

THE OLD STATION NURSERY LIMITED

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022**

**The MGroup Partnership
Registered Auditor
Cranbrook House
287-291 Banbury Road, Oxford
OX2 7JQ**

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28/12/2023

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COMPANIES HOUSE

Company Registration Number: 04430168

THE OLD STATION NURSERY LIMITED

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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THE OLD STATION NURSERY LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTORS

S J Steel
S Forestier

SECRETARY

Higgs Secretarial Limited

REGISTERED OFFICE

The Old Railway Station
The Old Station Nursery Limited
7 Park Road
Faringdon
Oxfordshire
SN7 7BP

COMPANY REGISTRATION NUMBER

04430168 England and Wales

AUDITOR

The MGroup Partnership
Registered Auditor
Cranbrook House
287-291 Banbury Road
Oxford
OX2 7JQ

THE OLD STATION NURSERY LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report of the group and the parent company for the year ended 31 December 2022.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Since 2002, The Old Station Nursery has grown to 71 nurseries across the UK. As we continue to grow in line with our strategy and to deliver best in class services to parent and child, along with financial, we assess our performance based on recognition and published comparable data. Based on this data (mainly Ofsted), we are proud to have consistently outperformed our sector in terms of "Good" to "Outstanding" nurseries. As of December 2022, 96% of our nurseries have achieved these ratings.

Every year, Nursery World releases a Nursery Chains article which ranks nursery group in size. We were proud to announce that we are ranked 12 in this league in March 2022. Supported by our growth strategy, we expect for this to further improve significantly for March 2023 and over the coming years.

Financial year 2022 shows we have managed to maintain both healthy occupancy and revenues. We believe this was supported by the capital spend in nursery improvements in our continued efforts towards providing both the best service and a safe environment for the children under our care.

Revenues for the 12 months to 31 December 2022 was £40.6M compared to £20.2m in 2021. This increase was driven by effect of the acquisitions of Good Manors Ltd, Humpty Dumpty Ltd, Buds Ltd and Townsend Ltd. Full year revenues for part year acquisitions in 2021 of Bambinos Limited, the ChooChoos nurseries business and My First Friends Holdings Ltd have also contributed significantly to the results for the year.

Gross profit in 2022 decreased by 2.3%. This was as a result of additional spend in nursery resources and improvement of services with our nurseries sponsored by the additional revenue earnings within the year.

The net loss before tax and after interest paid on loans from the parent and other financing was £13.3M in 2022 compared to £3.3m in 2021. The interest paid on parent company loans increased in line with the increases in loans in the period, which were used to drive the acquisition strategy of the Group.

Operating cashflow before tax was consistent with EBITDA as nursery income is generally received in or slightly before the month in which it is due and there are no significant net timing differences on expenditure.

The Group has continued to pursue its strategy of growth through the acquisitions when suitable opportunities arise and have continued with the growth by acquisitions strategy through to 2023 with the acquisition of LGR Nurseries Group Limited within the first quarter of trade.

THE OLD STATION NURSERY LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

KEY PERFORMANCE INDICATORS (KPIs)

The progress of the group is monitored by reference to the following KPIs:

	2022	2021
Annual growth in sales	101.58%	145.70%
Gross profit margin	28.47%	30.70%
EBITDA margin	11.00%	12.10%
Net profit/(loss) before tax percentage	(34.03%)	(16.10%)

*EBITDA is defined as earnings before interest, tax, depreciation, amortisation and impairment.

STRATEGY AND OBJECTIVES

The Old Station Nursery Group has grown considerably since joining La Maison Bleue in 2019 and has ranked as the 12th largest nursery group in the UK (Nursery Chains League). The Group continues with ambitions to expand further in the coming years and to be within the very top largest groups within the UK.

Supported by our parent company, the Group's strategy continues to focus on serving more children, building a world-class workforce, and continuing to deliver sustainable, safe and high quality services to children. This is supported by both our growth plans primarily through acquisitions and investment in our people to ensure we are able to provide standardised high quality services across all our nurseries.

The Group's objectives are to continue with growth through a combination of acquisitions and organic growth. We continue to review and assess our disciplines for efficiencies and economies of scale whilst ensuring our standards towards staff, children and business at large are not compromised.

PRINCIPAL RISKS AND UNCERTAINTIES

The Ukrainian war and further effected economic hardships in the UK are adversely impacting household and business finances. Current conditions within the UK are affecting employment and consumer spending. This does present a risk to us as our target audience are working families. Recently announced support funding for parents of children aged nine months to two years old which is further expected to increase to 30 hours funding by 2025, is expected to help continue supporting parents with childcare. We subsequently do not envision a significant impact to our occupancy or revenues and expect to continue reporting healthy profits.

Hiring and retaining key, qualified and competent personnel is critical to our business model. As experienced by those within the service sector, inflationary, regulatory factors and challenges must contribute to wage and benefit cost increases. This subsequently increases the cost of running the business. We are committed to reward employees with a competitive benefits package, in order to attract the best people. Increases in the national living wage rates could result in a corresponding increase in the wage and benefits we pay our employees. We also in certain cases make use of agency labour which further increases the cost of our services.

Our nurseries are bound to and impacted by changes in laws and regulations, which subsequently impact the way we conduct our services and business. Such national and local governmental regulations include (amongst other issues), national minimum wage, licenced capacity, adult-to-child ratios, quality and adequacy of buildings and equipment to staffing qualifications and training. As a business, we aim to ensure that all our nurseries and business's are conducted in qualification of these laws and regulations. This however can result in further costs to our business.

THE OLD STATION NURSERY LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED.../

As a business, we pride ourselves in the upkeep and success of the safety and well-being of both our children and employees. We've recently purchased licences to a new facilities management system which allows us to ensure that any 3rd party entering the premises for required works are DBS checked. We also continue to closely monitor and manage these suppliers. We ensure specific site measures are in place to ensure the continued safety of children, and ensure that trained staff are on site at all times to further ensure the health and safety of children.

The Directors have reviewed the groups ability to continue to trade and are confident that it has the correct policies and processes to deal with any issues and it will continue as a going concern. The Directors will continue to review the position to ensure that it is prepared to deal with issues as they arise.

