

Kinderstart Day Nurseries Limited

**Annual Report and Unaudited Financial
Statements**

Year ended

31 December 2020



Kinderstart Day Nurseries Limited

Financial Statements

Year ended 31 December 2020

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Kinderstart Day Nurseries Limited

Officers and Professional Advisers

THE BOARD OF DIRECTORS

E Boland
G Fee
J Casagrande
R Marshall

COMPANY SECRETARY

S Kramer

REGISTERED OFFICE

2 Crown Way
Rushden
England
NN10 6BS

Kinderstart Day Nurseries Limited

Directors' Report

Year ended 31 December 2020

The directors present their report and the unaudited financial statements of the company for the year ended 31 December 2020.

Principal Activities

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

Directors

The directors who served the company during the year were as follows:

E Boland	
G Fee	(Appointed 16 April 2020)
J Casagrande	(Appointed 16 April 2020)
R Marshall	(Appointed 16 April 2020)
D Lissy	(Resigned 13 April 2020)
J Tugendhat	(Resigned 13 April 2020)
S Dreier	(Resigned 13 April 2020)

Qualifying Indemnity Provision

The company has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the period and remains in place to the date of this report.

Audit Exemption

Under Section 497C of the Companies Act 2006 the Directors have taken the exemption from an audit for the year ended 31 December 2020 for these statutory accounts. The ultimate parent company, BHFS One Limited (company registration number 03943330) has guaranteed all outstanding liabilities to which the company is subject at 31 December 2020 until they are satisfied in full.

Small Company Provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on ^{Jul 16, 2021}..... and signed on behalf of the board by:

Gary Fee
Gary Fee (Jul 16, 2021 12:18 GMT+1)

G Fee
Director

Kinderstart Day Nurseries Limited

Statement of Comprehensive Income

Year ended 31 December 2020

	Note	2020 £	2019 £
TURNOVER		895,906	1,697,697
Cost of sales		(757,252)	(896,237)
GROSS PROFIT		138,654	801,460
Administrative expenses		(1,068,858)	(1,171,040)
Other operating income	4	298,454	—
OPERATING LOSS	5	(631,750)	(369,580)
LOSS BEFORE TAXATION		(631,750)	(369,580)
Tax on loss		(5,346)	506
LOSS FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		(637,096)	(369,074)

All the activities of the company are from continuing operations.

The notes on pages 7 to 15 form part of these financial statements.

Kinderstart Day Nurseries Limited

Statement of Financial Position

31 December 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Intangible assets	8	9,348	27,323
Tangible assets	9	1,490,808	1,702,352
		<u>1,500,156</u>	<u>1,729,675</u>
CURRENT ASSETS			
Debtors	10	24,753	74,916
CREDITORS: amounts falling due within one year	11	(681,202)	(247,512)
NET CURRENT LIABILITIES		<u>(656,449)</u>	<u>(172,596)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		843,707	1,557,079
PROVISIONS			
Deferred tax		(136,467)	(131,121)
Other provisions		<u>(12,172)</u>	<u>(93,794)</u>
		<u>(148,639)</u>	<u>(224,915)</u>
NET ASSETS		<u>695,068</u>	<u>1,332,164</u>
CAPITAL AND RESERVES			
Called up share capital		296,000	296,000
Share premium account		79,000	79,000
Revaluation reserve		1,142,402	1,142,402
Profit and loss account		<u>(822,334)</u>	<u>(185,238)</u>
SHAREHOLDERS FUNDS		<u>695,068</u>	<u>1,332,164</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

For the year ending 31 December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The statement of financial position
continues on the following page.

The notes on pages 7 to 15 form part of these financial statements.

Kinderstart Day Nurseries Limited

Statement of Financial Position *(continued)*

31 December 2020

These financial statements were approved by the board of directors and authorised for issue on Jul.16, 2021....., and are signed on behalf of the board by:

Gary Fee
Gary Fee (Jul 16, 2021 12:18 GMT+1)

G Fee
Director

Company registration number: 04666917

The notes on pages 7 to 15 form part of these financial statements.

