

Company Registration No: 04426856

Positive Steps Childrens Day Nursery Limited

Annual Report and Financial Statements

For the eight months ended 31 December 2016

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Positive Steps Childrens Day Nursery Limited

Annual report and financial statements For the eight months ended 31 December 2016

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Positive Steps Childrens Day Nursery Limited

Strategic report

The directors present their Strategic Report for the eight months ended 31 December 2016. The prior period is for the twelve months ended 30 April 2016, therefore the results are not directly comparable. Following the acquisition, the Company's accounting period was shortened to end on 31 December 2016, to align to the rest of the Busy Bees Group.

Business review and future developments

On 29 July 2016, 100% of the share capital of the company was acquired by Busy Bees Holdings Limited.

The company's principal activity is the provision of childcare services under the Positive Steps brand. The Company is part of the Busy Bees group of companies ('the group').

Turnover for the period was £4,723,000 (Year ended 30 April 2016: £6,866,000) and EBITDA was £1,609,000 (Year ended 30 April 2016: £3,028,000), (see below). Profit for the financial period was £1,677,000 (Year ended 30 April 2016: £2,271,000). The directors are satisfied with the financial position. Shareholder's funds were £5,331,000 at 31 December 2016 (30 April 2016: £3,729,000).

| | Eight months ended 31 December 2016 £ '000 | Year ended 30 April 2016 £ '000 |
|---|---|--|
| Operating profit | 1,743 | 2,851 |
| <i>Less:</i> | | |
| Depreciation alignment | (219) | - |
| Profit on sale of fixed assets | (5) | (7) |
| <i>Add:</i> | | |
| Depreciation on owned tangible fixed assets | 90 | 184 |
| EBITDA | 1,609 | 3,028 |

Following Busy Bees Group's acquisition of the Company during the period, a depreciation alignment was recognised for the period ended 31 December 2016 to align the Company's fixed asset depreciation policy to the Busy Bees Group.

Principal risks and uncertainties

Credit risk

The directors manage the credit risk in the company by requiring the majority of the parents whose children attend the company's nurseries to pay in advance and by carefully managing receivables exposure on all parents.

Liquidity risk

The directors have a policy of maintaining larger cash balances than are required for working capital purposes to provide a buffer against liquidity and recessionary risks. As a result of this policy and careful working capital management, the directors are able to ensure the company has excess liquidity and is well placed to pay any suppliers as they fall due. The directors monitor this policy through a review of weekly cash flow forecasts to ensure any future cash commitments can be comfortably met using the group's forecast cash reserves.

Market risk

Aside from the key risks facing most businesses, for example those of reputation and competition and market change, the group, and therefore the company, considers its key risks to be as follows:

- health and safety for young children in relation to which the group has a dedicated compliance team that defines policy and procedure and closely monitors and reports compliance performance; and
- change of government policy and the implementation of policy at a local level including free entitlement funding. The group actively engages in a positive way with government at a ministerial, civil service and local level and has a strong voice with each element of government.

Positive Steps Childrens Day Nursery Limited

Strategic report (continued)

Going concern

In preparation of the financial statements, the directors have made an assessment of the company's ability to continue as a going concern.

The company's business activities, together with the factors likely to affect its future development, performance and position and its exposures to credit risk are set out on the previous page.

The company is financed through, but is not reliant on, an inter-company facility with Busy Bees Holdings Limited, its parent company, and there is an unlimited cross guarantee between the company and other group companies in respect of bank borrowings.

Based on the continuing occupancy levels, which have not been materially affected by the economic position, the directors have prepared detailed forecasts which show that the group is able to operate within its existing financing arrangements and is not expecting to breach any banking covenants within twelve months from the date of approval of the financial statements for the year ended 31 December 2016.

The directors have also prepared company forecasts which show that the company is expected to remain profitable into the foreseeable future. As such, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and financial statements.

