

KINDERSTART DAY NURSERIES LIMITED

Annual report and financial statements for the year ended 28 February 2014

Registered number: **04666917**

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KINDERSTART DAY NURSERIES LIMITED

Annual report and financial statements for the year ended 28 February 2014

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KINDERSTART DAY NURSERIES LIMITED

Director and Advisers

Director

A T Morris

Company secretary and registered office

A Sage
Asquith House
34 Germain Street
Chesham
Buckinghamshire
HP5 1LH

Independent auditors

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

KINDERSTART DAY NURSERIES LIMITED

Registered number: 04666917

Strategic report for the year ended 28 February 2014

The director presents his report on the company for the year ended 28 February 2014

Principal activities

The principal activity of the company is the operation of private day nurseries.

Business overview

The company's results for the year ended 28 February 2014 is summarised below

	2014 £	2013 £
Turnover	1,850,256	1,735,454
Operating profit	283,884	175,760

Turnover for the year increased by £114,802 which has been generated from the annual fee increase and also an increase in occupancy of 1.4%.

Operating profit for the year has increased by £108,124 due to the increase in turnover and also effective cost control.

The company uses a number of financial key performance indicators ("KPIs") to identify and measure its performance with the main KPI being occupancy within the nurseries.

The average number of full time equivalent ("FTE") children during the year was 147 (2013: 145 FTEs).

Principal risks and uncertainties

The company's operation and execution of the company's strategy are subject to a number of risks which are proactively managed through the implementation of appropriate strategy, policy and procedures. This includes a dedicated risk management and quality team considering health and safety issues and operational and training and development support teams who focus on children's welfare and development.

Credit risk

Where debt finance and associated financial instruments are utilised this is subject to pre-approval by the board or directors. If external borrowing is required from an unrelated party this is limited to financial institutions with a strong credit rating.

The majority of revenue relating to nursery services are due monthly in advance and the company actively manages the levels of receivables outstanding to ensure that any exposure is mitigated.

Liquidity risk

The director maintains high levels of cash within the company so as to protect against any associated liquidity risks and to ensure that all financial commitments are met as well as being able to finance future projects and business acquisitions where possible from operating cash flows.

Legislation risk

External factors and influences can have a significant impact upon the company's performance and future strategy. Risks associated with changes to government policy and implementation of these policies by organisations such as Ofsted (and their equivalent statutory organisations in Scotland and Wales) is met by internal control systems and expertise within the group.

On behalf of the board

A T Morris
Director

30 July 2014



KINDERSTART DAY NURSERIES LIMITED

Registered number: 04666917

Director's report for the year ended 28 February 2014

The director presents his report and the audited financial statements of the company for the period ended 28 February 2014.

Results and dividends

The company made a profit for the financial year of £283,884 (2013: profit of £126,884). No dividend is payable (2013: £nil)

Director

The director of the company during the period and up to the approval of these financial statements, is set out below:

A T Morris

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 parent company, Conchord Limited.

Employees

The company's policy is to ensure that all employees are fully trained and aware of all matters likely to affect employees' interests through regular communication and consultation. Training and support is available to all employees and full and fair consideration is given to applications for employment from all persons, including disabled persons.

Disclosure of information to Auditors

Each of the persons who are directors at the time when this director's report is approved has confirmed that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



A T Morris

Director

30 July 2014

KINDERSTART DAY NURSERIES LIMITED

Registered number: 04666917

Statement of director's responsibilities

The director is responsible for preparing 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

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

The 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.

KINDERSTART DAY NURSERIES LIMITED

Independent auditors' report to the members of Kinderstart Day Nurseries Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 28 February 2014;
- have been properly prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Kinderstart Day Nurseries Limited, comprise:

- the balance sheet as at 28 February 2014;
- the profit and loss account for the year ended 28 February 2014;
- the statement of recognised gains and losses for the year ended 28 February 2014; and
- the notes to the financial statements, which include principal accounting policies and further detail on the statement of financial position.

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).