Kinderstart Day Nurseries Limited

Statement of Changes in Equity

Year ended 31 December 2020

	Called up share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
AT 1 JANUARY 2019	296,000	79,000	1,142,402	183,836	1,701,238
Loss for the year	—	—	—	(369,074)	(369,074)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	—	—	(369,074)	(369,074)
AT 31 DECEMBER 2019	296,000	79,000	1,142,402	(185,238)	1,332,164
Loss for the year	—	—	—	(637,096)	(637,096)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	—	—	(637,096)	(637,096)
AT 31 DECEMBER 2020	<u>296,000</u>	<u>79,000</u>	<u>1,142,402</u>	<u>(822,334)</u>	<u>695,068</u>

The notes on pages 7 to 15 form part of these financial statements.

Kinderstart Day Nurseries Limited

Notes to the Financial Statements

Year ended 31 December 2020

1. GENERAL INFORMATION

Kinderstart Day Nurseries Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office can be found on the officers and professional advisers page. The nature of the company's operations and its principal activities can be found in the directors' report.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

3.2 Going concern

In the light of the coronavirus pandemic and the subsequent lock down in the UK, the directors have reviewed the current financial performance and the liquidity of the business.

The UK group is 100% owned by Bright Horizons Family Solutions Inc., a Company incorporated in the USA and listed on New York Stock Exchange. The parent company has declared its ability and willingness to support the UK business as it continues its recovery from the COVID 19 pandemic, by providing liquidity where required.

The directors, having reviewed current performance and forecasts, and the factors listed above, have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, they have continued to adopt the going concern basis in preparing the financial statements.

3.3 Disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of BHFS One Limited as at 31 December 2020 and these financial statements may be obtained from The Secretary, 2 Crown Way, Rushden, Northamptonshire, NN10 6BS.

Kinderstart Day Nurseries Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. ACCOUNTING POLICIES *(continued)*

3.4 Judgements and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's fixed asset investments and amounts owed by group undertakings. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.
- Determine whether the fair value of the properties acquired is the price that would be received to sell the asset in an orderly transaction between market participants
- Determine whether the acquired intangibles assets are identifiable in terms of being separable and arise from contractual or legal rights. This has been determined on a basis that reflects an amount that the group would have paid for the asset in an arm's length transaction between knowledgeable and willing parties, based on the best information available. If the fair value could not be measured reliably, the asset is not recognised as a separate intangible asset, but is included in goodwill.

Key assumptions include:

Discount rates

The discount rate is a pre tax adjusted discount rate of 4.72% (2019: 4.72%) and reflects management's estimate of the company's weighted average cost of capital.

Long term growth rates

The management forecasts are extrapolated using growth of 3% and assumptions relevant for the business sector and are based on industry research.

3.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

3.6 Revenue recognition

Turnover represents sales to external customers at invoiced amounts net of discounts less value added tax or local taxes on sales. Revenue is recognised on performance of underlying services which is based on attendance at the company's nurseries.

Kinderstart Day Nurseries Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. ACCOUNTING POLICIES *(continued)*

3.7 Current and deferred taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rate and laws that have been enacted or substantially enacted by the Statement of Financial Position date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

3.8 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

3.9 Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

3.10 Amortisation

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Amortisation is provided on the following basis:

Goodwill - 5% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Kinderstart Day Nurseries Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. ACCOUNTING POLICIES *(continued)*

3.11 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

3.12 Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold property	-	2.5% straight line
Short leasehold property	-	over the shorter of 15 years or the remaining length of the lease
Fixtures and fittings	-	14% straight line
Office equipment	-	10% - 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

3.13 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

3.14 Impairment of fixed assets

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

Kinderstart Day Nurseries Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. ACCOUNTING POLICIES *(continued)*

3.15 Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

3.16 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, 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 the payment of a trade debt deferred beyond normal business terms or in case of an out right short term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Kinderstart Day Nurseries Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. ACCOUNTING POLICIES *(continued)*

3.17 Defined contribution plans

Contributions to the company's defined contribution pension scheme are charged to the Statement of Comprehensive Income in the period in which they become payable.

4. OTHER OPERATING INCOME

	2020	2019
	£	£
Government grant income	298,454	—

5. OPERATING PROFIT

Operating profit or loss is stated after charging:

	2020	2019
	£	£
Amortisation of intangible assets	6,471	8,628
Depreciation of tangible assets	55,020	97,947
Impairment of tangible assets recognised in:		
Administrative expenses	166,504	—
Loss on disposal of intangible assets	11,504	—
Defined contribution pension cost	25,811	25,229

6. EMPLOYEE NUMBERS

The average number of persons employed by the company during the year amounted to 51 (2019: 56).

