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Kids Planet Day Nurseries Limited

Report and Financial Statements

Year Ended

31 March 2020

Company Number 06596787

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Kids Planet Day Nurseries Limited

Report and financial statements for the year ended 31 March 2020

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Directors

J. Hoban
C. Roberts
L. Kaczmarska
R. Green (Resigned 3rd May 2019)
A. Thorley (Resigned 29th November 2019)
K. Ellis (Appointed 17th December 2019)
J. Crosswell (Appointed 29th June 2020)
M. McMenemy (Non-Executive)
P. Mehta

Secretary and registered office

B. Hoban

231 Higher Lane
Lymm
Cheshire
WA13 0RZ

Company number

06596787

Auditors

Beever and Struthers, St Georges House, 215-219 Chester Road, M15 4JE

Kids Planet Day Nurseries Limited

Report of the directors for the year ended 31 March 2020

The directors present their report and the audited financial statements of the Group and Company for the year ended 31 March 2020.

Results and dividends

The profit and loss account is set out on page 12 and shows the profit for the year. Profit before tax for the year to 31 March 2020 is £2,501k (£2,018k 31 March 2019). EBITDA for the year to 31 March 2019 is £7,156k (£4,803k 31 March 2019).

The directors have paid a dividend of £600k.

Directors

The directors of the company during the year were as follows:

J. Hoban
C. Roberts
L. Kaczmarzka
R. Green (Resigned 3rd May 2019)
A. Thorley (Resigned 29th November 2019)
K. Ellis (Appointed 17th December 2019)
J. Crosswell (Appointed 29th June 2020)
M. McMenemy
P. Mehta

Disclosure of Information in the Strategic Report

The Company has chosen to disclose information regarding the future development opportunities for the Group and the Company and financial instruments risk management policies in the strategic report rather than the director's report.

Employment of disabled persons

Kids Planet Day Nurseries gives full consideration to applications for employment by disabled persons where the candidate's ability and skills are appropriate for the job. In the event of an employee becoming disabled whilst in the Company's employment, it ensures to arrange appropriate and suitable working conditions where possible.

Kids Planet Day Nurseries employs individuals with special requirements which are catered for.

Reporting on Employee Engagement

The experience of the long serving team members continues to be an asset of the company. Kids Planet Day Nurseries encourages and is committed to, the personal development of all employees and tries to ensure that it continues to provide opportunities for training and career progression within the business.

The directors regularly engage with employees, working with them on a daily basis. This engagement covers not only the operation of activities but also with regard to employee interests. There are regular staff meetings throughout the year.

The directors would like to take the opportunity to again thank all employees for their continued support and loyalty to the business, without which it would not be possible to achieve the results and growth planned for the business.

Kids Planet Day Nurseries Limited

Report of the directors (*continued*) for the year ended 31 March 2020

Directors' responsibilities

The directors are responsible for preparing the directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements.
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Auditors

In the case of each director in office at the date the Directors' report is approved:

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

The auditors, Beever and Struthers, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the annual general meeting.

By order of the Board



J. Hoban

Chairman

Date: 22nd September 2020

Kids Planet Day Nurseries Limited

Strategic Report for the year ended 31 March 2020

The directors present their Strategic Report together with the audited financial statements for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of Kids Planet Day Nurseries Ltd continues to be the provision of high-quality childcare.

Kids Planet Day Nurseries Ltd operated from 52 settings at 31 March 2020 located in the North West, and the Midlands, of England. Investment in each nursery is continually reviewed to ensure that the quality and supply of resources and equipment is as up to date as possible.

Our primary focus is on the children and everything we provide and do has been designed through the eyes of a child; each brightly coloured nursery is a place of wonderment, each room carefully fitted for the age group, where natural curiosity is encouraged and young horizons are allowed to expand.

Each and every child at Kids Planet is actively encouraged to explore, learn and enjoy the world that they create for themselves inside the safe surrounding of our nurseries. We offer the highest levels of security including fingerprint door entry access along with CCTV in each room which provides the safest surroundings possible.

As at 31 March 2020, Kids Planet has been ranked as the 3rd largest provider in the UK and 1st for quality as defined in the Nursery World league table.

In the financial year, Kids Planet purchased nineteen operational settings which is in line with our plans to open more nurseries providing outstanding childcare. The largest acquisition in the year was that of the Kids Allowed nursery group, which has eight operational settings, in January 2020. We welcome Kids Allowed to the Kids Planet group and look forward to continuing the excellent reputation that Kids Allowed has in the North West of England.

Although the directors consider that there is significant potential to continue this rate of growth from our base in the North of England, post year-end the principal priority of the Group is to manage the major challenges presented from the COVID-19 pandemic, which has had a major and immediate adverse impact on the Group's trading activity. The Group is focusing on addressing the operating challenges presented by the COVID-19 pandemic, and believes that, although the pandemic presents a financial strain on the business, the Group has sufficient liquidity and financial resources to manage its impact.

Financial information

Turnover for the year to 31 March 2020 is £33,333k (2019: £21,165k), with profits before tax of £2,501k (2019: £2,018k).

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks associated with the business are:

Reputational risk and Ofsted

Kids Planet has a reputation as a high-quality childcare provider. The reputation is protected with robust systems, audits and procedures which are closely monitored and regularly reviewed. Kids Planet is proud of its reputation and continues to train and develop all staff with this in mind.

Business Interruption

Kids Planet has contingency plans in place for most situations. The only situation that is impossible to plan for in advance is a building being not fit for purpose. It would be difficult to have locations close to each of our settings where such a large and detailed operation could be easily transferred. This is managed with weekly assessments of our premises and support from our in-house maintenance team. This mitigates the risk as much as is possible. For extreme circumstances insurance policies are in place to protect the financial viability of the business.

Kids Planet Day Nurseries Limited

Strategic Report (*continued*) for the year ended 31 March 2020

COVID-19 pandemic

Consistent with many businesses across many sectors, the business has experienced a severe adverse economic impact from the COVID-19 pandemic. The business has had to display strong operational leadership in light of Government guidance for the provision of childcare during the pandemic, and the ongoing management of the pandemic's impact remains a key focus

PERFORMANCE OF THE BUSINESS

The performance of the business is reviewed regularly. Monthly management accounts and KPIs are produced and compared month on month, in comparison to prior years and to budgets. Cash flow forecasting, covenant compliance and overhead spend analysis is also carried out on a monthly basis.

