
Cash	6,807,859
Contingent consideration arrangement	600,000
Transaction costs	<u>302,656</u>
Total consideration transferred	<u>7,710,515</u>
Cash flow analysis:	
Cash consideration	7,110,515
Less: cash and cash equivalent balances acquired	<u>(263,500)</u>
Net cash outflow arising on acquisition	<u>6,847,015</u>

The useful life of goodwill is 10 years.

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

On 30 July 2021, LGDN Bidco Limited acquired 100% of the issued share capital of Nurturing Childcare Limited, obtaining control.

Nurturing Childcare Limited contributed £593,990 revenue and loss of £67,027 to the group's loss for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 30 September 2021 £
Assets and liabilities acquired	
Financial assets	176,720
Property, plant and equipment	13,906
Financial liabilities	<u>(91,601)</u>
Total identifiable assets	<u>99,025</u>
Goodwill	<u>525,175</u>
Total consideration	<u><u>624,200</u></u>
Satisfied by:	
Cash	620,000
Transaction costs	<u>4,200</u>
Total consideration transferred	<u><u>624,200</u></u>
Cash flow analysis:	
Cash consideration	624,200
Less: cash and cash equivalent balances acquired	<u>(163,869)</u>
Net cash outflow arising on acquisition	<u><u>460,331</u></u>

The useful life of goodwill is 10 years.

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

On 20 August 2021, LGDN Bidco Limited acquired 100% of the issued share capital of Nursery on the Hill (Enfield) Limited and Nursery on the Green Limited, obtaining control.

Nursery on the Hill (Enfield) Limited and Nursery on the Green Limited contributed £123,671 revenue and profit of £29,250 to the group's loss for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 30 September 2021 £
Assets and liabilities acquired	
Financial assets	1,644,304
Property, plant and equipment	274,768
Financial liabilities	<u>(409,202)</u>
Total identifiable assets	<u>1,509,870</u>
Goodwill	<u>2,792,927</u>
Total consideration	<u><u>4,302,797</u></u>
Satisfied by:	
Cash	3,986,080
Contingent consideration arrangement	115,000
Transaction costs	<u>201,717</u>
Total consideration transferred	<u><u>4,302,797</u></u>
Cash flow analysis:	
Cash consideration	4,187,797
Less: cash and cash equivalent balances acquired	<u>(1,530,299)</u>
Net cash outflow arising on acquisition	<u><u>2,657,498</u></u>

The useful life of goodwill is 10 years.

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

On 30 September 2021, LGDN Bidco Limited acquired 100% of the issued share capital of Rosewood Montessori Limited, obtaining control.

Rosewood Montessori Limited contributed £Nil revenue and profit of £Nil to the group's loss for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 30 September 2021 £	Revaluation adjustments 30 September 2021 £	Fair value 30 September 2021 £
Assets and liabilities acquired			
Financial assets	928,481	-	928,481
Property, plant and equipment	508,705	376,295	885,000
Financial liabilities	(59,344)	(71,496)	(130,840)
Total identifiable assets	<u>1,377,842</u>	<u>304,799</u>	<u>1,682,641</u>
Goodwill	<u>-</u>	<u>-</u>	<u>517,359</u>
Total consideration	<u>1,377,842</u>	<u>304,799</u>	<u>2,200,000</u>
Satisfied by:			
Cash	-	-	2,200,000
Cash flow analysis:			
Cash consideration	-	-	2,200,000
Less: cash and cash equivalent balances acquired	<u>-</u>	<u>-</u>	<u>(921,911)</u>
Net cash outflow arising on acquisition	<u>-</u>	<u>-</u>	<u>1,278,089</u>

The useful life of goodwill is 10 years.

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

During the year, LGDN Bidco Limited acquired the trade and net assets of a number of businesses.

The amounts recognised in respect of the combined identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 30 September 2021 £
Assets and liabilities acquired	
Financial assets	11,875
Property, plant and equipment	262,154
Financial liabilities	<u>(74,883)</u>
Total identifiable assets	<u>199,146</u>
Goodwill	<u>2,356,730</u>
Total consideration	<u><u>2,555,876</u></u>
Satisfied by:	
Cash	2,350,000
Contingent consideration arrangement	30,000
Transaction costs	<u>175,876</u>
Total consideration transferred	<u><u>2,555,876</u></u>
Cash flow analysis:	
Cash consideration	<u><u>2,525,876</u></u>

The useful life of goodwill is 10 years.

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021****17 Debtors**

	Group		Company	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	£	£	£	£
Trade debtors	593,658	105,250	-	-
Amounts owed by group undertakings	-	-	499,901	499,901
Other debtors	301,648	26,129	-	-
Prepayments	456,902	119,640	-	-
Accrued income	-	221,742	-	-
	<u>1,352,208</u>	<u>472,761</u>	<u>499,901</u>	<u>499,901</u>
Less non-current portion	-	-	(499,901)	(499,901)
Total current trade and other debtors	<u>1,352,208</u>	<u>472,761</u>	<u>-</u>	<u>-</u>

Details of non-current trade and other debtors**Company**

£499,901 (2021 - £499,901) of amounts owed by group undertakings is classified as non current.