The Directors and senior management review other risks on a regular basis with the major risks identified being those relating to safeguarding of children. These risks are mitigated through appropriate recruitment policies and vetting, comprehensive procedures and regular staff training.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires Directors to consider the interests of stakeholders and other matters in the decision making.

The directors continue conduct all decision making with the key interests of the children in our care, our employees and other stakeholders. Additionally, regards to the interest on the impact of its activities on the community, environment and the companies reputation for good business conduct are considered as priority.

The need to foster the company's relationships with suppliers;

It is the Groups policy to ensure we are engaging with trustworthy and reputable suppliers. Any supplier or 3rd party requiring access to our nursery premises are also security checked for the ongoing safety of the children. All terms are agreed with suppliers including services required and terms of settlement which are appropriate to the sector in which they operate. All jobs are closely monitored, approved and settled as agreed upon completion of their obligations.

At The Old Station Nursery, we continue to work closely with our suppliers to ensure ongoing collaboration, partnership and success.

The interests of the companies employees;

At the Old Station Nursery, we are committed to providing an inclusive environment to all employees. We support diversity, disabilities, equal opportunities and support our staff to succeed with support and training. This is achieved through our centralised Head Office team with specialists in Quality Management, Operation and Training. We also support apprenticeship schemes with support and training. Our area managers are focused on supporting our staff with further guidance, support and training provided by our qualified Nursery Managers. This structure we believe continues to support both our recruitment needs, retention and staff wellbeing.

The impact of the company's operations on the community and the environment;

As a nursery service provider, we aim to make a positive impact on the community and the environment by implementing sustainable practices and engaging with the local community. For example:

THE OLD STATION NURSERY LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Reduce waste: Reduce waste by using reusable materials, recycling, and composting. Where possible we try to use reusable containers and to avoid single-use plastics.

Conserve energy: Conserve energy by turning off lights and electronics when not in use, and using energy-efficient appliances.

Promote environmental education: We promote environmental education by teaching children about sustainability and conservation. This can include activities such as gardening, composting, and recycling.

We continue to work hard with all suppliers to reduce waste packaging, reduce food waste and eliminate products that are harmful to our environment. Additionally, educate our children on the importance of behaviour and its impact on the environment.

Please refer to the energy and carbon emissions disclosure in the Directors' report.

The desirability of the company maintaining a reputation for high standards of business conduct

Success within the nursery sector is highly attributable to maintaining reputation for high standards of business conduct. This is also closely linked to published data by Ofsted which can have a direct impact on occupancy and business performance. It is also evident to us that our employees also want to work and be associated with businesses of high standards and reputation. It is believed that our continued success is directly linked to our ability to both maintain and further improve our standards and reputation as we journey through our growth strategy.

The need to act fairly as between members of the company

As a nursery services provider, it is our duty to act fairly between members of the company. This is one of the statutory duties of a director under Section 172 (1) of the Companies Act 2006. To comply with this duty, as a Group, we ensure that all members of the company are treated equally and that no one is discriminated against based on their race, gender, age, or any other characteristic protected by law. This can also be found within our employee handbooks provided to all employees at point of recruitment. As directors of the business, we act in the best interests of the company as a whole and consider the impact of decisions on stakeholders such as employees, customers, suppliers, and the environment.

FINANCIAL RISK MANAGEMENT

The Group and the Parent Company have a normal level of exposure to price, credit, liquidity and cashflow risks arising from trading activities which are only conducted in sterling. The Group and the Parent Company does not enter into any hedging transactions.

BY ORDER OF THE BOARD

Sarah Steel

.....
Sarah Steel (Dec 21, 2023, 1:03pm)

S J Steel
Director

Date approved by the board: 21 Dec 2023

THE OLD STATION NURSERY LIMITED

GROUP DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report with the financial statements of the Group and the Parent Company for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the Parent Company and all of its subsidiaries in the year under review was providing education and daycare services for children.

The principal activity of the Company's subsidiary companies are as follows:

- My First Friends Holdings Limited - providing education and daycare services for children;
- HDC Holdings Limited - providing education and daycare services for children;
- Bambino Limited - providing education and daycare services for children;
- Old Station Nannies Limited - providing education and daycare services for children;
- Premier Nurseries Limited - providing education and daycare services for children;
- Sandhills Limited - providing education and daycare services for children;
- Sixpenny Limited - providing education and daycare services for children;
- Small Friends Limited - providing education and daycare services for children;
- Sunhill Daycare (Europe) Limited - providing education and daycare services for children;
- Townsend Montessori Nurseries Ltd - providing education and daycare services for children;
- Polkadot Day Nurseries Limited - providing education and daycare services for children;
- Dr Arora Enterprises Limited - providing education and daycare services for children;
- Buds Limited - providing education and daycare services for children;
- Good Manors Day Nurseries Limited - providing education and daycare services for children;
- LODN Limited - providing education and daycare services for children;
- My First Friends Bromsgrove Limited - providing education and daycare services for children;
- My First Friends Droitwich Limited - providing education and daycare services for children;
- My First Friends Limited - providing education and daycare services for children;
- Wylde Green Nursery Limited - providing education and daycare services for children;
- Humpty Dumpty Childcare Limited - providing education and daycare services for children;
- Emric Limited - dormant;
- Kids Out Of Hours Limited - dormant;
- Little Hands Nursery Limited - dormant;
- Little Mice 2 Day Nursery (UK) Ltd - dormant;
- Little Mice Day Nursery Limited - dormant;
- St Nicholas Nursery Limited - dormant;
- Sunhill Early Learning Ltd - dormant;

DIRECTORS

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

S J Steel
S Forestier

There are no family interests to report.

THE OLD STATION NURSERY LIMITED

GROUP DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable laws 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 applicable law and UK GAAP including FRS102.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies for the Group's financial statements and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departure disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The loss for the year, after taxation amounted to £13.6M compared to £3.2M in 2021. The directors do not recommend the payment of a dividend for the year under review.

EMPLOYMENT POLICIES

Applicants with disabilities are given full and fair consideration during recruitment processes. The Group is committed to supporting employees with disabilities with regards to training, career development and promotion. The Company seeks to ensure that every employee, without exception, is treated equally and fairly and that all employees are aware of their responsibilities.