The directors consider that the Group's key performance indicators are those that communicate the underlying financial performance of the Group. These consist of turnover and earnings before interest, tax, depreciation and amortisation ('EBITDA'), and operating profit.

The main Key Performance Indicators used by the business are:

	31 March 2020	31 March 2019
Turnover	33,333	21,165
EBITDA	7,156	4,803
Operating Profit	4,565	3,084

The directors also monitor certain other non-financial KPIs such as occupancy, yield and parental feedback. Disclosure of such is deemed to be prejudicial to the group's interests. In addition OFSTED reports are a critical non-financial benchmark for the group's nursery settings and these are monitored regularly, with work done to maintain and improve standards wherever possible.

There has been a 57.5% increase in turnover from £21,165k to £33,333k during the financial year, representing the additional childcare places available across the Group's settings, following acquisitions in the year. This has broadly flowed to an increase in profitability, with EBITDA increasing by 49.0% to £7,156k and operating profit increasing by 48.0% to £4,565k in the year.

CHARITABLE AND POLITICAL DONATIONS

During the year charitable contributions of £7k (2019: £6k) were made by Kids Planet, this is additional to the charitable donations raised by each nursery and paid directly to the charity. There were no political contributions.

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. The Board welcomes the direction of the UK Financial Reporting Council (the 'FRC'). This S172 statement, which is reported for the first time, explains how Kids Planet Day Nurseries Directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and other, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The S172 statement focuses on matters of strategic importance to Kids Planet Day Nurseries, and the level of information disclosed is consistent with the size and the complexity of the business.

General confirmation of Directors' duties

When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S172(1) (A) "The likely consequences of any decision in the long term"

Our strategic plan is designed to have a long-term beneficial impact on the company and to contribute to its success in providing excellent childcare to families in the local areas we operate our nurseries. Our aim is to provide the very best nurturing Early Years education and care for every child. We will continue to operate our business to provide high quality childcare with a strong focus on the children's enjoyment and development while at nursery, which the directors believe will provide a momentum in building and maintaining high occupancy levels at our settings, and thereby establish a foundation for financial success at each setting.

S172(1) (B) "The interests of the company's employees"

Our employees are fundamental to the delivery of our strategic plan. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. All our staff are fully qualified and committed to the care and safety of every child. The workplace environment and wellbeing of our employees is a primary consideration, and we promote development opportunities for team members in line with the growth of the Group.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

In order to achieve strategic objectives, Kids Planet Day Nurseries requires strong mutually beneficial relationships with suppliers, customers and other parties. The Group has benefitted from long standing productive relationships with key suppliers over many years, and this has continued to be the case this financial year. Additionally, Kids Planet Day Nurseries engages regularly with families, as we strive to continually improve our childcare offering. These key relationships have especially been required and demonstrated this financial year and post year-end, as together we face the severe challenges presented by the COVID-19 pandemic.

S172(1) (D) "The impact of the company's operations on the community and the environment"

This is inherent in our strategic ambitions, as we look to be an important member of the community in the nurseries we operate, providing childcare to local families. Many of our employees have been with the Group for many years, understand the communities of the nurseries in which we operate, and play a key role in the nursery forming part of the local community.

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

A key factor in the strategic plan of the Group is the unwavering commitment to excellence in providing childcare, with the primary focus always being the development and enjoyment of the children while at nursery. This is at the forefront of the Group's offering and a key driver in the decision making process across the Group in setting strategic aims. All of our settings are registered with Ofsted, and 94% of our nurseries are at an awarded Outstanding rating.

S172(1) (F) "The need to act fairly as between members of the company"

Kids Planet Day Nurseries is a predominantly family owned business; after weighing up all relevant factors, the directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. The intention of the directors is to operate the business in a responsible manner, operating within the high standards of business conduct required in line with Ofsted regulatory requirements, and good governance expected for a business such as ours, and in doing so, will contribute to the delivery of our strategic plan.

Kids Planet Day Nurseries Limited

Strategic Report (continued) for the year ended 31 March 2020

Culture

The directors recognise that it has an important role in assessing and monitoring that our desired culture is embedded in the values, attitudes and behaviours we demonstrate, including in our activities and internal and external business relationships. We understand that our culture, values and standards underpin how a company creates and sustains value over the longer term and are key elements of how it maintains a reputation for high standards of business conduct. We also strive to maintain a diverse and inclusive culture.

Stakeholder engagement (including employee engagement)

The directors recognise the importance of communicating effectively with its stakeholders and understand their views, including employees. Employees are central to the long-term success of a company; as such, the directors communicate regularly with employees via various channels. This has continued post year-end, with regular virtual online meetings to communicate business updates.

Principal decisions

In the table below, we outline some of the principal decisions made by the Board over the year, explain how the Directors have engaged with, or in relation to, the different key stakeholder groups and how stakeholder interests were considered over the course of decision-making.

To remain concise, we have categorised our key stakeholders into six groups. Where appropriate, each group is considered to include both current and potential stakeholders.

- A. Customers
- B. Employees
- C. Regulators/Government
- D. Communities
- E. Suppliers/Strategic Partners
- F. Investor Community

Principal decisions

We define principal decisions taken by the Board as those decisions during the financial year ended 31 March 2020 that are of a strategic nature and that are significant to any of our key stakeholder groups. As outlined in the FRC Guidance on the Strategic Report, we include decisions related to capital allocation.

How were stakeholders considered

We describe how regard was given to likely long-term consequences of the decision including how stakeholders were considered during the decision-making process.

What was the outcome

We describe which accommodations/mitigations were made, if any, and how directors have considered different interests and the factors taken into account.