7. DIRECTORS' REMUNERATION

No director received any emoluments during the current year (2019: £Nil).

There were no directors in the company's defined contribution pension scheme during the year (2019: Nil).

Directors' costs are borne by Bright Horizons Family Solutions Limited and Bright Horizons Family Solutions Inc.

Kinderstart Day Nurseries Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2020

8. INTANGIBLE ASSETS

	Goodwill £
Cost	
At 1 January 2020	174,250
Additions	–
Disposals	(27,322)
At 31 December 2020	<u>146,928</u>
Amortisation	
At 1 January 2020	146,927
Charge for the year	6,471
Disposals	(15,818)
At 31 December 2020	<u>137,580</u>
Carrying amount	
At 31 December 2020	<u>9,348</u>
At 31 December 2019	<u>27,323</u>

9. TANGIBLE ASSETS

	Freehold property £	Short leasehold property £	Fixtures and fittings £	Equipment £	Total £
Cost					
At 1 January 2020	1,527,330	630,789	339,112	127,101	2,624,332
Additions	4,732	3,789	771	688	9,980
Disposals	–	(11,734)	(6,586)	(4,352)	(22,672)
Transfers	–	7,701	(7,701)	–	–
At 31 December 2020	<u>1,532,062</u>	<u>630,545</u>	<u>325,596</u>	<u>123,437</u>	<u>2,611,640</u>
Depreciation					
At 1 January 2020	54,961	544,762	253,158	69,099	921,980
Charge for the year	20,281	8,158	20,570	6,011	55,020
Disposals	–	(11,734)	(6,586)	(4,352)	(22,672)
Impairment losses	–	89,359	43,201	33,944	166,504
At 31 December 2020	<u>75,242</u>	<u>630,545</u>	<u>310,343</u>	<u>104,702</u>	<u>1,120,832</u>
Carrying amount					
At 31 December 2020	<u>1,456,820</u>	<u>–</u>	<u>15,253</u>	<u>18,735</u>	<u>1,490,808</u>
At 31 December 2019	<u>1,472,369</u>	<u>86,027</u>	<u>85,954</u>	<u>58,002</u>	<u>1,702,352</u>

Kinderstart Day Nurseries Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2020

9. TANGIBLE ASSETS (continued)

Tangible assets held at valuation

The company's freehold and long leasehold land and buildings were valued on 10 November 2016, on the basis of existing use value by independent qualified valuers. The valuations were undertaken in accordance with the RICS valuation - Professional Standards (January 2014) by JLL, a firm of Independent Chartered Surveyors. The member believes that this valuation represents the fair values as at the year end and has accordingly incorporated it into these financial statements.

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	£
At 31 December 2020	
Aggregate cost	412,247
Aggregate depreciation	—
Carrying value	<u>412,247</u>
At 31 December 2019	
Aggregate cost	412,247
Aggregate depreciation	(123,767)
Carrying value	<u>288,480</u>

10. DEBTORS

	2020	2019
	£	£
Trade debtors	1,577	8,362
Amounts owed by group undertakings	14,357	—
Prepayments and accrued income	8,819	66,554
	<u>24,753</u>	<u>74,916</u>

All amounts owed by group undertakings are unsecured and not subject to any fixed repayment date. The debt is repayable on demand and therefore classified as due within one year.

11. CREDITORS: amounts falling due within one year

	2020	2019
	£	£
Amounts owed to group undertakings	534,546	93,956
Accruals and deferred income	76,295	101,274
Social security and other taxes	14,529	19,248
Other creditors	55,832	33,034
	<u>681,202</u>	<u>247,512</u>

Kinderstart Day Nurseries Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

12. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Not later than 1 year	97,520	119,520
Later than 1 year and not later than 5 years	390,080	448,747
Later than 5 years	311,251	408,771
	<u>798,851</u>	<u>977,038</u>

13. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

14. CONTROLLING PARTY

The company's immediate parent undertaking is Asquith Nurseries Limited, a company incorporated in England and Wales. 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.

The largest group in which the results of the company are consolidated is that headed by Bright Horizons Family Solutions Inc., incorporated in the United States of America. The smallest group in which they are consolidated is that headed by BHFS One Limited, incorporated in England and Wales. The consolidated accounts are available to the public and may be obtained from The Secretary, BHFS One Limited, 2 Crown Court, Rushden, Northamptonshire, NN10 6BS.