The Groups policies are procedures fully support disables colleagues and active measures are taken via a robust reasonable adjustment process to review the needs of the employee and to initiate processes to ensure colleagues are fully supported.

The Group is responsive to the needs of its employees. As such, should any employee of the Group become disabled whilst employed, there is a commitment to actively retain that employee, if required, and make reasonable adjustments to their working environment where possible, in order to keep the employee with the Group. IT is the policy of the Group that the opportunities within recruitment, training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

THE OLD STATION NURSERY LIMITED

GROUP DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

EMPLOYEE ENGAGEMENT

The Company remains committed to employee involvement throughout the Group. Employees are kept well informed of the performance and strategy of the Group and other matters of concern through a variety of means including personal briefings, regular meetings and emails by the executive team and senior management.

The Company engages with its employees on a regular basis and in a number of ways to suit their different working patterns. This includes: line manager briefings; communication forums across the Group; regular visits from senior managers to the nurseries and email news alerts, including nursery newsletters and staff updates. Details of the financial and economic factors affecting the performance of the Company are shared with all.

The Company provides opportunities for employees to give their feedback in a number of ways, including team meetings in nurseries. The Company is keen to encourage greater employee involvement in the Group's performance through bonuses based on financial and operational KPIs.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- So far as the Directors is aware, there is no relevant audit information of which the Company and the Groups' auditors are unaware, and
- The Director has taken all steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

ENERGY AND CARBON REPORTING

	Unit	2022	2021
Transport	tCO2e	57.26	23.16
Gas	tCO2e	531.72	336.62
Electricity	tCO2e	331.76	235.09
Total emissions	tCO2e	920.74	594.87
Total energy consumption	kg CO2e	920,740	594,869

The Group increase year on year of total CO2 emissions is as a result of acquisitions in the year of 2022 and in the later half of 2021.

This is the first year of Energy reporting for the Old Station Nursery Group. Unfortunately, due to the number of acquisitions between 2021 and 2022, records of Energy usage have not been maintained in line with requirements for SECR reporting. The usage figures presented above have been calculated using the following methodology:

- Transport – Total mileage expenses paid based on the assumption these were paid at £0.45p per mile.
- Gas & Electricity – Based on averages taken from available information.

THE OLD STATION NURSERY LIMITED

GROUP DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

ENERGY AND CARBON REPORTING CONTINUED.../

The emissions associated with employee business travel using their own personal vehicles throughout the year of 2022 was based on spend (reimbursement) data. The estimate the emissions from spend to kWh, the following calculation approach was used:

- 45p/mile rate used to estimate total mileage – Based on UK Government guidance on business travel mileage allowance for employees' own vehicles;
2. DEFRA's emission factors were then used to convert mileage to fuel consumption in kWh.

As part of the company's corporate social responsibility towards reducing Carbon Footprint, we focus on the following areas:

- Energy use – Implementation of energy efficient measures to reduce carbon whilst improving operational efficiency.
- Travel and transport – reducing business travel to essential only as a focus on reducing greenhouse gas emissions.
- Other – Reducing plastic packaging and food wastage.

Based on the total CO2 emissions in 2022, it is estimated that each nursery generated an average of 12.97 tCO2e.

FINANCIAL RISK MANAGEMENT

The main risk arising from the companies financial instruments is capital risk management.

The Group focuses its objectives to safeguarding the Groups ability to continue as a going concern. This helps ensure adequate returns for shareholders whilst adding value and benefits for the business and all stakeholders. The Group manages its capital usage and liquidity through closely monitoring and reviewing cashflows.

The Group has no externally imposed capital requirements and no external debt.

As a Group we are working on reducing exposure to risk with the introduction of Direct Debit collections from parents. We consider this to be an accepted industry norm and expect this to support our value objective.

Further commentary on principal risks and uncertainties faced by the Group is provided in the Strategic Report.

GOING CONCERN

The directors have reviewed the financial performance, liquidity and forecasts of the business and agree there are 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.

EVENTS AFTER THE BALANCE SHEET DATE

In March 2023, the Group acquired 100% share capital of LGR Nurseries Group Limited. There have been no other significant events affecting the Group since the year end.

THE OLD STATION NURSERY LIMITED

**GROUP DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

AUDITORS

The auditor, The MGroup Partnership, have expressed their willingness to continue in office, and in accordance with section 485 of the Companies Act 2006 a resolution proposing their reappointment will be submitted at a General Meeting of the Company.

BY ORDER OF THE BOARD

Sarah Steel

Sarah Steel (Dec 21, 2023, 1:03pm)

S J Steel

Director

21 Dec 2023

Date approved by the board:

THE OLD STATION NURSERY LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

TO THE MEMBERS OF THE OLD STATION NURSERY LIMITED

OPINION

We have audited the financial statements of The Old Station Nursery Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company statements of Changes in Equity, the Consolidated Statement of Cash Flows, and the related notes including a summary of the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice - Financial Reporting Standard 102; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

THE OLD STATION NURSERY LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS 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 year for which the financial statements are prepared are consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic and directors' reports.

We have nothing to report in respect of the following matters in relation to which 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

THE OLD STATION NURSERY LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

RESPONSIBILITIES OF THE DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with directors and other management, and from our commercial knowledge and research into the relevant supply sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

continued

THE OLD STATION NURSERY LIMITED

**INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS - continued

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

continued

THE OLD STATION NURSERY LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any 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 opinion we have formed.



P D Smith (Senior Statutory Auditor)

For and on behalf of

THE MGROUP PARTNERSHIP

STATUTORY AUDITOR

Cranbrook House

287-291 Banbury Road

Oxford

OX2 7JQ

Date: 21 December 2023

THE OLD STATION NURSERY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
TURNOVER	4	40,625,342	20,153,171
Cost of sales		29,057,842	13,972,807
GROSS PROFIT		11,567,500	6,180,364
Administrative expenses		20,808,995	8,043,813
		(9,241,495)	(1,863,449)
Other operating income		144,503	214,974
OPERATING LOSS	6	(9,096,992)	(1,648,475)
Other interest receivable and similar income		2,435	35
		(9,094,557)	(1,648,440)
Interest payable and similar charges	11	4,214,527	1,604,546
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(13,309,084)	(3,252,986)
Taxation on ordinary activities	12	302,335	(5,374)
LOSS FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME	23	(13,611,419)	(3,247,612)

As permitted by section 408 of the Companies Act 2006, a separate profit and loss account for the company has not been included in these financial statements. Of the group profit attributable to ordinary shareholders, a loss after taxation of £11,084,086 (2021 - (£2,797,165)) has been dealt with in the profit and loss account of the company.