Principal decisions	How were stakeholders considered	Decision outcome
Acquisition of Kids Allowed	This is the largest acquisition of the Group to date, with the acquisition of eight operational settings, and a material next step in our growth strategy. The acquisition facilitates the provision of further excellent childcare to more families and communities in the North West of England, and the expansion of the Group provides further development opportunities to our Group employees.	The acquisition and subsequent integration of the businesses has been successful to date.
Other investments	In addition to Kids Allowed, there were further acquisitions during the financial year. As with all acquisitions, there is a consideration of the strategic fit of the acquisition, to pursue the Group's growth strategy and provide excellent childcare to more families across the Group.	The acquisitions during the financial year are all a key part of the expanded Kids Planet group, as we integrate the nurseries into the Group, and at the forefront is always the continued provision of high quality childcare to our families.
Refinancing	There was a refinancing during the financial year in January 2020; at this time, Clydesdale Bank joined our original Lender, Barclays Bank, as our bank facilities providers. As the Group continues to pursue its growth strategy, and the number of operational settings increase, it was considered appropriate to engage in a new financing facility. The refinancing further reinforces the financial strength of the business.	The refinancing permits the Group to pursue its strategic and growth objectives.
COVID-19 Government funding	Along with many businesses across sectors, the business has faced significant challenges presented by the COVID-19 pandemic; this manifested in reduced children attendance numbers since April 2020. The business accessed Government funding support via the Coronavirus Business Interruption Loan Scheme (CBILS).	A CBILS loan of £3 million was obtained in April 2020. This was pursued in order to provide additional liquidity at a highly uncertain time, to complement the existing financial robustness of the Group.
Use of furlough scheme	The Group has utilised the Coronavirus Job Retention Scheme (CJRS), in line with facing the challenges presented by the COVID-19 pandemic. This was considered to be in the interests of stakeholders, to provide further liquidity support during the challenges presented by the COVID-19 pandemic.	The use of the furlough scheme has provided financial support during this highly uncertain period.

Kids Planet Day Nurseries Limited

**Strategic Report (*continued*)
for the year ended 31 March 2020**

BY ORDER OF THE BOARD:

A handwritten signature in black ink, appearing to read 'John Hoban', written over a faint circular stamp.

**John Hoban
Chairman**

Date: 22nd September 2020

Kids Planet Day Nurseries Limited

Independent auditor's report to the members of Kids Planet Day Nurseries Limited

Opinion

We have audited the financial statements of Kids Planet Day Nurseries Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the consolidated profit and loss account, consolidated balance sheet, company balance sheet, consolidated cash flow statement, consolidated statement of changes in equity, company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK 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 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Kids Planet Day Nurseries Limited

Independent auditor's report to the members of Kids Planet Day Nurseries Limited (*continued*)

Opinions 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 is 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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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 by the parent company, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Kids Planet Day Nurseries Limited

Independent auditor's report to the members of Kids Planet Day Nurseries Limited (*continued*)

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 responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Caroline Monk BA BFP FCA (Senior Statutory Auditor)
For and on behalf of Beever and Struthers
Chartered Accountants & Statutory Auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

Kids Planet Day Nurseries Limited

Consolidated profit and loss account and statement of comprehensive income for the year ended 31 March 2020

	Note	Total 2020 £'000's	Total 2019 £'000's
Turnover	5	33,333	21,165
Cost of sales		(18,999)	(11,898)
Gross profit		14,334	9,267
Administrative expenses		(10,056)	(6,183)
Other operating income		287	-
Operating profit	6	4,565	3,084
Interest payable and similar charges	10	(2,064)	(1,066)
Profit before taxation		2,501	2,018
Tax on profit	11	(880)	(597)
Profit and total comprehensive income for the financial year		1,621	1,421

All the activities of the Group are from continuing activities. The Group has no other recognised items of income and expenses other than the results from the year as set out above.


The notes on pages 18 to 44 form part of these financial statements.

Kids Planet Day Nurseries Limited

Consolidated balance sheet at 31 March 2020

Company Number: 06596787	Note	2020 £'000's	2020 £'000's	2019 £'000's	2019 £'000's
Fixed assets					
Intangible assets	13		31,040		9,486
Tangible assets	14		30,544		25,586
			<hr/>		<hr/>
			61,584		35,072
Current assets					
Debtors	16	2,275		665	
Cash at bank and in hand		1,793		2,036	
		<hr/>		<hr/>	
		4,068		2,701	
Creditors: amounts falling due within one year	17	(6,249)		(3,159)	
		<hr/>		<hr/>	
Net current liabilities			(2,181)		(458)
Total assets less current liabilities			<hr/>		<hr/>
			59,403		34,614
Creditors: amounts falling due after more than one year	18		(55,840)		(31,998)
Provision for liabilities	19		(85)		(159)
			<hr/>		<hr/>
Net assets			3,478		2,457
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	23		-		-
Profit and loss account	24		3,478		2,457
			<hr/>		<hr/>
Shareholders' funds			3,478		2,457
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 22nd September 2020


J Hoban
Director

C Roberts
Director

The notes on pages 18 to 44 form part of these financial statements.


Kids Planet Day Nurseries Limited

Company balance sheet at 31 March 2020

Company Number: 06596787	Note	2020 £'000's	2020 £'000's	2019 £'000's	2019 £'000's
Fixed assets					
Intangible assets	13		6,629		9,591
Tangible assets	14		30,295		21,092
Investment in subsidiary	15		23,823		4,505
			60,747		35,194
Current assets					
Debtors	16	1,953		640	
Cash at bank and in hand		1,199		1,835	
		3,152		2,475	
Creditors: amounts falling due within one year	17	(4,695)		(3,090)	
Net current assets			(1,543)		(615)
Total assets less current liabilities			59,204		34,579
Creditors: amounts falling due after more than one year	18		(55,840)		(31,998)
Provision for liabilities	19		(182)		(176)
Net assets			3,182		2,406
Capital and reserves					
Called up share capital	23		-		-
Profit and loss account	24		3,182		2,406
Shareholders' funds			3,182		2,406

The profit for the financial year for the parent company was £1,363k (2019: £1,421k).

The financial statements were approved by the Board of Directors and authorised for issue on 22nd September 2020


J Hoban
Director

C Roberts
Director

The notes on pages 18 to 44 form part of these financial statements.

Kids Planet Day Nurseries Limited

Consolidated Cash flow statement for the year ended 31 March 2020

	Note	2020 £'000's	2019 £'000's
Cash flows from operating activities			
Profit for the financial year		1,621	1,421
Adjustments for:			
Amortisation of intangible assets		1,256	767
Depreciation of tangible assets		1,335	960
Grant Income		(112)	655
Interest payable		2,064	1,066
Tax on profit		880	597
Accrued expenses		1,094	-
Changes in:			
Trade and other debtors		(1,090)	340
Trade creditors and other creditors		(979)	(34)
Cash from operations		6,069	5,772
Corporation tax paid		(761)	(567)
Net cash generated from operating activities		5,308	5,205
Cash flows from investing activities			
Purchases of tangible assets		(3,784)	(3,700)
Acquisition of subsidiaries (net of cash acquired)	29	(24,022)	(11,710)
Acquisition of trade and assets of another business		-	(941)
Net cash used in investing activities		(27,806)	(16,351)
Cash flows from financing activities			
Increase in bank loans		13,538	10,110
Loan notes (less arrangement fees)		9,944	3,577
Increase in (repayment of) Director loans		1,000	(0)
Interest paid		(1,715)	(892)
Dividends paid		(512)	(300)
Net cash from financing activities		22,255	12,495
Net (decrease)/increase in cash and cash equivalents		(243)	1,349
Cash and cash equivalents at the beginning of year		2,036	687
Cash and cash equivalents at end of year		1,793	2,036

The notes on pages 18 to 44 form part of these financial statements.