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

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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 directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Kinderstart Day Nurseries Limited financial statements 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 other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

KINDERSTART DAY NURSERIES LIMITED

Independent auditors' report to the members of Kinderstart Day Nurseries Limited

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.

Directors' remuneration

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

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to prepare financial statements in accordance with the small companies' regime, take advantage of the small companies' exemption in preparing the Directors' Report and 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 directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 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.



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

30th July 2014

KINDERSTART DAY NURSERIES LIMITED

Profit and loss account for the year ended 28 February 2014

	Note	Year ended 28 February 2014 £	Year ended 28 February 2013 £
Turnover	2	1,850,256	1,735,454
Staff Costs	3	(888,600)	(891,754)
Administrative expenses		(677,772)	(667,940)
Operating profit		283,884	175,760
Profit on ordinary activities before taxation	4	283,884	175,760
Tax on profit on ordinary activities	5	-	(48,876)
Profit for the financial year	12	283,884	126,884

The above results relate to continuing operations.

KINDERSTART DAY NURSERIES LIMITED

Statement of total recognised gains and losses for the year ended 28 February 2014

	Note	Year ended 28 February 2014 £	Year ended 28 February 2013 £
Profit for the financial year	13	283,884	126,884
Gain on revaluation of freehold and long leasehold land and buildings		-	300,281
Total recognised gains and losses relating to the year		<u>283,884</u>	<u>427,165</u>

KINDERSTART DAY NURSERIES LIMITED

Balance sheet as at 28 February 2014

	Note	2014 £	2013 £
Fixed assets			
Intangible assets	6	77,879	86,591
Tangible assets	7	<u>921,858</u>	<u>950,390</u>
		<u>999,737</u>	<u>1,036,981</u>
Current assets			
Debtors			
Falling due within one year	8	35,233	32,517
Falling due after more than one year	8	226,621	-
Cash at bank and in hand		<u>550</u>	<u>817</u>
		<u>262,404</u>	<u>33,334</u>
Creditors: amounts falling due within one year	9	<u>(166,647)</u>	<u>(175,988)</u>
Net current assets / (liabilities)		<u>95,757</u>	<u>(142,654)</u>
Total assets less current liabilities		1,095,494	894,327
Creditors: amounts falling due after more than one year	10	<u>-</u>	<u>(82,717)</u>
Net assets		<u><u>1,095,494</u></u>	<u><u>811,610</u></u>
Capital and reserves			
Called up share capital	11	296,000	296,000
Share premium account	12	79,000	79,000
Revaluation reserve	12	383,943	383,943
Profit and loss account	12	<u>336,551</u>	<u>52,667</u>
Total shareholders' funds	13	<u><u>1,095,494</u></u>	<u><u>811,610</u></u>

The financial statements on pages 7 to 16 were approved and signed by the director on 30 July 2014



A T Morris
Director

Registered number: 04666917

KINDERSTART DAY NURSERIES LIMITED

Notes to the financial statements for the year ended 28 February 2014

1 Principal accounting policies

The financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, are set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention except as modified by the revaluation of freehold land and buildings.

The director has obtained confirmation from Conchord Limited, the Company's parent undertaking, that it will provide sufficient financial support to the company to ensure it can meet its obligations as they fall due for a period of at least twelve months from the date of approval of the financial statements. Accordingly the director has determined that the going concern basis is appropriate.

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Conchord Limited and is included in the consolidated financial statements of Conchord Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1(revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Conchord Limited group or investees of the Conchord Limited group.

Government grants

Grant income is recognised in the period in which the service is provided or expense incurred.

Deferred taxation

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 in the future or right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

KINDERSTART DAY NURSERIES LIMITED

Notes to the financial statements for the year ended 28 February 2014

Tangible fixed assets

The company's policy is to undertake a full revaluation of its freehold buildings at least every five years by a qualified valuer. Where the company anticipates that there has been a material change in the valuation in the intervening years then an interim valuation will be carried out. Any material changes to the value of the property as a result of a revised revaluation will be displayed separately in the revaluation reserve of the balance sheet and movements show in the statement of total recognised gains and losses.