Approved by the Board of Directors and signed on their behalf of the board:



S A Irons

Director

27 September 2017

Busy Bees at St Matthews
Shaftsbury Drive
Burntwood
Staffordshire
WS7 9QP
United Kingdom

Positive Steps Childrens Day Nursery Limited

Directors' report

The directors present their annual report and the audited financial statements for the eight months ended 31 December 2016. The comparatives are for the year ended 30 April 2016 and so the results are not directly comparable. Details of the Directors' assessment of future developments, going concern and principal risks are set out in the strategic report.

Proposed dividend

The directors declared and paid a dividend of £75,000 in the period (year ended 30 April 2016: £610,000)

Post balance sheet events

As of the date of signing these accounts, there have been no post balance sheet events.

Directors

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

| | | |
|--------------|---|------------------------|
| S A Irons | - | Appointed 29 July 2016 |
| J B Woodward | - | Appointed 29 July 2016 |
| M Randles | - | Appointed 29 July 2016 |
| C Phizacklea | - | Appointed 29 July 2016 |
| J Clarke | - | Resigned 29 July 2016 |
| P Clarke | - | Resigned 29 July 2016 |

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report.

Political contributions

During the period, there were no political donations (year ended 30 April 2016: £nil).

Employees

The company pursues a policy of meeting with representatives of various sections of employees at which relevant information and developments are discussed. Full and fair consideration is given to applications for employment from disabled persons and to continuing the employment of those who become disabled persons while employed. The policy is to give equal opportunity for training, career developments and promotion.

Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP are deemed to be reappointed under s487(2) of the Companies Act 2006.

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage, in respect of its separate financial statements, of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

Positive Steps Childrens Day Nursery Limited

Directors' report (continued)

Approved by the Board of Directors and signed on behalf of the Board



S A Irons

Director

27 September 2017

Busy Bees at St Matthews
Shaftsbury Drive
Burntwood
Staffordshire
WS7 9QP
United Kingdom

Positive Steps Childrens Day Nursery Limited

Directors' responsibilities statement

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Positive Steps Childrens Day Nursery Limited

We have audited the financial statements of Positive Steps Childrens Day Nursery Limited for the eight months ended 31 December 2016, which comprise the profit and loss account, the statement of income and retained earnings, the balance sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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. 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 directors; and the overall presentation of the financial statements. 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the eight months 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.

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 the Directors' Report for the financial period 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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Independent auditor's report to the members of Positive Steps Childrens Day Nursery Limited (continued)

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



William Smith MA FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
27 September 2017

Positive Steps Childrens Day Nursery Limited

Profit and Loss account

For the eight months ended 31 December 2016

| | Note | Eight months ended 31 December 2016 £ '000 | Year ended 30 April 2016 £ '000 |
|---|------|--|--|
| Turnover | 4 | 4,723 | 6,866 |
| Cost of sales | | (2,545) | (2,918) |
| Gross profit | | 2,178 | 3,948 |
| Administrative expenses | | (435) | (1,097) |
| Operating profit | 5 | 1,743 | 2,851 |
| Interest receivable and similar income | 8 | 24 | - |
| Interest payable and similar charges | 9 | (6) | (21) |
| Profit before taxation | | 1,761 | 2,830 |
| Tax on profit | 10 | (84) | (559) |
| Profit for the financial period/year | | 1,677 | 2,271 |

All amounts relate to continuing activities.

There are no items of other comprehensive income in either period other than those reflected in the profit and loss account. Accordingly no separate statement of other comprehensive income is presented.

Statement of income and retained earnings

For the eight months ended 31 December 2016

| | Eight months ended 31 December 2016 £ '000 | Year ended 30 April 2016 £ '000 |
|--|---|--|
| Retained earnings at the beginning of the period/year | 3,729 | 2,068 |
| Profit for the financial period/year | 1,677 | 2,271 |
| Dividends paid in period/year | (75) | (610) |
| Retained earnings at the end of the period/year | 5,331 | 3,729 |

The notes on pages 10 to 20 form part of these financial statements.