Kids Planet Day Nurseries Limited

Consolidated Statement of Changes in Equity for the year ended 31 March 2020

	Note	Called-up share capital £'000's	Profit and loss account £'000's	Total £'000's
Balance as at 1 April 2018		-	1,336	1,336
Profit for the year		-	1,421	1,421
Total comprehensive income for the year		-	1,421	1,421
Dividends paid	12	-	(300)	(300)
Total transactions with owners, recognised directly in equity		-	(300)	(300)
Balance as at 31 March 2019 and 1 April 2019		-	2,457	2,457
Profit for the year		-	1,621	1,621
Total comprehensive income for the year		-	1,621	1,621
Dividends paid	12	-	(600)	(600)
Total transactions with owners, recognised directly in equity		-	(600)	(600)
Balance as at 31 March 2020		-	3,478	3,478

The notes on pages 18 to 44 form part of these financial statements.

Kids Planet Day Nurseries Limited

Company Statement of Changes in Equity for the year ended 31 March 2020

	Note	Called- up share capital £'000's	Profit and loss account £'000's	Total £'000's
Balance as at 1 April 2018		-	1,334	1,334
Profit for the year		-	1,372	1,372
Total comprehensive income for the year		-	1,372	1,372
Dividends paid	12	-	(300)	(300)
Total transactions with owners, recognised directly in equity		-	(300)	(300)
Balance as at 31 March 2019 and 1 April 2019		-	2,406	2,406
Profit for the year		-	1,376	1,376
Total comprehensive income for the year		-	1,376	1,376
Dividends paid	12	-	(600)	(600)
Total transactions with owners, recognised directly in equity		-	(600)	(600)
Balance as at 31 March 2020		-	3,182	3,182

The notes on pages 18 to 44 form part of these financial statements.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements for the year ended 31 March 2020

1 Company information

The entity is a private company limited by shares incorporated in England and Wales under the Companies Act. The principle activities of the company and its subsidiaries (the group) and nature of operations is that of a childcare provider. The registered office address is:

231 Higher lane
Lymm
Cheshire
WA13 0RZ

2 Statement of Compliance

These financial statements have been prepared in accordance with 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.

3 Accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by certain financial assets and liabilities measured at fair value through profit and loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The financial statements are presented in Sterling (£) which is the functional currency of the entity.

Going Concern

The company meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the delivery of the group's services; and (b) the availability of bank finance for the foreseeable future. After reviewing the group's forecasts and projections, taking account of reasonably possible changes in trading performance, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

Disclosure Exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- a) Disclosures in respect of each class of share capital have not been presented
- b) No cash flow statement has been presented for the company
- c) Disclosures in respect of financial instruments have not been presented
- d) No disclosure has been given for the aggregate remuneration of key management personnel

Consolidation

The financial statements consolidate the financial statements of Kids Planet Day Nurseries Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements (*continued*) for the year ended 31 March 2020

3 Accounting policies (*continued*)

Business Combinations

Business combinations are accounted for using the purchase method.

The cost of a business combination is measured as the aggregate of the final 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 the business combination requires an adjustment to the cost of contingent or 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.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of discounts and rebates allowed by the company and value added taxes.

The company recognises revenue when: (a) the amount of revenue can be measured reliably; (b) it is probable that future economic benefits will flow to the entity; and (c) when the specific criteria relating to the each of company's sales channels have been met, as described below.

Turnover represents the services provided to customers during the year and is recognised in the month the service is provided. Income is received from both customers' payment of fees, from the provision of Early Years funding from local councils, and from the Education and Skills Funding Agency (ESFA) in respect of funding for training course qualifications. Income for training services provided is recognised across the duration of the course and funding released by the ESFA based on milestones achieved by the learner undertaking the training course.

Government Grant Income

Government grant income represents the funded hours provided to all children the term following their third birthday until they begin school and qualifying 2-year olds. Government grant income is recognised as part of turnover and represents the services provided to customers during the year.

Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans. The costs of short-term employee benefits are recognised as a liability and an expense.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plans

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in other creditors in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Annual bonus plan

The company operates an annual bonus plan for certain employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements (*continued*) for the year ended 31 March 2020

3 Accounting policies (*continued*)

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired.

Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life which is 10 years. This lifecycle is based on the average length of relationships with individual families in our settings.

Goodwill amortisation is charged as part of the administration expenses in the Profit and Loss account

Tangible fixed assets and depreciation

Tangible fixed assets are initially recorded at cost, and subsequently stated at costs less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements *(continued)* for the year ended 31 March 2020

3 Accounting policies *(continued)*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets. Land is not depreciated. It is calculated at the following rates:

Freehold Property and Improvements	- 50 Years	Straight Line method
Leasehold Property and Improvements	- 50 Years	Straight Line method
Office Equipment	- 3 Years	Straight Line method
Fixtures and Fittings	- 3-5 Years	Straight Line method
Motor Vehicles	- 3 Years	Straight Line method

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Assets in the course of construction are stated at cost. These assets are not depreciated until it is available for use.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Impairment of fixed assets and goodwill

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit's) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Fixed Asset Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements *(continued)* for the year ended 31 March 2020

3 Accounting policies *(continued)*

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Provisions for Liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as result of a past event, it is probable that the company will be required to transfer economic benefit in settlement, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when: (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date; or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when; (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements *(continued)* for the year ended 31 March 2020

3 Accounting policies *(continued)*

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. These amounts are recognised in the statement of changes in equity.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

4 Significant judgements and estimates

In the application of the Group accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of revision and future periods where the revision affects both current and future period.