There were four acquisitions in the previous year and no discontinued operations in either of the current or previous years.

The only recognised gains or losses for both periods are the losses reported above.

THE OLD STATION NURSERY LIMITED

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
FIXED ASSETS					
Intangible assets	13	51,325,642	37,995,600	2,739,229	3,116,088
Tangible assets	14	9,941,895	4,485,994	1,522,587	831,966
Investments	15	-	-	75,377,823	47,353,922
		<u>61,267,537</u>	<u>42,481,594</u>	<u>79,639,639</u>	<u>51,301,976</u>
CURRENT ASSETS					
Debtors	16	2,238,584	1,545,527	1,267,641	1,279,404
Cash at bank and in hand		1,149,657	3,059,297	235,399	199,075
		<u>3,388,241</u>	<u>4,604,824</u>	<u>1,503,040</u>	<u>1,478,479</u>
CREDITORS: Amounts falling due within one year	17	7,376,496	5,455,385	22,219,545	10,818,961
NET CURRENT LIABILITIES		<u>(3,988,255)</u>	<u>(850,561)</u>	<u>(20,716,505)</u>	<u>(9,340,482)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		57,279,282	41,631,033	58,923,134	41,961,494
CREDITORS: Amounts falling due after more than one year	18	73,833,935	45,639,524	73,833,935	45,639,524
Provisions for liabilities and charges	19	4,000,776	2,935,519	561,062	534,747
NET LIABILITIES		<u>(20,555,429)</u>	<u>(6,944,010)</u>	<u>(15,471,863)</u>	<u>(4,212,777)</u>
CAPITAL AND RESERVES					
Called up share capital	21	6	6	6	6
Share premium account	22	32,984	32,984	32,984	32,984
Profit and loss account	23	(20,588,419)	(6,977,000)	(15,504,853)	(4,245,767)
		<u>(20,555,429)</u>	<u>(6,944,010)</u>	<u>(15,471,863)</u>	<u>(4,212,777)</u>

These financial statements were approved by the board of directors on 21 Dec 2023 and signed on its behalf by the following:

Sarah Steel

Sarah Steel (Dec 21, 2023, 1:03pm)

Director

THE OLD STATION NURSERY LIMITED

**CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

GROUP

	Share premium account	Called up share capital £	Profit and loss account £	Total £
At 1 January 2021	32,984	6	(3,729,388)	(3,696,398)
Loss for the year	-	-	(3,247,612)	(3,247,612)
Total Comprehensive Income for the year	-	-	(3,247,612)	(3,247,612)
At 31 December 2021	32,984	6	(6,977,000)	(6,944,010)
Loss for the year	-	-	(13,611,419)	(13,611,419)
Total Comprehensive Income for the year	-	-	(13,611,419)	(13,611,419)
At 31 December 2022	32,984	6	(20,588,419)	(20,555,429)

COMPANY

	Share premium account	Called up share capital £	Profit and loss account £	Total £
At 1 January 2021	32,984	6	(1,335,580)	(1,302,590)
Loss for the year	-	-	(2,910,187)	(2,910,187)
Total Comprehensive Income for the year	-	-	(2,910,187)	(2,910,187)
At 31 December 2021	32,984	6	(4,245,767)	(4,212,777)
Loss for the year	-	-	(11,259,086)	(11,259,086)
Total Comprehensive Income for the year	-	-	(11,259,086)	(11,259,086)
At 31 December 2022	32,984	6	(15,504,853)	(15,471,863)

THE OLD STATION NURSERY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

CASH FLOWS FROM OPERATING ACTIVITIES

	Notes	2022 £	2021 £
Operating profit		(9,096,992)	(1,648,475)
Adjustments for:			
Depreciation		1,972,738	666,799
Amortisation		6,433,158	3,420,920
Loss on sale of fixed assets		(804)	7,780
Exceptional accounting adjustments and loan write off		1,317,316	-
Loss on impairment		3,745,201	-
Debtors movement		(693,257)	(399,523)
Creditors movement		1,921,111	953,110
Provisions movement		1,009,104	-
Cash from operations		6,607,575	3,000,611
Income taxes paid		(811,760)	(439,322)
Net cash flow generated by operating activities		5,795,815	2,561,289
Cash flows from investing activities	26	(32,051,804)	(21,427,550)
Cash flows from financing activities	25	23,979,884	19,307,103
Net increase in cash and cash equivalents		(2,276,105)	440,842
Cash and cash equivalents at the beginning of the year		3,059,297	2,618,455
Cash acquired on acquisition of subsidiaries		366,465	-
Cash and cash equivalents at the end of the year		1,149,657	3,059,297
Cash and bank balances		1,149,657	3,059,297

THE OLD STATION NURSERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 GENERAL INFORMATION

The Old Station Nursery Limited is a private company limited by shares and incorporated in England and Wales and has its registered office at The Old Railway Station, The Old Station Nursery, 7 Park Road, Faringdon, Oxfordshire, SN7 7BP.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)", and with the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The financial statements are presented in Sterling, which is the functional currency of the Group and Company.

The following is a summary of the significant accounting policies adopted by the Group in the preparation of the consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of The Old Station Nursery Limited and its subsidiary undertakings detailed in note 15 to the financial statements. The Company uses the acquisition method of accounting to consolidate the results of its subsidiary undertakings.

Exemption from audit by parent guarantee

The Company's subsidiary undertakings detailed in note 15 to the financial statements have claimed exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The Old Station Nursery Limited has guaranteed under section 479C of the Companies Act all outstanding liabilities of its subsidiaries.