Positive Steps Childrens Day Nursery Limited

Balance sheet s at 31 December 2016

| | Note | 31 December 2016 £ '000 | 30 April 2016 £ '000 |
|---|------|----------------------------------|----------------------------|
| Fixed assets | | | |
| Tangible assets | 11 | 3,935 | 3,719 |
| Current assets | | | |
| Debtors | 12 | 1,895 | 75 |
| Cash | | 834 | 2,040 |
| | | 2,729 | 2,115 |
| Creditors: amounts falling due within one year | 13 | (1,333) | (1,458) |
| Net current assets | | 1,396 | 657 |
| Total assets less current liabilities | | 5,331 | 4,376 |
| Creditors: Amounts falling due after more than one year | 14 | - | (608) |
| Provisions for liabilities | 15 | - | (39) |
| Net assets | | 5,331 | 3,729 |
| Capital and reserves | | | |
| Called-up share capital | 16 | - | - |
| Profit and loss account | | 5,331 | 3,729 |
| Total shareholder's funds | | 5,331 | 3,729 |

These financial statements of Positive Steps Childrens Day Nursery Limited (registered number 04426856) were approved by the board of directors and authorised for issue on 27 September 2017. They were signed on its behalf by:



S A Irons
Director

The notes on pages 10 to 20 form part of these financial statements

Positive Steps Childrens Day Nursery Limited

Notes to the financial statements

For the eight months ended 31 December 2016

1. Basis of preparation

Positive Steps Childrens Day Nursery Limited (the Company) is a company incorporated in England, United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 2.

Following the acquisition, the Company shortened its accounting period to end on 31 December 2016, to align it to the rest of the Busy Bees Group.

These financial statements have been prepared under the historical cost basis of accounting, and in accordance with FRS 102 and with the Companies Act 2006.

The company meets the definition of a qualifying entity under FRS 102 and advantage has been taken of certain of the disclosure exemptions set out in paragraph 1.12 of that standard. Accordingly the following disclosures have not been made in these financial statements:

- financial instruments as otherwise required by section 11 of FRS 102;
- a cash flow statement as otherwise required by section 7 of FRS 102; and
- key management personnel compensation as otherwise required by paragraph 33.7 of FRS 102.

Advantage has been taken of the following exemptions contained in section 35 of FRS 102:

- the company has elected to determine whether arrangements contain a lease on the basis of facts and circumstances on the date of transition to FRS 102 rather than when the arrangements were first entered into.

Functional currency

The functional currency is pounds sterling as that is the currency of the economic environment in which the company operates.

2. Accounting policies

Going concern

In preparation of the financial statements, the directors have made an assessment of the company's ability to continue as a going concern.

The company's business activities, together with the factors likely to affect its future development, performance and position; and its exposures to credit risk are set out in the strategic report.

The company is financed through an inter-company facility with Busy Bees Holdings Limited, its parent company, and there is an unlimited cross guarantee between the company and other group companies in respect of bank borrowings.

Based on the continuing occupancy levels which have not been materially affected by the economic position, the directors have prepared detailed forecasts which show that the group is able to operate within its existing financing arrangements and is not expecting to breach any banking covenants within twelve months from the date of approval of the financial statements for the year ended 31 December 2016.

As such, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and financial statements.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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.

Positive Steps Childrens Day Nursery Limited

Notes to the financial statements (continued) For the eight months ended 31 December 2016

2. Accounting policies (continued)

Financial instruments (continued)

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.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Positive Steps Childrens Day Nursery Limited

Notes to the financial statements (continued) For the eight months ended 31 December 2016

2. Accounting policies (continued)

Impairment of assets

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.

Non-financial assets

An 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.

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.

Financial assets

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.

Operating profit

Operating profit is defined as the profit for the period after all operating costs and income but before interest receivable and similar income, interest payable and similar charges and taxation. Operating profit is disclosed as a separate line on the face of the profit and loss account.

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. Government grants relating to the provision of free nursery places are deferred and credited to the profit and loss account as the related expenditure is incurred.

Related party transactions

The company is exempt from the requirements of section 33 of FRS 102 to disclose transactions with other wholly-owned group undertakings as its financial statements are included in the consolidated financial statements of a parent company whose financial statements are publically available.