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

- Determine whether there are indications of impairment of the Group's tangible assets and intangible assets including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determine whether there are indicators of impairment of the Group's trade and other debtors. When assessing impairment of trade and other debtors, management considers factors such as the ageing profile and historical experience.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements *(continued)*
for the year ended 31 March 2020

4 Significant judgements and estimates *(continued)*

- Determine whether the bad debt provision is sufficient, management considers factors such as historical experience with debtors and the beneficial effect of instalment plans
- Determine whether there are indicators of impairment of the Group's fixed assets investments. Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.
- Determine whether the useful economic lives of tangible assets is reasonable. The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The remaining useful economic life of the fixed assets is considered a source of significant estimation uncertainty.
- Determine the fair value of the assets acquired under business combinations. Following acquisition, a review is undertaken to corroborate that the book value of assets reflects the fair value of those assets, and that the expected economic value deriving from assets acquired under business combinations is at least equivalent to book value.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements (*continued*)
for the year ended 31 March 2020

5 Turnover

	2020 £'000's	2019 £'000's
<i>Turnover arises from</i>		
Services	33,333	21,165

The whole of the turnover is attributable to the principle activity of the company wholly undertaken in the United Kingdom.

6 Operating profit

	2020 £'000's	2019 £'000's
This is arrived at after charging:		
Depreciation of tangible assets	1,335	960
Amortisation of intangible assets	1,256	767
Impairment of trade receivables	158	46
Operating lease charges	284	142

7 Auditor's remuneration

	2020 £'000's	2019 £'000's
Fee payable to the company's auditor for the audit of the parent company and the group's consolidated financial statements	15	10
Fees payable to the company's auditor for other services:	5	5
- Tax compliance services		
	20	15

8 Employees

Group	2020 £'000's	2019 £'000's
Staff costs (including directors) consist of:		
Wages and salaries	18,431	11,646
Social security costs	1,040	717
Other pension costs	273	107
	19,744	12,470

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements (*continued*)
for the year ended 31 March 2020

8 Employees (*continued*)

Company	2020 £'000's	2019 £'000's
Staff costs (including directors) consist of:		
Wages and salaries	15,690	11,646
Social security costs	1,040	717
Other pension costs	236	107
	<u>16,966</u>	<u>12,470</u>

Group

The average number of persons (including executive directors) employed by the group during the year was as follows:

	2020 Number	2019 Number
Nursery Staff	1,299	846
Administration Staff	35	19
Management Staff	63	40
	<u>1,397</u>	<u>905</u>

Company

The average number of persons (including executive directors) employed by the company during the year was as follows:

	2020 Number	2019 Number
Nursery Staff	1,216	846
Administration Staff	30	19
Management Staff	61	40
	<u>1,307</u>	<u>905</u>

9 Directors' remuneration

	2020 £'000's	2019 £'000's
Directors' emoluments	<u>547</u>	<u>545</u>

Three directors who have pension benefits accruing as part of the company's money purchase pension scheme (2019: two directors) the amount payable by the company in respect of employer contributions was £3k (2019: £2k)

Included in the above numbers, the total amount payable to the highest paid director in respect of emoluments was £192k (2019: £231k)

For the purposes of FRS 102 the Directors are considered to be the key management personnel.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements (*continued*)
for the year ended 31 March 2020

10 Interest payable and similar charges

	2020 £'000's	2019 £'000's
Bank loans	941	458
Loan note interest	1,123	608
	<u>2,064</u>	<u>1,066</u>

11 Taxation on profit on ordinary activities

	2020 £'000's	2019 £'000's
<i>Current tax:</i>		
UK corporation tax on profit for the year	880	597
	<u>880</u>	<u>597</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Total tax expense	<u>880</u>	<u>597</u>

The tax assessed on the profit on ordinary activities for the year is higher (2019: Higher) than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2020 £'000's	2019 £'000's
Profit before tax	2,501	2,018
Profit multiplied by the standard rate of tax in the UK of 19% (2019: 19%)	475	383
Effects of:		
Expenses not deductible for tax purposes	255	147
Depreciation in excess of capital allowances	150	67
	<u>405</u>	<u>217</u>
Tax charge for the year	<u>880</u>	<u>597</u>

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax rate from 19% to 17%. This was further announced in the Budget on 11 March 2020 and was substantively enacted on 17 March 2020. As a result, the deferred tax assets and liabilities have been measured at 19% rather than 17%.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements (*continued*)
for the year ended 31 March 2020

12 Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2020 £'000's	2019 £'000's
Dividends on Equity shares	600	300

The current year dividends were paid in January 2020, prior to any visibility of the impact presented by the COVID-19 pandemic.

13 Intangible assets

	Group £'000's	Company £'000's
<i>Cost</i>		
At 1 April 2019	12,082	9,621
Additions arising from business combinations	22,810	-
Transfer from investments on hive up	-	860
	<hr/>	<hr/>
At 31 March 2020	34,892	10,481
<i>Amortisation</i>		
At 1 April 2019	2,596	2,596
Charge for the year	1,256	1,256
	<hr/>	<hr/>
At 31 March 2019	3,852	3,852
<i>Net book value</i>		
At 31 March 2020	31,040	6,629
	<hr/>	<hr/>
At 1 April 2019	9,486	7,025
	<hr/>	<hr/>

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements (*continued*)
for the year ended 31 March 2020

14 Tangible fixed assets Group

	Freehold Property	Leasehold Property	Office Equipment	Fixture & Fittings	Motor Vehicle	Total
	£000's	£000's	£000's	£000's	£000's	£000's
<i>Cost</i>						
At 1 April 2019	20,854	5,320	473	3,988	83	30,718
Additions	2,041	355	5	1,363	20	3,784
Additions through business combinations	2,231			1,962	165	4,358
At 31 March 2020	25,126	5,675	478	7,313	268	38,860
<i>Depreciation</i>						
At 1 April 2019	1,124	690	230	3,019	69	5,132
Charge for the year	419	133	54	720	9	1,335
Additions through business combinations	22			1,718	109	1,849
At 31 March 2020	1,565	823	284	5,457	187	8,316
<i>Net book value</i>						
At 31 March 2020	23,561	4,852	194	1,856	81	30,544
At 31 March 2019	19,730	4,630	195	1007	14	25,586

Leasehold property includes both long and short leasehold properties. The net book value of the short leasehold properties is £50k (2019: £54k). The remaining £5,343k (2019: £4,644k) are all long leasehold properties.

Within the opening balance there are amendments to last year's final accounts to estimated values of acquisitions made at year end. These are (£56k) Leasehold Property, (£48k) Office Equipment, £38k Fixtures & Fittings and (£56k) Depreciation of Leasehold Property.

