

CHESTNUTBAY LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2016



CHESTNUTBAY LIMITED

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CHESTNUTBAY LIMITED

COMPANY INFORMATION

Directors

A Morris
J Tugendhat (appointed on 10 November 2016)
E Boland (appointed on 10 November 2016)
S Dreier (appointed on 10 November 2016)
D Lissy (appointed on 10 November 2016)

Company secretary

S Kramer

Registered number

04134749

Registered office

2 Crown Way
Rushden
England
NN10 6BS

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
10 Bricket Road
St Albans
Hertfordshire
AL1 3JX

CHESTNUTBAY LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 29 FEBRUARY 2016

The director presents his report and the financial statements for the year ended 29 February 2016.

Director's responsibilities statement

The director is responsible for preparing the strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the director must not approve the financial statements unless he is satisfied that he gives 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 director is required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgments 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Director

The director who served during the year was:

A Morris

Small companies exemption

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006. In preparing the financial statements the director has taken the small companies exemption from preparing a strategic report.

Going concern

The director believes that preparing the accounts on a going concern basis is appropriate as the company has received confirmation from the counterparty to who the debt referred to in note 5 is owed that they will not call in this debt if to do so would threaten the solvency of the company.

Qualifying third party indemnity provisions

At the time the report is approved there is a qualifying third party indemnity provision in place for the benefit of the director under a policy taken out by the UK group parent company Conchord Limited.

CHESTNUTBAY LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 29 FEBRUARY 2016

Disclosure of information to auditors

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

On the 10 November 2016, Kaupthing hf sold its investment in Conchord Limited and its subsidiaries to BHFS Two Limited, a company registered in England and Wales.

Auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 30 November 2016 and signed on its behalf.



A Morris
Director

CHESTNUTBAY LIMITED

Independent auditors' report to the members of Chestnutbay Limited

Report on the financial statements

Our opinion

In our opinion, Chestnutbay Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 29 February 2016 and of its result 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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 29 February 2016;
- the Statement of Changes in Equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, he has made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Director's remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of director's remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

CHESTNUTBAY LIMITED

Independent auditors' report to the members of Chestnutbay Limited

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the director was not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the director

As explained more fully in the Director's Responsibilities Statement set out on page 2, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

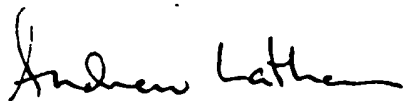
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the director; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the director's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
30 November 2016

CHESTNUTBAY LIMITED
REGISTERED NUMBER:04134749

BALANCE SHEET
AS AT 29 FEBRUARY 2016

		29 February 2016 £000	28 February 2015 £000
	Note		
Investments	4	<u>1,950</u>	<u>1,950</u>
Creditors: amounts falling within one year		(5,021)	-
Total assets less current liabilities	5	<u>(3,071)</u>	<u>1,950</u>
Creditors: amounts falling within one year		<u>(5,021)</u>	<u>(5,021)</u>
Net liabilities		<u>(3,071)</u>	<u>(3,071)</u>
Capital and reserves			
Called up share capital	7	497	497
Share premium account		1,585	1,585
Profit and loss account		<u>(5,153)</u>	<u>(5,153)</u>
Shareholder's deficit		<u>(3,071)</u>	<u>(3,071)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 November 2016.



A Morris
Director

The notes on pages 8 to 11 form part of these financial statements.

CHESTNUTBAY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 FEBRUARY 2016**

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 1 March 2015	497	1,585	(5,153)	(3,071)
Total comprehensive income for the year	-	-	-	-
At 29 February 2016	497	1,585	(5,153)	(3,071)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 FEBRUARY 2016**

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 1 March 2014	497	1,585	(5,153)	(3,071)
Total comprehensive income for the year	-	-	-	-
At 29 February 2015	497	1,585	(5,153)	(3,071)

The notes on pages 8 to 11 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

1. Accounting policies

1.1. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The company had net liabilities of £3,071,492 as at the year end. The financial statements have been prepared on a going concern basis since the company has received confirmation from the counterparty to who the debt referred to in note 5 is owed that they will not call in this debt if to do so would threaten the solvency of the company.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies as set out below.

1.2. Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.3. Cash flow

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Conchord Limited, includes the company's cash flows in its own consolidated financial statements.

1.4. Related Parties

The company has also taken advantage of the exemption under FRS 102 from disclosing related party transactions with entities that are part of the Conchord Limited group or investees of the Conchord Limited.

1.5. Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

CHESTNUTBAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

2. Auditors' remuneration

The audit fee for the current and prior year was borne by another group company.

3. Employees

Staff costs were as follows:

The company has no employees other than the directors, who did not receive any remuneration for their services to the company (2015 - £NIL).

4. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 March 2015	1,950
At 29 February 2016	1,950
Net book value	
At 29 February 2016	1,950
At 28 February 2015	1,950

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Acorndrive Limited	England	Ordinary	100%	Holding Company

5. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to group undertakings	5,021	-
	5,021	-

CHESTNUTBAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

6. Creditors: Amounts falling due after more than one year

	2016 £000	2015 £000
Amounts owed to group undertakings	-	5,021
	<u>-</u>	<u>5,021</u>

7. Financial instruments

	2016 £000	2015 £000
Financial liabilities		
Financial liabilities measured at amortised cost	5,021	5,021
	<u>5,021</u>	<u>5,021</u>

8. Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
480,356 'A' ordinary shares of £1	480	480
1,572,000 'B' ordinary shares of 1p	16	16
1 'C' ordinary share of £3	-	-
108,518 (2015- 108,518) 'D' ordinary shares of 1p	1	1
	<u>497</u>	<u>497</u>

9. Contingent liabilities

At 29 February 2016, a composite guarantee by each of the group companies existed in favour of Kaupthing hf as security for the group's loans of £44.5 million (at 28 February 2015: £44.5 million).

10. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Chestnutbay AcquisitionCo Limited.

As at the 29 February 2016, Conchord Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements. Chestnutbay AcquisitionCo Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The company's ultimate parent undertaking and controlling party was Kaupthing hf, a company incorporated in Iceland.

On the 10 November 2016, Conchord Limited and its subsidiaries was acquired by BHFS Two Limited a company registered in England and Wales. Since the 10 November 2016, the company's ultimate controlling party is Bright Horizons Family Solutions Inc which is the ultimate parent company incorporated in the United States of America.

CHESTNUTBAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

Copies of the consolidated financial statements of Conchord Limited and Chestnutbay Acquisition Co Limited may be obtained from the Secretary, 2 Crown Court, Rushden, Northamptonshire, NN10 6BS.

11. Transition to FRS 102

There was no impact on the company's results or net liabilities of the transition to FRS 102.