Positive Steps Childrens Day Nursery Limited

Notes to the financial statements (continued) For the eight months ended 31 December 2016

2. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

| | |
|--|--|
| Freehold and long leasehold land and buildings | over 50 years with an expected residual value of 50% |
| Short leasehold improvements | over the period of the lease |
| Nursery and office equipment | over four to five years |
| Motor vehicles | over four years |

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on straight-line basis over the lease term.

Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less than the value at which it is recognised, a deferred tax liability is recognised for the additional tax that will be paid in respect of that difference. Similarly, a deferred tax asset is recognised for the additional tax that will be avoided because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment carried at deemed cost is provided based on the difference between the accounts and tax base costs.

Positive Steps Childrens Day Nursery Limited

Notes to the financial statements (continued) For the eight months ended 31 December 2016

2. Accounting policies (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset only if the company has a legally enforceable right to set off current tax assets against current tax liabilities.

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Pension costs

The company contributes to a number of money purchase pension schemes. The assets of the schemes are held separately from those of the company in an independently administered fund. The pension charge represents the amounts payable by the company to the schemes during the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

3. Accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from the sources. The estimates and associated assumptions relate to provisioning against receivables and recognition of grant income and 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 period if the revision affects both current and future periods.

There were no critical accounting judgements in either the current or prior periods.

4. Turnover

Turnover represents the value of sales, excluding value added tax and is attributable to the company's principal activity and arises wholly within the United Kingdom. Nursery fees paid in advance are held in deferred income and only recognised in the period to which they relate. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

5. Operating profit

| | Eight months ended 31 December 2016 £ '000 | Year ended 30 April 2016 £ '000 |
|---|---|--|
| Operating profit is stated after | | |
| (crediting)/charging: | | |
| Depreciation alignment | (219) | - |
| Depreciation on owned tangible fixed assets | 90 | 184 |
| Hire of other assets – operating leases | 8 | - |
| Hire of land & buildings – operating leases | 163 | 230 |
| Profit on sale of fixed assets | (5) | (7) |

The fees payable to the company's auditor for the audit of the company's annual financial statements were £8,000 (Year ended 30 April 2016: £9,000) and the fees payable to the company's auditor and their associates for other services to the company were £nil (Year ended 30 April 2016: £38,430) The auditor's fees for the period ended 31 December 2016 were borne by another group company.

Positive Steps Childrens Day Nursery Limited

Notes to the financial statements (continued) For the eight months ended 31 December 2016

6. Staff numbers and costs

| | Number of employees | |
|--|--|--------------------------------|
| | Eight months ended 31 December 2016 | Year ended 30 April 2016 |
| Average number of persons employed during the year | 176 | 216 |

The aggregate payroll costs of these persons were as follows:

| | Eight months ended 31 December 2016 £ '000 | Year ended 30 April 2016 £ '000 |
|-----------------------------------|--|--|
| Wages and salaries | 2,219 | 2,732 |
| Social security costs and pension | 150 | 163 |
| | <u>2,369</u> | <u>2,895</u> |

7. Directors' remuneration

| | Eight months ended 31 December 2016 £ '000 | Year ended 30 April 2016 £ '000 |
|---|--|--|
| Directors' emoluments | - | 23 |
| Company contributions to money purchase schemes | - | - |
| | <u>-</u> | <u>23</u> |

The prior period emoluments relate to one of the company's former directors. Post acquisition, the directors were remunerated by a fellow group company.