Parent company disclosure exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No Cash Flow statement has been presented for the parent company.
- Disclosures in respect of the Parent Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

THE OLD STATION NURSERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2 STATEMENT OF ACCOUNTING POLICIES - continued

Going concern

The accounts have been drawn up on the going concern basis. The Company is dependent on the continued support of the Parent Company, who have confirmed their financial support. The amount owed to the Parent Company at the 31 December 2022 was £73,833,935. As a result, the directors have considered the going concern of the Company and concluded that there is no material uncertainty. If the going concern basis was not appropriate, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for additional liabilities that might arise and to reclassify fixed assets as current assets.

Revenue recognition

Revenue represents children's day-care services as soon as there is a right to consideration and is determined by reference to the value of the work performed.

The company recognises revenue when the amount of revenue can be measured reliably and when it is probable that future economic benefits will flow to the entity.

Government grants

Grant income has been recognised under the accrual model, where income is recognised on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

Grant income of £2,493 (2021 - £148,792) was recognised during the year, received from the government's Job Retention Scheme. This was a scheme introduced due to the COVID-19 pandemic, where employers are able to claim grants of up to 80% of furloughed employees' wages costs which is shown in other operating income.

The group also received grant income of £9,583,561 (2021 - £4,915,409) which related to EYEE for children ages 2 to 4 years old which is shown within turnover for the company.

The group also received grant income of £73,717 (2021 - £29,825) which related to SEN for special education needs which is shown within turnover for the company.

THE OLD STATION NURSERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2 STATEMENT OF ACCOUNTING POLICIES - continued

Taxation

Taxation expense represents the aggregate amount of current tax and deferred tax recognised in the reporting period.

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods based on current tax rates and laws. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Current and deferred tax assets and liabilities are not discounted.

Intangible assets

Goodwill is amortised on a straight line basis over a period of ten years. Impairment of goodwill is only reviewed where circumstances indicate that the carrying value of the asset may not be fully recoverable.

Intellectual property in respect of the acquisition of a subsidiary undertaking was transferred to the company's parent undertaking during the year under review.

Tangible fixed assets

Fixed assets are stated at cost, less accumulated depreciation and less amounts recognised in respect of impairment.

Depreciation has been provided at the following rates so as to write off the cost less residual value of the assets over their estimated useful lives.

Short-term leasehold and freehold property	Straight line basis between 4% and 12.5% per annum or over the remaining lease term and on a reducing balance basis at 15% per annum.
Fixture and fittings	Straight line basis between 12.5% and 50% per annum and on a reducing balance basis between 15% and 25% per annum.
Office equipment	Straight line basis between 12.5% and 50% per annum and on a reducing balance basis between 15% and 25% per annum.

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in the profit and loss account, and included within cost of sales or administrative expenses.

THE OLD STATION NURSERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2 STATEMENT OF ACCOUNTING POLICIES - continued

Investments

Investments in subsidiaries are shown at cost less accumulated impairment losses.

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value, like goodwill and plant, property and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets (which is the higher of value in use and the fair value less cost to sell) is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in the profit and loss account.

Stocks are also assessed for impairment at each reporting date. The carrying amount of each item of stock, or group of similar items, is compared with its selling price less cost to complete and sell. If an item of stock or group of similar items, is impaired, its carrying amount is reduced to selling price less cost to complete and sell and an impairment loss is recognised immediately in the profit and loss account.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account.

Stock

Stock has been valued at the lower of cost and estimated selling price less cost to complete and sell, after making due allowance for obsolete and slow-moving items. Cost comprises of material cost only and is based on the cost of purchase on a first in, first out basis.

The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

Trade and other debtors

Short term debtors are measured at transaction price, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings or current liabilities.

Trade and other creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost.

THE OLD STATION NURSERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2 STATEMENT OF ACCOUNTING POLICIES - continued

Leases

Payments applicable to operating leases are charged against profit on a straight line basis over the lease term.

Financial instruments

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

Financial assets are measured at cost and are assessed at the end of each reporting period for objective evidence of impairment. Where objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

The impairment loss for financial assets measured at cost is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the group 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 balance sheet when there is an enforceable right to set off the recognised amount and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Pensions

The group operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the amount payable in the year. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments in the balance sheet.

Foreign currencies

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange prevailing at that date. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit or loss.

Exceptional costs

Exceptional items are transactions that fall within the ordinary activities of the Group but are excluded from the Group's adjusted EBITDA due to their size and/or one-off nature.

THE OLD STATION NURSERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2 STATEMENT OF ACCOUNTING POLICIES - continued

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Business combinations

Business combinations are accounted for using the purchase method.

The cost of a business combination is measured as the aggregate of the fair values, at the acquisition date, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

Where control is achieved in stages, the cost of the business combination is the aggregate of the fair values of the assets given, liabilities incurred or assumed, and equity instruments issued at the date of each transaction in the series.

Where the business combination requires an adjustment to the cost contingent on future events, the estimated amount of that adjustment is included in the cost of the combination at the acquisition date providing it is probable and can be measured reliably. Where it is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration is treated as an adjustment to the cost of the combination. If such expected future events do not occur, or the estimate needs to be revised, the cost of the business combination is adjusted accordingly. The unwinding of any discounting is recognised as a finance cost in profit or loss in the period it arises.

3 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 2, management are required to make judgements, estimates and assumptions about the company's recoverability of its debts and its provision for bad debts. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Management have made a judgement on the amortisation of goodwill which has been based on historical experience and the future expectations of the acquired investment.

Investments are considered to be a key estimate and judgement of the carrying value of investments held at a company level at the higher of value in use or fair values less cost to sell. When determining this the overriding concept is that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction.

As part of the Group's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The dilapidation obligation is estimated at the start of the lease taking into account the centre capacity and the life of the lease, and then discounted to present value. The cost is charged to profit and loss as the obligation arises. The provision is expected to be utilised as the leases terminate.