Included within the total value of £72k motor vehicles, £35k relates to finance lease.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements (*continued*)
for the year ended 31 March 2020

14 Tangible fixed assets Company

	Freehold Property	Leasehold Property	Office Equipment	Fixture & Fittings	Motor Vehicle	Total
	£ £000's	£ £000's	£ £000's	£ £000's	£ £000's	£ £000's
<i>Cost</i>						
At 1 April						
2019	16,432	5,246	426	3,875	82	26,059
Additions	4,250	341	5	1,531	31	6,158
Transfer on hive up	4,423	19	-	48	-	4,490
At 31 March 2020	25,105	5,606	431	5,454	113	36,707
<i>Depreciation</i>						
At 1 April						
2019	1,124	636	230	3,020	69	5,079
Charge for the year	419	133	54	720	9	1,335
At 31 March 2020	1,543	767	284	3,740	78	6,412
<i>Net book value</i>						
At 31 March 2020	23,562	4,839	147	1,714	35	30,295
At 31 March 2019	15,308	4,610	196	855	12	20,981

Leasehold property includes both long and short leasehold properties. The net book value of the short leasehold properties is £50k (2019: £54k). The remaining £5,343k (2019: £4,644k) are all long leasehold properties.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements (*continued*)
for the year ended 31 March 2020

15 Investments

The group has no investments.

Company

	Subsidiary Undertakings £'000
Balance brought forward	7,077
Additional in the year	25,369
Transfer to goodwill on hive up	(8,623)
	<hr/> 23,823 <hr/>

Details of the investments in which the parent company has an interest are as follows. All of which the parent company owns 100% of the issued ordinary share capital:

Liverpool Day Nurseries (Holdings) Ltd
 Liverpool Nurseries (House) Ltd
 Liverpool Nurseries (Cottage) Ltd
 Liverpool Nurseries (Greenbank) Ltd
 Yarrow House Limited
 Yarrow House Holdings Ltd
 Newlands Nursery School Ltd
 Frodsham Happy Bunnies Ltd
 Childsplay of Liverpool Limited
 Harrison Day Nursery Ltd
 Jellybabies Day Nursery Ltd
 Cheeky Monkeys Nursery Limited
 Little Lions Nursery Ltd
 Clever Crocs Day Nursery Ltd
 Tiny Tigers Childrens Day Nursery Ltd
 The Jungle Day Nursery Limited
 Noahs Ark Childrens Day Nursery Ltd
 Rainbow Day Nursery Middlewich Limited
 Rainbow Day Nursery Haslington Limited
 Nutkins Nursery Limited
 Hilltop Day Nurseries (Cheshire) Ltd
 The Wendy House (Wirral) Ltd
 Jeffrey's Corner Private Day Nursery Ltd
 KW KAR Holdings Limited
 Kids Allowed Limited
 Kids Allowed Academy Limited
 KW KAR Ltd
 JJKAF Ltd
 Excellence In Home Care And Care Support Limited

Dormant Subsidiaries

Liverpool Nurseries (Holdings) Ltd
 Liverpool Nurseries (Cottage) Ltd*
 Liverpool Nurseries (House) Ltd*
 Liverpool Nurseries (Greenbank) Ltd*

Kids Planet Day Nurseries Limited

**Notes forming part of the financial statements (*continued*)
for the year ended 31 March 2020**

15 Investments (Continued)

Yarrow House Holdings Ltd
Yarrow House Ltd**
Jeffrey's Corner Private Day Nursery Ltd
Hilltop Day Nurseries (Cheshire) Ltd
Excellence In Home Care And Care Support Limited

* held via Liverpool Nurseries (Holdings) Limited

** held via Yarrow House Holdings Limited

All the above subsidiaries are included in the consolidation. With the exception of the dormant subsidiaries which are audit exempt by virtue of s480 of the Companies Act 2006 the subsidiaries are audit exempt under s479a of the Companies Act 2006. The registered office address, and principal activities, unless otherwise stated, for all subsidiaries is the same as for the parent company as disclosed in note 1

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements *(continued)*
for the year ended 31 March 2020

16 Debtors

	Group		Company	
	2020 £'000's	2019 £'000's	2020 £'000's	2019 £'000's
Trade debtors	975	452	921	427
Amounts owed by group undertakings	-	-	-	26
Other debtors	237	56	592	56
Prepayments	1,063	157	440	131
	<u>2,275</u>	<u>665</u>	<u>1,953</u>	<u>640</u>

Trade debtors, for the group, are stated before provisions for impairment of £386,000 (2019: £228,000).
Trade debtors, for the company, are stated before provisions for impairment of £386,000 (2019: £228,000).
Within trade debtors, £178,000 are due after 1 year (2019: £68,000).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17 Creditors: amounts falling due within one year

	Group		Company	
	2020 £'000's	2019 £'000's	2020 £'000's	2019 £'000's
Bank loan	1,200	447	1,200	447
Trade creditors	846	352	683	351
Corporation tax	620	292	620	253
Other taxation and social security	356	157	276	146
Deferred consideration	30	30	30	30
Other creditors	22	356	22	332
Deferred income	983	751	766	746
Accruals	2,192	774	1,098	785
	<u>6,249</u>	<u>3,159</u>	<u>4,695</u>	<u>3,090</u>

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements *(continued)*
for the year ended 31 March 2020

18 Creditors: amounts falling due after more than one year

	Group		Company	
	2020 £'000's	2019 £'000's	2020 £'000's	2019 £'000's
Bank loan	36,698	23,913	36,698	23,913
Loan notes	17,977	7,945	17,977	7,945
Accruals	165	140	165	140
Directors loan	1,000	-	1,000	-
	55,840	31,998	55,840	31,998

The bank loans are secured by legal charges over the group companies. The loan is repayable by quarterly instalments. Interest accrues on a quarterly basis at LIBOR plus 3.0%. The loans are due for repayment in full in 2023.

The bank loans lenders are Barclays and Clydesdale banks, who are both mandated lead arrangers for the facilities, with both banks having equal terms in respect of the facilities.

The director's loan was introduced during the year and is repayable when the final loan notes are repaid.