8. Interest receivable and similar income

| | Eight months ended 31 December 2016 £ '000 | Year ended 30 April 2016 £ '000 |
|-------------------------------------|--|--|
| Interest due from group undertaking | 24 | - |
| | <u>24</u> | <u>-</u> |

Positive Steps Childrens Day Nursery Limited

Notes to the financial statements (continued) For the eight months ended 31 December 2016

9. Interest payable and similar charges

| | Eight months ended 31 December 2016 £ '000 | Year ended 30 April 2016 £ '000 |
|--|---|--|
| Bank loan interest due to group undertakings | 6 | 21 |
| | <u>6</u> | <u>21</u> |

10. Tax on profit

| | Eight months ended 31 December 2016 £ '000 | Year ended 30 April 2016 £ '000 |
|--|---|--|
| Amounts falling due within one year: | | |
| Current tax (see note below) | | |
| Current tax on profit for the period/year | 126 | 590 |
| Total current tax charge | <u>126</u> | <u>590</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (42) | (31) |
| Total deferred tax (see note 15) | <u>(42)</u> | <u>(31)</u> |
| Tax credit | <u>84</u> | <u>559</u> |

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

| | Eight months ended 31 December 2016 £ '000 | Year ended 30 April 2016 £ '000 |
|---|---|--|
| Profit before tax | <u>1,761</u> | <u>2,830</u> |
| Tax on profit at standard UK corporation tax rate of 20.00% (12 months ended 30 April 2016: 20.00%) | 352 | 566 |
| Effect of: | | |
| - Depreciation in excess of capital allowances | - | 24 |
| - Expenses not deductible for tax purposes | (58) | - |
| - Origination and reversal of timing differences | (42) | (31) |
| - Group relief obtained for £nil consideration | (168) | - |
| Total tax charge for the period/year | <u>84</u> | <u>559</u> |

Positive Steps Childrens Day Nursery Limited

Notes to the financial statements (continued) For the eight months ended 31 December 2016

10. Tax on profit on ordinary activities (continued)

Factors that may affect future tax charges

The standard rate of tax applied to the reported profit on ordinary activities is 20.00% (Year ended 30 April 2016: 20%).

The government has announced that the UK corporation tax rate will reduce to 17% by 1 April 2020.

Reductions in the UK tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015 and to 17% (effective 1 April 2020) was substantively enacted in September 2016. These reductions will further reduce the company's current tax charge.

The deferred tax balances at 31 December 2016 and 30 April 2016 have been calculated based on the rates that were substantively enacted at the balance sheet dates that will apply when the timing differences are expected to reverse. Accordingly a rate of 17% has been used as at 31 December 2016 and 18% as at 30 April 2016.

At 31 December 2016 the company has no unrecognised trading losses (30 April 2016: £nil) available to offset against future profits.

11. Tangible fixed assets

| | Freehold and long leasehold land and buildings £ '000 | Short leasehold improve- ments £ '000 | Nursery and office equipment £ '000 | Motor vehicles £ '000 | Total £ '000 |
|---------------------------------|---|---|--|-----------------------------|-----------------|
| Cost | | | | | |
| At 1 May 2016 | 3,997 | - | 1,174 | 55 | 5,226 |
| Additions | 24 | - | 80 | - | 104 |
| Disposals | - | - | (884) | (32) | (916) |
| Reclassifications | (343) | 343 | - | - | - |
| At 31 December 2016 | 3,678 | 343 | 370 | 23 | 4,414 |
| Accumulated depreciation | | | | | |
| At 1 May 2016 | 563 | - | 923 | 21 | 1,507 |
| Charge for the year | 33 | 8 | 45 | 4 | 90 |
| Disposals | - | - | (884) | (15) | (899) |
| Reclassifications | (96) | 96 | - | - | - |
| Depreciation alignment | (353) | 4 | 131 | (1) | (219) |
| At 31 December 2016 | 147 | 108 | 215 | 9 | 479 |
| Net book value | | | | | |
| At 31 December 2016 | 3,531 | 235 | 155 | 14 | 3,935 |
| At 30 April 2016 | 3,434 | - | 251 | 34 | 3,719 |

Following Busy Bees Group's acquisition of the Company during the period, a depreciation alignment was recognised for the period ended 31 December 2016 to align the Company's fixed asset depreciation policy to the Busy Bees Group.