THE OLD STATION NURSERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4 TURNOVER

The whole of the group's turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom. Included within turnover are amounts totalling £9.58M relating to early years childcare funding (2021 - £4.92M)

5 OTHER OPERATING INCOME

	2022	2021
	£	£
Government grants receivable	93,145	207,950
Insurance claims and sundry income	961	7,024
Other income	50,397	-
	144,503	214,974

6 OPERATING LOSS

	2022	2021
	£	£
The operating loss is stated after charging:		
Directors' remuneration (Note 7)	185,081	212,333
Group company contributions to employee pension schemes	470,288	203,090
Depreciation	1,972,738	666,799
Amortisation	6,433,158	3,420,920
(Profit)/Loss on sale of tangible fixed assets	(804)	7,780
Operating lease rentals - land and buildings	2,828,401	1,568,522

7 DIRECTORS' REMUNERATION

Only one of the director's received remuneration from the Group in 2022 and 2021 and this was as follows:

	2022	2021
	£	£
Emoluments	157,667	186,333
Group company contributions to employee pension schemes	18,247	16,000
Benefits in kind	9,167	10,000
	185,081	212,333

8 AUDITOR'S REMUNERATION

	2022	2021
	£	£
Statutory audit of subsidiary undertakings	73,389	25,200
Taxation advisory services	15,500	16,560
Statutory accounts for the group	25,950	-
	114,839	41,760

THE OLD STATION NURSERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9 STAFF COSTS

Average number of persons employed by the group, including directors, during the year:

	Group 2022 Number	Group 2021 Number	Company 2022 Number	Company 2021 Number
Nursery staff	1,343	850	253	305
Administrative staff	89	61	64	37

Staff costs incurred during the year in respect of these employees were:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	22,948,965	12,969,685	6,969,564	12,969,685
Social security costs	1,631,988	348,937	572,233	348,937
Other benefits	-	-	-	-
Other pension costs	470,288	105,069	178,105	105,069
	25,051,241	13,423,691	7,719,902	13,423,691

10 INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £	2021 £
Bank interest	1,964	35
Other interest	471	-
	2,435	35

11 INTEREST PAYABLE AND SIMILAR CHARGES

	2022 £	2021 £
Group interest payable to intercompany	4,214,527	1,604,546
	4,214,527	1,604,546

THE OLD STATION NURSERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12 TAXATION ON ORDINARY ACTIVITIES

	2022 £	2021 £
UK Corporation tax charge	327,863	2,614
Deferred taxation (Note 19)	(25,528)	(7,988)
	<u>302,335</u>	<u>(5,374)</u>
Reconciliation of current tax charge	2022 £	2021 £
Profit on ordinary activities before taxation	(13,309,084)	(3,252,986)
Profit on ordinary activities by rate of tax	(2,528,726)	(618,067)
Expenses not deductible for tax purposes	1,341,145	84,014
Non-tax deductible amortisation of goodwill and impairment	2,053,226	648,921
Deferred taxation - effective rate of change	(17,540)	-
Other timing differences	486,083	-
Corporation tax adjustment regarding prior year	-	2,614
Utilisation of tax losses	(1,031,854)	(122,856)
Total current tax	<u>302,335</u>	<u>(5,374)</u>

The corporation and deferred tax charge for the year has been calculated at 19% and 25% respectively (2021 - 19%).

13 INTANGIBLE ASSETS

GROUP	Computer software £	Goodwill £	Total £
Cost			
At 1 January 2022	34,951	45,708,692	45,743,643
Additions	61,420	23,129,196	23,190,616
Disposals	-	(3,427,416)	(3,427,416)
At 31 December 2022	<u>96,371</u>	<u>65,410,472</u>	<u>65,506,843</u>
Accumulated amounts written off			
At 1 January 2022	12,761	7,735,282	7,748,043
Charge for year	11,534	6,421,624	6,433,158
At 31 December 2022	<u>24,295</u>	<u>14,156,906</u>	<u>14,181,201</u>
Net book value			
At 1 January 2022	<u>22,190</u>	<u>37,973,410</u>	<u>37,995,600</u>
At 31 December 2022	<u>72,076</u>	<u>51,253,566</u>	<u>51,325,642</u>

THE OLD STATION NURSERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13 INTANGIBLE ASSETS - continued

COMPANY	Computer software £	Goodwill £	Total £
Cost			
At 1 January 2022	32,909	3,519,856	3,552,765
Additions	61,420	-	61,420
At 31 December 2022	94,329	3,519,856	3,614,185
Accumulated amounts written off			
At 1 January 2022	10,719	425,958	436,677
Charge for year	11,534	426,745	438,279
At 31 December 2022	22,253	852,703	874,956
Net book value			
At 1 January 2022	22,190	3,093,898	3,116,088
At 31 December 2022	72,076	2,667,153	2,739,229

THE OLD STATION NURSERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14 TANGIBLE ASSETS

GROUP	Motor vehicles	Office equipment	Short-term leasehold and freehold property £	Fixtures and fittings £	Total £
Cost					
At 1 January 2022	8,404	565,522	6,298,138	2,171,122	9,043,186
Additions since subsidiaries acquired	56,277	73,234	2,871,251	875,741	3,876,503
Additions	-	462,983	3,401,428	712,725	4,577,136
Disposals	(6,350)	(57,835)	(2,449)	(20,821)	(87,455)
At 31 December 2022	58,331	1,043,904	12,568,368	3,738,767	17,409,370
Accumulated depreciation					
At 1 January 2022	7,176	482,783	2,392,811	1,674,422	4,557,192
Acquired through the acquisition of subsidiaries	36,632	42,940	372,823	646,730	1,099,125
Charge for year	10,724	91,461	1,334,099	419,695	1,855,979
Disposals	(6,081)	(38,662)	-	(78)	(44,821)
At 31 December 2022	48,451	578,522	4,099,733	2,740,769	7,467,475
Net book value					
At 1 January 2022	1,228	82,739	3,905,327	496,700	4,485,994
At 31 December 2022	9,880	465,382	8,468,635	997,998	9,941,895

THE OLD STATION NURSERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14 TANGIBLE ASSETS - continued

COMPANY	Office equipment £	Short-term leasehold and freehold property £	Fixtures and fittings £	Total £
Cost				
At 1 January 2022	90,840	923,298	270,962	1,285,100
Additions	375,051	300,150	390,900	1,066,101
Disposals	-	-	(102)	(102)
At 31 December 2022	465,891	1,223,448	661,760	2,351,099
Accumulated depreciation				
At 1 January 2022	82,470	216,788	153,876	453,134
Charge for year	21,766	271,421	82,269	375,456
Disposals	-	-	(78)	(78)
At 31 December 2022	104,236	488,209	236,067	828,512
Net book value				
At 1 January 2022	8,370	706,510	117,086	831,966
At 31 December 2022	361,655	735,239	425,693	1,522,587