The cost of other fixed assets not revalued is their purchase cost, together with any incidental costs of acquisition. Short leasehold land and buildings, fixtures fittings and equipment and motor vehicles are stated at historic purchase cost less depreciation and any provision for impairment.

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

Leasehold land and buildings	the length of the lease
Fixtures, fittings and equipment	10% to 33% per annum on cost
Freehold buildings	2% on cost

Goodwill and intangible assets

Goodwill arising on the acquisition of a business represents the excess of the fair value of the consideration given, including direct costs of the acquisitions, over the fair value of the identifiable assets acquired. Goodwill is eliminated through the profit and loss account over its useful economic life which is twenty years.

2 Turnover

Turnover represents the amounts (excluding value added tax) derived from fees for the provision of nursery day care and associated goods and services and is recognised when the provision occurs.

All turnover is derived from goods and services provided in the UK.

3 Staff costs

	Year ended 28 February 2014 £	Year ended 28 February 2013 £
Employee costs during the year amounted to:		
Wages and salaries	836,882	844,075
Social security costs	49,335	47,679
Pension costs	2,383	-
Total staff costs	<u>888,600</u>	<u>891,754</u>
	Year ended 28 February 2014 Number	Year ended 28 February 2013 Number
Nursery staff	<u>72</u>	<u>79</u>
	<u>72</u>	<u>79</u>

KINDERSTART DAY NURSERIES LIMITED

Notes to the financial statements for the year ended 28 February 2014

4 Profit on ordinary activities before taxation

Profit is stated after charging:

	Year ended 28 February 2014 £	Year ended 28 February 2013 £
Staff costs (note 3)	888,600	891,754
Depreciation of tangible fixed assets (note 7)	101,466	88,429
Amortisation of intangible fixed assets (note 6)	8,712	8,713
Operating lease rental - land and buildings	268,149	255,778

Auditors' remuneration has been borne by a fellow group company.

5 Taxation

	Year ended 28 February 2014 £	Year ended 28 February 2013 £
--	--	--

Analysis of charge in year

Current tax

United Kingdom corporation tax at 23% (2013: 24%)

Tax on profit on ordinary activities

	Year ended 28 February 2014 £	Year ended 28 February 2013 £
--	--	--

Profit on ordinary activities before taxation

Profit on ordinary activities multiplied by standard rate of UK corporation tax at 23% (2013: 24%)

Effects of:

Losses utilised

Accelerated capital allowances and other timing differences

Group relief claimed

Total current tax charge

There is no material difference between the capital allowances and depreciation charge and therefore no deferred tax has been recognised in this respect.

KINDERSTART DAY NURSERIES LIMITED

Notes to the financial statements for the year ended 28 February 2014

Factors that may affect the future tax charge:

The standard rate of corporation tax in the UK changed from 24% to 23% on 1 April 2013. Further changes to the UK's corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015.

6 Intangible fixed assets

	Goodwill £
Cost	
At 1 March 2013	174,250
At 28 February 2014	174,250
Accumulated amortisation	
At 1 March 2013	(87,659)
Charge for the year	(8,712)
At 28 February 2014	(96,371)
Net book value at 28 February 2014	77,879
Net book value at 1 March 2013	86,591

7 Tangible fixed assets

	Freehold Land & Buildings £	Short Leasehold Land & Buildings £	Fixtures & Fittings £	Total £
Cost or valuation				
At 1 March 2013	755,000	458,393	159,831	1,373,224
Additions	-	41,740	31,194	72,934
At 28 February 2014	755,000	500,133	191,025	1,446,158
Accumulated depreciation				
At 1 March 2013	-	300,610	122,224	422,834
Charge for the period	37,506	41,720	22,240	101,466
At 28 February 2014	37,506	342,330	144,464	524,300
Net book value				
At 28 February 2014	717,494	157,803	46,561	921,858
At 1 March 2013	755,000	157,783	37,607	950,390

The group's freehold and long leasehold land and buildings were valued by at 1 July 2013, on the basis of existing use value by independent qualified valuers. The valuations were undertaken in accordance with The RICS Valuation - Professional Standards (2012) by CBRE, a firm of independent Chartered Surveyors. These valuations have been incorporated into the financial statements: the resulting revaluations adjustments have been taken to the revaluation reserve (Note 12).