Positive Steps Childrens Day Nursery Limited

Notes to the financial statements (continued) For the eight months ended 31 December 2016

12. Debtors

| | 31 December 2016 £ '000 | 30 April 2016 £ '000 |
|---|----------------------------------|----------------------------|
| Amounts falling due within one year: | | |
| Deferred tax | 3 | - |
| Trade debtors | - | 5 |
| Amounts owed by group undertakings | 1,799 | - |
| Prepayments and accrued income | 57 | 35 |
| Other debtors | 36 | 35 |
| | <u>1,895</u> | <u>75</u> |

There is no repayment date attached to the amount owed by group undertakings. The interest rate on the loan is 6.44%.

13. Creditors: amounts falling due within one year

| | 2016 £ '000 | 2015 £ '000 |
|------------------------------------|----------------|----------------|
| Trade creditors | 126 | 13 |
| Amounts owed to group undertakings | 5 | - |
| Other taxes and social security | 101 | 91 |
| Other creditors | 479 | 260 |
| Accruals and deferred income | 102 | 504 |
| Corporation tax | 520 | 590 |
| | <u>1,333</u> | <u>1,458</u> |

There is no repayment date attached to the amount owed to group undertakings. The interest rate on the loan is 6.44%.

14. Creditors: amounts falling due within one year

| | 2016 £ '000 | 2015 £ '000 |
|------------|----------------|----------------|
| Bank loans | - | 608 |
| | <u>-</u> | <u>608</u> |

The bank loan was repaid in full at the time the Company was acquired by Busy Bees Holdings Limited.

Positive Steps Childrens Day Nursery Limited

Notes to the financial statements (continued) For the eight months ended 31 December 2016

15. Deferred tax asset/(liability)

| | Deferred taxation £ '000 |
|--|--------------------------------|
| At 1 January 2016 - liability | (39) |
| Credited to the profit and loss account for the year (note 10) | 42 |
| At 31 December 2016 | <u>3</u> |

The deferred tax provision recognised at 17% (2015: 18%) is as follows:

| | 31 December 2016 £ '000 | 30 April 2016 £ '000 |
|--|----------------------------------|----------------------------|
| Difference between accumulated depreciation and capital allowances | (9) | (32) |
| Other short term timing differences | 12 | (7) |
| | <u>3</u> | <u>(39)</u> |

16. Called up share capital

| | 31 December 2016 £ | 30 April 2016 £ |
|---|-----------------------------|-----------------------|
| Called up, allotted and fully paid | | |
| 100 ordinary shares of £1 each | 100 | 100 |

17. Commitments

- (a) The company had no capital commitments at 31 December 2016.
- (b) The company provides an unlimited cross guarantee to other group companies in respect of bank borrowings. Total group and company bank borrowings at 31 December 2016 are £257,600,000.
- (c) Total future minimum lease payments under non-cancellable operating leases are as follows:

| | 31 December 2016 Land and buildings £ '000 | 30 April 2016 Land and buildings £ '000 |
|------------------------------|--|---|
| Minimum lease payments due: | | |
| - within one year | 217 | 217 |
| - between one and five years | 867 | 867 |
| - after five years | 2,665 | 2,726 |
| | <u>3,665</u> | <u>3,810</u> |

Positive Steps Childrens Day Nursery Limited

Notes to the financial statements (continued) For the eight months ended 31 December 2016

18. Pensions

The group operates a money purchase scheme for the benefit of certain employees. Contributions are charged to the profit and loss account in the year to which they relate. The charge in the period was £10,000 (30 April 2016: £nil).

19. Related party transactions

The company has taken the exemption available under FRS 102 not to disclose related party transactions with other 100% controlled members of the same group. There were no other related party transactions in the year.

20. Controlling parties

The company's immediate parent undertaking is Busy Bees Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. The largest group into which the company is consolidated is the group headed by Eagle Superco Limited, a company incorporated in Great Britain and registered in England and Wales and the smallest group into which the company is consolidated is the group headed by Eagle Midco Limited, a company incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of Eagle Superco Limited can be obtained from the company's registered address as disclosed in page 2. The ultimate controlling party is the Ontario Teachers' Pension Plan.