15 FIXED ASSET INVESTMENTS

COMPANY	Investments in subsidiaries £
Cost	
At 1 January 2022	47,353,922
Additions	30,870,920
Impairment	(2,847,019)
At 31 December 2022	75,377,823

THE OLD STATION NURSERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

15 FIXED ASSET INVESTMENTS CONTINUED.../

The company owns 100% of the ordinary share capital of the following companies who registered office is The Old Railway Station, The Old Station Nursery, 7 Park Road, Faringdon, Oxfordshire, England, SN7 7BP:

Direct subsidiary undertakings

Company	Class of share	Principal activity
My First Friends Holdings Limited	Ordinary	Holding company
HDC Holdings Limited	Ordinary	Holding company
Bambino Limited	Ordinary	Nursery services
DR Arora Enterprises Limited	Ordinary	Nursery services
Old Station Nannies Limited	Ordinary	Nursery services
Polkadot Day Nurseries Limited	Ordinary	Nursery services
Premier Nurseries Limited	Ordinary	Nursery services
Sandhills Limited	Ordinary	Nursery services
Sixpenny Limited	Ordinary	Nursery services
Small Friends Limited	Ordinary	Nursery services
Sunhill Daycare (Europe) Limited	Ordinary	Nursery services
Townsend Montessori Nurseries Ltd	Ordinary	Nursery services
Buds Limited	Ordinary	Nursery services
Good Manors Day Nurseries Limited	Ordinary	Nursery services

Indirect subsidiary undertakings

Company	Class of share	Principal activity
Emric Limited	Ordinary	Dormant
Kids Out Of Hours Limited	Ordinary	Dormant
Little Hands Nursery Limited	Ordinary	Dormant
Little Mice 2 Day Nursery (UK) Ltd	Ordinary	Dormant
Little Mice Day Nursery Limited	Ordinary	Dormant
St Nicholas Nursery Limited	Ordinary	Dormant
Sunhill Early Learning Ltd	Ordinary	Dormant
LODN Limited	Ordinary	Nursery services
My First Friends Bromsgrove Limited	Ordinary	Nursery services
My First Friends Droitwich Limited	Ordinary	Nursery services
My First Friends Limited	Ordinary	Nursery services
Wylde Green Nursery Limited	Ordinary	Nursery services
Humpty Dumpty Childcare Limited	Ordinary	Nursery services

The above subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the act.

THE OLD STATION NURSERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16 DEBTORS

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	542,665	186,418	95,045	32,004
Amounts owed by group undertakings	-	-	589,518	522,525
Other debtors	739,791	621,319	287,237	384,875
Prepayments and accrued income	956,128	737,790	295,841	340,000
	<u>2,238,584</u>	<u>1,545,527</u>	<u>1,267,641</u>	<u>1,279,404</u>

17 CREDITORS: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	1,638,546	1,555,564	803,488	389,769
Taxation and social security	759,003	654,385	365,488	119,415
Amounts owed to group undertakings	-	-	18,969,118	7,791,945
Other creditors	825,650	1,231,659	500,412	891,847
Accruals and deferred income	4,153,297	2,013,777	1,581,039	1,625,985
	<u>7,376,496</u>	<u>5,455,385</u>	<u>22,219,545</u>	<u>10,818,961</u>

18 CREDITORS: amounts falling due after more than one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts owed to group undertakings	<u>73,833,935</u>	<u>45,639,524</u>	<u>73,833,935</u>	<u>45,639,524</u>

19 PROVISIONS FOR LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Deferred taxation	183,583	127,430	56,282	56,282
Other provisions	3,817,193	2,808,089	504,780	478,465
	<u>4,000,776</u>	<u>2,935,519</u>	<u>561,062</u>	<u>534,747</u>

	Group		Company	
Deferred Taxation	2022	2021	2022	2021
	£	£	£	£
Accelerated capital allowances	<u>183,583</u>	<u>127,430</u>	<u>56,282</u>	<u>56,282</u>

All deferred taxation has been fully provided.

THE OLD STATION NURSERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

19 PROVISIONS FOR LIABILITIES CONTINUED.../

Movements on deferred taxation provision

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Balance brought forward	127,430	74,900	56,282	50,614
Acquired through the acquisition of subsidiaries	81,681	20,801	-	-
Transfer during the year (Note 12)	(25,528)	31,729	-	5,668
Balance carried forward	<u>183,583</u>	<u>127,430</u>	<u>56,282</u>	<u>56,282</u>

20 CONTINGENCIES AND COMMITMENTS

Other Commitments

Amounts falling due next year under operating leases:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
In less than one year	2,283,328	1,731,648	428,809	309,226
In more than one but less than five years	8,440,959	5,946,077	1,695,328	1,026,912
In more than five years	10,603,513	8,215,009	2,241,028	1,906,699
	<u>21,327,800</u>	<u>15,892,734</u>	<u>4,365,165</u>	<u>3,242,837</u>

21 SHARE CAPITAL

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>

The holders of the Ordinary shares are entitled to one vote per share at meetings of the company, receipt of dividends as declared from time to time and rank equally with regard to the company's residual assets on a winding up or other return of capital.

THE OLD STATION NURSERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

22 SHARE PREMIUM ACCOUNT

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Balance brought forward	32,984	32,984	32,984	32,984
Balance carried forward	32,984	32,984	32,984	32,984

The share premium account includes the premium on issue of equity shares, net of any issue costs.

23 PROFIT AND LOSS ACCOUNT

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Balance brought forward	(6,977,000)	(3,729,388)	(4,245,767)	(1,335,580)
Profit for the financial year	(13,611,419)	(3,247,612)	(11,259,086)	(2,910,187)
Balance carried forward	(20,588,419)	(6,977,000)	(15,504,853)	(4,245,767)

24 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption not to disclose transactions with other members of the Group headed by The Old Station Nursery Limited on the grounds that 100% of the voting rights are controlled within the Group and consolidated accounts are publicly available from the registered office at The Old Railway Station, 7 Park Road, Faringdon, Oxfordshire, SN7 7BP.