The director of the company has confirmed that the basis and outcome of the valuation undertaken in July 2013 and included in the financial statements remains appropriate and that no adjustment is required.

KINDERSTART DAY NURSERIES LIMITED

Notes to the financial statements for the year ended 28 February 2014

8 Debtors

	28 February 2014 £	28 February 2013 £
Amounts falling due within one year:		
Trade debtors	5,788	1,191
Prepayments and accrued income	29,445	31,326
	<u>35,233</u>	<u>32,517</u>
Amounts falling due after more than one year		
Amounts owed by group undertakings	<u>226,621</u>	<u>-</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed terms of repayment.

The director of the company has provided confirmation to the companies with whom inter-company debtors are held, that these amounts will be not be payable for a period of at least 12 months from approval of these financial statements.

9 Creditors: amounts falling due within one year

	28 February 2014 £	28 February 2013 £
Deposits	23,135	21,260
Corporation tax	48,876	48,876
Other creditors	90,521	27,887
Accruals and deferred income	4,115	77,965
	<u>166,647</u>	<u>175,988</u>

Included within other creditors are grants received not yet utilised. These may be repayable if they remain unutilised. These amount to £50,715 (2013: £67,376).

KINDERSTART DAY NURSERIES LIMITED

Notes to the financial statements for the year ended 28 February 2014

10 Creditors: amounts falling due after more than one year

	28 February 2014 £	28 February 2013 £
Amounts due to group companies	-	82,717

Amounts owed to group companies are unsecured, interest free and have no fixed term of repayment.

The company has received confirmation from the directors of the companies with whom inter-company creditors balances are held that these amounts will not be payable for a period of at least 12 months from approval of these financial statements.

11 Called up share capital

	2014 £	2013 £
Authorised		
335,000 ordinary shares of £1 each	335,000	335,000
Allotted and fully paid		
296,000 ordinary shares of £1 each	296,000	296,000

12 Reserves

	Revaluation Reserve £	Share Premium account £	Profit and loss account £
As at 1 March 2013	383,943	79,000	52,667
Profit for the year	-	-	283,884
At 28 February 2014	383,943	79,000	336,551

KINDERSTART DAY NURSERIES LIMITED

Notes to the financial statements for the year ended 28 February 2014

13 Reconciliation of movements in shareholders' funds

	Year ended 28 February 2014 £	Year ended 28 February 2013 £
Revaluation reserve movement	-	300,281
Profit for the financial year	283,884	126,884
Net increase in shareholders' funds	283,884	427,165
Opening shareholders' funds	811,610	384,445
Closing shareholders' funds	1,095,494	811,610

14 Financial commitments

At 28 February 2014, the company had annual commitments under non-cancellable operating leases as follows:

	28 February 2014 £	28 February 2013 £
Land and buildings: Expiring in over five years	226,708	268,275
	226,708	268,275

15 Ultimate and immediate parent undertaking

The immediate parent company is Asquith Court Holdings Limited.

Conchord Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 28 February 2014. Chestnutbay AcquisitionCo Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 28 February 2014. Copies of the consolidated financial statements of Conchord Limited and Chestnutbay AcquisitionCo Limited may be obtained from the Secretary at the company's registered office, Asquith House, 34 Germain Street, Chesham, Buckinghamshire, HP5 1LH. Following the acquisition by Conchord Limited the company's ultimate parent undertaking and controlling party is now Kaupthing hf, a company incorporated in Iceland.

16 Contingent liabilities

As at 28 February 2014, a composite guarantee by each of the companies in the group existed in favour of Kaupthing hf as security for the group's loans of £44.5 million (2013: £45.5 million).