Group and company

Maturity of debt:

The bank loans disclosure under creditors are due for repayment as follows:

	2020 £'000's	2019 £'000's
Amounts due within one years	1,200	447
Amounts falling due between one and five years	36,698	23,913

The loan note disclosure under creditors falling due after more than one year are due for repayment as follows:

	2020 £'000's	2019 £'000's
Amounts due within one years	-	-
Amounts falling due between one and five years	10,638	2,750
Amounts falling due after more than five years	7,339	5,195

The director's loans disclosure under creditors are due for repayment as follows:

	2020 £'000's	2019 £'000's
Amounts due within one years	-	-
Amounts falling due after more than five years	1,000	-

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements (continued) for the year ended 31 March 2020

19 Provision for liabilities

	Group Deferred taxation £'000's	Company Deferred taxation £'000's
At 1 April 2019	159	176
Charge for the year	-	-
Business combinations	(74)	6
	<hr/>	<hr/>
At 31 March 2020	85	182
	<hr/>	<hr/>

The deferred tax account consists of the tax effect of timing differences in respect of accelerated capital allowances and other temporary timing differences.

There are no unused tax losses or unused tax credits.

The net deferred tax liability expected to reverse in 2021 is £74,000. This primarily relates to the reversal of timing differences on acquired intangible and tangible assets and capital allowances through depreciation and amortisation, offset by expected tax deductions when payments are made to utilise provisions.

20 Employee Benefits

The group and company provides a defined contribution scheme which is open to all employees. The amounts recognised as an expense for the defined contribution scheme was:

	Group 2020 £'000's	2019 £'000's	Company 2020 £'000's	2019 £'000's
Pension cost	273	107	219	107

of which the following remained outstanding at the year end and is included within accruals.

Group and Company	2020 £'000's	2019 £'000's
Pension liability	48	22

21 Government Grants

The amounts recognised in the financial statements for government grants are as follows:

Group	2020 £'000's	2019 £'000's
Recognised in creditors:		
Deferred government grants due within one year	639	1,127
Recognised in turnover:		
Government grants recognised directly in income	8,240	4,490
Government grants released to profit and loss	287	138
	<hr/>	<hr/>
	8,527	4,628

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements (*continued*)
for the year ended 31 March 2020

21 Government Grants

The amounts recognised in the financial statements for government grants are as follows:

Company	2020 £'000's	2019 £'000's
Recognised in creditors:		
Deferred government grants due within one year	422	1,127
Recognised in turnover:		
Government grants recognised directly in income	8,240	3,832
Government grants released to profit and loss	213	796
	8,453	4,628

22 Financial Instruments

The group has the following financial instruments:

	2020 £'000's	2019 £'000's
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	975	319
Other debtors	237	160
	1,212	479
Financial liabilities measured at amortised cost		
Bank loans	37,898	24,360
Loan notes	17,977	8,250
Director's loan	1,000	-
Trade creditors	846	352
Accruals	2,357	914
Deferred consideration	30	30
Other creditors	1,005	1,013
	61,113	34,919

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements (continued)
for the year ended 31 March 2020

23 Share capital

	2020 £	2019 £
<i>Allotted, called up and fully paid</i>		
9,950 (2019: 9,950 shares of £0.01 each) ordinary A shares of £0.01 each	99	99
50 (2019: 50 shares of £0.01 each) ordinary B shares of £0.01 each	1	1
30,000 (2019: 30,000 shares of £0.01 each) of ordinary shares of £0.01 each	300	300
274 (2019: 0 shares of £1 each) deferred shares of £1 each	274	0
	<hr/>	<hr/>
	674	400
	<hr/>	<hr/>

A share reorganisation was completed during the year. All shares rank pari passu, with the exception of the deferred shares issued in the year, which attach no voting rights. The voting rights proportion attached to each shareholder is unchanged, following the share reorganisation.

24 Reserves

The Profit and Loss account records retained earnings and accumulated losses.

25 Notes to the statement of cash flows

Non-cash transactions

The company has acquired tangible assets under finance leases. £35k (2019: £0k) has been capitalised as the cost of the asset, being the present value of the minimum lease payments.

Analysis of changes in net debt

	At 1 April 2019 £000's	Cash flows £000's	At 31 March 2020 £000's
Cash at bank and in hand	2,036	(243)	1,793
Cash and cash equivalents	2,036	(243)	1,793
Bank loans	(24,360)	(13,538)	(37,898)
Loan notes	(7,945)	(10,032)	(17,977)
Directors loans	-	(1,000)	(1,000)
Total	(30,269)	(25,258)	(55,527)

26 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £112k (2019 - £1,169k) for both the group and the company.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements *(continued)*
for the year ended 31 March 2020

27 Lease commitments

The total future minimum lease payments under non-cancellable operating leases as set out below:

Group	Land and buildings 2020 £'000's	Land and buildings 2019 £'000's
Operating leases which expire:		
Not later than 1 year	1,989	363
Later than 1 year and not later than 5 years	7,957	1,556
Later than 5 years	32,364	6,748
	<hr/> 42,310	<hr/> 8,667
Company	Land and buildings 2020 £'000's	Land and buildings 2019 £'000's
Operating leases which expire:		
Not later than 1 year	368	363
Later than 1 year and not later than 5 years	1,472	1,556
Later than 5 years	5,772	6,748
	<hr/> 7,613	<hr/> 8,667

28 Related party transactions

During the year dividends were paid to J & BA Hoban totalling £210,000 (2019: £105k); C Roberts £201,000 (2019: £101k); BGF totalling £188,250 (2019: £94k) and M McMenemy totalling £750 (2019: £375). During the year a directors' loan of £1 million (2019: £nil) from J Hoban was introduced, included within creditors falling due after more than one year.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements (*continued*) for the year ended 31 March 2020

29 Business combinations

Acquisition of The Wendy House (Wirral) Ltd

On 14th June 2019 the group acquired 100% of the share capital of The Wendy House (Wirral) Ltd for total consideration of £1,085k satisfied in cash.

The goodwill of £776k arising from the acquisition is attributable to the acquired customer based and economies of scale expected from combining the operations into the group.

Management have estimated the useful economic life of the goodwill to be 10 years. The acquired nursery is established in its local market and has a long track record of stable revenue.

In calculating the goodwill arising on acquisition, the fair value of net assets of The Wendy House (Wirral) Ltd has been assessed and there were no fair value adjustments considered necessary. Book value was considered to equate to fair value.