The company paid rent of £60,000 (2021 - £60,000) to Mr K Steel for the use of premises. Mr K Steel is a spouse of the director.

25 CASH FLOWS FROM FINANCING ACTIVITIES

	2022	2021
	£	£
Interest paid	(4,214,527)	(1,604,546)
New loan / repayment of loan from parent company	28,194,411	20,911,649
Net cash outflow	23,979,884	19,307,103

THE OLD STATION NURSERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

26 CASH FLOWS FROM INVESTING ACTIVITIES

	2022 £	2021 £
Purchase of tangible fixed assets	(4,577,136)	(846,727)
Sale of tangible fixed assets	-	622
Purchase of intangible fixed assets	(61,420)	(25,650)
Purchase of subsidiaries	(27,415,683)	(20,555,830)
Interest received	2,435	35
Net cash used in investing activities	<u>(32,051,804)</u>	<u>(21,427,550)</u>

27 BUSINESS COMBINATIONS

Acquisition of Good Manors Day Nurseries Limited

On 8 March 2022, The Old Station Nursery Limited acquired Good Manors Day Nurseries Limited for a consideration of £7,242,394. Good Manors Day Nurseries Limited operates various nurseries in South East of England. The company has been accounted for using the purchase method of accounting. The goodwill arising on acquisition is considered to have a useful life of 8 years.

Net assets acquired	Book value £	Adjustments £	Fair value £
Property, plant and equipment	1,639,316	-	1,639,316
Trade and other receivables	(24,127)	-	(24,127)
Cash and cash equivalents	875,358	-	875,358
Trade and other payables	(136,254)	-	(136,254)
Tax liabilities	(109,110)	-	(109,110)
Total identifiable net assets	<u>2,245,183</u>	<u>-</u>	<u>2,245,183</u>
Goodwill			<u>4,997,211</u>
Total consideration			<u>7,242,394</u>

The consideration was satisfied by:

	£
Cash	6,899,075
Acquisition costs	343,319
	<u>7,242,394</u>

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£
Turnover	2,054,570
Profit after tax	205,206
	<u>2,259,776</u>

THE OLD STATION NURSERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

27 BUSINESS COMBINATIONS CONTINUED.../

Acquisition of Buds Limited

On 10 August 2022, The Old Station Nursery Limited acquired Buds Limited for a consideration of £10,358,091. Buds Limited operates in the UK across various nurseries in the Midlands. The company has been accounted for using the purchase method of accounting. The goodwill arising on acquisition is considered to have a useful life of 8 years.

Net assets acquired	Book value £	Adjustments £	Fair value £
Property, plant and equipment	1,309,849	-	1,309,849
Trade and other receivables	467,408	(1,301,444)	(834,036)
Cash and cash equivalents	213,328	-	213,328
Trade and other payables	(128,988)	-	(128,988)
Tax liabilities	(285,370)	-	(285,370)
Total identifiable net assets	<u>1,576,227</u>	<u>(1,301,444)</u>	274,783

Goodwill		10,083,308
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Total consideration		<u>10,358,091</u>
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The consideration was satisfied by:

	£
Cash	9,934,320
Acquisition costs	423,771
	<u>10,358,091</u>

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£
Turnover	1,033,957
Profit after tax	154,389
	<u>1,188,346</u>

THE OLD STATION NURSERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

27 BUSINESS COMBINATIONS CONTINUED.../

Acquisition of Townsend Montessori Nurseries Ltd

On 2 March 2022, The Old Station Nursery Limited acquired Townsend Montessori Nurseries Limited for a consideration of £9,920,301. Townsend Montessori Nurseries Limited operates in the UK across various nurseries in the South East of England. The company has been accounted for using the purchase method of accounting. The goodwill arising on acquisition is considered to have a useful life of 8 years.

Net assets acquired	Book value	Adjustments	Fair value
	£	£	£
Property, plant and equipment	52,091	-	52,091
Trade and other receivables	3,972,588	-	3,972,588
Cash and cash equivalents	274,062	-	274,062
Trade and other payables	(361,249)	-	(361,249)
Tax liabilities	(242,392)	-	(242,392)
Total identifiable net assets	<u>3,695,100</u>	<u>-</u>	<u>3,695,100</u>
Goodwill			<u>6,225,201</u>
Total consideration			<u>9,920,301</u>
The consideration was satisfied by:			
			£
Cash			6,179,131
Acquisition costs			<u>3,741,170</u>
			<u>9,920,301</u>
Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:			
			£
Turnover			4,130,256
Profit after tax			<u>366,111</u>
			<u>4,496,367</u>

THE OLD STATION NURSERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

27 BUSINESS COMBINATIONS CONTINUED.../

Acquisition of HDC Holdings Limited

On 29 July 2022, The Old Station Nursery Limited acquired HDC Holdings Limited for a consideration of £2,691,147. HDC Holdings Limited operates in the UK across various nurseries in the South West of England. The company has been accounted for using the purchase method of accounting. The goodwill arising on acquisition is considered to have a useful life of 8 years.

Net assets acquired	Book value £	Adjustments £	Fair value £
Property, plant and equipment	254,897	-	254,897
Trade and other receivables	363,224	-	363,224
Cash and cash equivalents	313,924	-	313,924
Trade and other payables	(463,746)	-	(463,746)
Tax liabilities	(160,065)	-	(160,065)
Total identifiable net assets	308,234	-	308,234
Goodwill			2,385,913
Total consideration			2,694,147
The consideration was satisfied by:			
			£
Cash			1,801,370
Acquisition costs			892,777
			2,694,147
Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:			
			£
Turnover			974,907
Profit after tax			27,872
			1,002,779

28 ULTIMATE CONTROLLING PARTY

The immediate parent and ultimate holding company is La Maison Bleue SAS, a company incorporated in France, whose registered office is 148-152, Route De La Reine, 92100 Boulogne, Billancourt, France. La Maison Bleue SAS has a 100% interest in The Old Station Nursery Limited.

29 POST BALANCE SHEET EVENTS

On 13 March 2023 The Old Station Nursery Limited acquired 100% interest in LGR Nurseries Group Limited and its subsidiaries.