18 Creditors

		Group		Company	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
	Note	£	£	£	£
Due within one year					
Loans and borrowings	19	60,111	781	-	-
Trade creditors		806,858	238,617	-	-
Social security and other taxes		169,148	352,524	-	-
Outstanding defined contribution pension costs		37,156	9,628	-	-
Other creditors		741,941	786,999	-	-
Accrued expenses		1,135,229	670,768	-	-
Corporation tax liability	12	387,970	41,679	-	-
Deferred income		1,546,693	402,965	-	-
		<u>4,885,106</u>	<u>2,503,961</u>	<u>-</u>	<u>-</u>
Due after one year					
Loans and borrowings	19	69,564,727	13,185,580	-	-
Amounts owed to group undertakings		-	-	500,000	500,000
		<u>69,564,727</u>	<u>13,185,580</u>	<u>500,000</u>	<u>500,000</u>

Other creditors includes deferred consideration of £130,205 (2020 - £595,205).

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021****19 Loans and borrowings**

	Group		Company	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	£	£	£	£
Current loans and borrowings				
Bank borrowings	59,511	781	-	-
Other borrowings	600	-	-	-
	<u>60,111</u>	<u>781</u>	<u>-</u>	<u>-</u>

	Group		Company	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	45,779,096	49,219	-	-
Other borrowings	23,785,631	13,136,361	-	-
	<u>69,564,727</u>	<u>13,185,580</u>	<u>-</u>	<u>-</u>

During the period, the group was advanced loan notes with a principal amount of £11,050,000 (2020 - £11,856,000). The loan notes are payable in full in June 2027. There is no security on these loan notes.

Repayments were made in the year of £3,000,000 (2020 - £Nil) of which £2,698,191 related to principal.

The loan notes attract interest of 12.5% per annum. Interest of £2,507,154 (2020 - £1,686,043) has accrued on these notes in the year and has been capitalised.

The loan notes outstanding of £23,785,631 (2020 - £13,136,361) are stated after deducting £313,566 (2020 - £405,682) of costs associated with the raising of this finance, which are being released to the profit and loss account over the term of the loan notes in accordance with FRS102.

Also during the period, the Group was lent £50,000 (2020 - £50,000) under the Government bounce back loan scheme. Interest is charged at 2.5% per annum. Monthly repayments start in September 2021.

During the period, the group was advanced a bank loan with a principal amount of £49,000,000. The loan is repayable in full in June 2026. The loan is secured on the assets of the nurseries. The loan attracts interest of 7% per annum.

The loan is stated after deducting £3,260,506 of costs associated with the raising of this finance, which are being released to the profit or loss account over the term of the loan in accordance with FRS102.

20 Pension and other schemes**Defined contribution pension scheme**

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £100,513 (2020 - £45,550).

Contributions totalling £37,156 (2020 - £9,628) were payable to the scheme at the end of the year and are included in creditors.

LGDN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021****21 Share capital****Allotted, called up and fully paid shares**

	30 September 2021		30 September 2020	
	No.	£	No.	£
A Ordinary of £0.01 each	394,525	3,945	394,525	3,945
B Ordinary of £0.01 each	10,475	105	10,475	105
C1 Ordinary of £0.01 each	25,000	250	25,000	250
C2 Ordinary of £0.01 each	70,000	700	70,000	700
	<u>500,000</u>	<u>5,000</u>	<u>500,000</u>	<u>5,000</u>

Rights, preferences and restrictions

The difference classes of shares referred to above carry separate rights to dividends but, in all other significant respects, *rank pari passu*.

22 Obligations under leases and hire purchase contracts**Group****Operating leases**

The total of future minimum lease payments is as follows:

	30 September 2021 £	30 September 2020 £
Not later than one year	1,248,541	548,770
Later than one year and not later than five years	4,729,334	1,164,270
Later than five years	<u>7,828,156</u>	<u>6,551,053</u>
	<u>13,806,031</u>	<u>8,264,093</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £521,724 (2020 - £963,790).

23 Analysis of changes in net debt**Group**

	At 1 October 2020 £	Cash flows £	Acquisition of subsidiaries £	Non-cash changes £	At 30 September 2021 £
Cash and cash equivalents					
Cash	1,086,875	32,211,616	3,451,239	-	36,749,730
Borrowings					
Bank borrowings	-	(49,050,000)	-	-	(49,050,000)
Other borrowings	(13,185,580)	(11,050,000)	-	449,949	(23,785,631)
	<u>(13,185,580)</u>	<u>(60,100,000)</u>	<u>-</u>	<u>449,949</u>	<u>(72,835,631)</u>
	<u>(12,098,705)</u>	<u>(27,888,384)</u>	<u>3,451,239</u>	<u>449,949</u>	<u>(36,085,901)</u>

LGDN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

24 Related party transactions

Summary of transactions with key management

Key management personnel are considered to be the directors of the company and key management personnel compensation is disclosed in note 10 to the financial statements.

Loans from related parties

During the period, the group's ultimate controlling party advanced the group £11,050,000 (2020 - £11,335,475) in the form of loan notes. Repayments of £3,000,000 were made during the year (2020 - £Nil) of which £2,698,191 related to principal. At 30 September 2021, £23,413,334 remained outstanding (2020 - £12,932,387) which includes accrued interest of £3,726,050 (2020 - £1,596,912).

Also £685,863 (2020 - £609,656) of loan notes remained outstanding to key management at 30 September 2021, which includes accrued interest of £165,338 (2020 - £89,131).

Other related party transactions

During the period, the company's ultimate controlling party charged the company £120,000 of monitoring fees (2020 - £120,000).

25 Parent and ultimate parent undertaking

The ultimate controlling party is August Equity Partners IV General Partners LLP.

26 Non adjusting events after the financial period

Since the balance sheet date, the group has acquired a number of nurseries for a total of £48.1M.