	Book value and fair value £'000's
Tangible fixed assets	375
Debtors	8
Cash at bank and in hand	1
	<hr/>
Total assets	384
Creditors: Due within one year	(27)
	<hr/>
Total identifiable net assets	358
	<hr/>
Consideration	
Cash consideration	1,085
Directly attributable costs	49
	<hr/>
Total consideration	1,134
Net assets acquired	(358)
	<hr/>
Goodwill arising on acquisition	776
	<hr/>

The revenue from The Wendy House (Wirral) Limited included in the consolidated profit and loss account for 2020 was £200,114. The Wendy House (Wirral) Limited also contributed profit of £50,207 over the same period.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements *(continued)*
for the year ended 31 March 2020

29 Business combinations *(continued)*

Acquisition of Rainbow Day Nursery Middlewich Limited and Rainbow Day Nursery Haslington Limited.

On 31st July 2019 the group acquired 100% of the share capital of Rainbow Day Nursery Middlewich Limited and Rainbow Day Nursery Haslington Limited for total consideration of £4,450k satisfied in cash.

The goodwill of £2,906k arising from the acquisition is attributable to the acquired customer based and economies of scale expected from combining the operations into the group.

Management have estimated the useful economic life of the goodwill to be 10 years. The acquired nursery is established in its local market and has a long track record of stable revenue.

In calculating the goodwill arising on acquisition, the fair value of net assets of Rainbow Day Nursery Middlewich Limited and Rainbow Day Nursery Haslington Limited has been assessed and there were no fair value adjustments considered necessary. Book value was considered to equate to fair value.

	Book value and fair value £'000's
Fixed assets	
Tangible	1,613
Current assets	
Debtors	33
Cash at bank and in hand	6
	<hr/>
Total assets	1,651
Creditors	
Due within one year	(42)
	<hr/>
Net assets	1,609
	<hr/>
Consideration	
Cash consideration	4,450
Directly attributable costs	65
	<hr/>
Total consideration	4,515
Net assets acquired	(1,609)
	<hr/>
Goodwill arising on acquisition	2,906
	<hr/>

The revenue from Rainbow Day Nursery Middlewich Limited and Rainbow Day Nursery Haslington Limited included in the consolidated profit and loss account for 2020 was £1,632,000. Rainbow Day Nursery Middlewich Limited and Rainbow Day Nursery Haslington Limited also contributed profit of £461,000 over the same period.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements *(continued)*
for the year ended 31 March 2020

29 Business combinations *(continued)*

Acquisition of Noahs Ark Children's Day Nursery Ltd.

On 31 August 2019 the group acquired 100% of the share capital of Noahs Ark Children's Day Nursery Limited for total consideration of £2,100k satisfied in cash.

The goodwill of £1,852k arising from the acquisition is attributable to the acquired customer based and economies of scale expected from combining the operations into the group.

Management have estimated the useful economic life of the goodwill to be 10 years. The acquired nursery is established in its local market and has a long track record of stable revenue.

In calculating the goodwill arising on acquisition, the fair value of net assets of Noahs Ark Children's Day Nursery Limited has been assessed and there were no fair value adjustments considered necessary. Book value was considered to equate to fair value.

	Book value and fair value £'000's
Fixed assets	341
Current assets	
Debtors	20
Cash at bank and in hand	5
	<hr/>
Total assets	366
Creditors	
Due within one year	(83)
	<hr/>
Net assets	283
	<hr/>
Consideration	
Cash consideration	2,100
Directly attributable costs	35
	<hr/>
Total consideration	2,135
Net assets acquired	(283)
	<hr/>
Goodwill arising on acquisition	1,852
	<hr/>

The revenue from Noahs Ark Childrens Day Nursery Limited included in the consolidated profit and loss account for 2020 was £169,781. Noahs Ark Childrens Day Nursery Limited also contributed profit of £29,998 over the same period.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements (*continued*)
for the year ended 31 March 2020

29 Business combinations (*continued*)

Acquisition of Nutkins Nursery Ltd.

On 4th October 2019 the group acquired 100% of the share capital of Nutkins Nursery Ltd for total consideration of £1,600k satisfied in cash.

The goodwill of £1,260k arising from the acquisition is attributable to the acquired customer based and economies of scale expected from combining the operations into the group.

Management have estimated the useful economic life of the goodwill to be 10 years. The acquired nursery is established in its local market and has a long track record of stable revenue.

In calculating the goodwill arising on acquisition, the fair value of net assets of Nutkins Nursery Limited has been assessed and there were no fair value adjustments considered necessary. Book value was considered to equate to fair value.

	Book value and fair value £'000's
Fixed assets	
Tangible	345
Current assets	
Debtors	7
Cash at bank and in hand	51
Total assets	<hr/> 402
Creditors	
Due within one year	(27)
Net assets	<hr/> 375 <hr/>
	£'000's
Consideration	
Cash consideration	1,600
Directly attributable costs	35
Total consideration	<hr/> 1,635
Net assets acquired	(375)
Goodwill arising on acquisition	<hr/> 1,260 <hr/>

The revenue from Nutkins Nursery Limited included in the consolidated profit and loss account for 2020 was £77,735. Nutkins Nursery Limited also contributed profit of £9,584 over the same period.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements *(continued)*
for the year ended 31 March 2020

29 Business combinations *(continued)*

Acquisition of Kids Allowed Ltd.

On 25th January 2020 the group acquired 100% of the share capital of the group Kids Allowed Ltd total consideration of £14,000k satisfied in cash.

The goodwill of £16,017k arising from the acquisition is attributable to the acquired customer based and economies of scale expected from combining the operations into the group.

Management have estimated the useful economic life of the goodwill to be 10 years. The acquired nursery is established in its local market and has a long track record of stable revenue.

In calculating the goodwill arising on acquisition, the fair value of net assets of Kids Allowed Limited has been assessed and there were no fair value adjustments considered necessary. Book value was considered to equate to fair value.

	Book value and fair value £'000's
Fixed assets	
Tangible	258
Intangible	157
Current assets	
Debtors	452
Deferred tax asset	76
Cash at bank and in hand	50
	<hr/>
Total assets	993
Creditors	
Due within one year	(1,712)
	<hr/>
Net liabilities	(719)
	<hr/>
Consideration	
Cash consideration	14,000
Directly attributable costs	1,233
	<hr/>
Total consideration	15,223
Net liabilities acquired	719
	<hr/>
Goodwill arising on acquisition	15,942
	<hr/>

The revenue from Kids Allowed Ltd included in the consolidated profit and loss account for 2020 was £2,444,000. Kids Allowed Ltd also contributed profit of £264,000 over the same period.

Kids Planet Day Nurseries Limited

Notes forming part of the financial statements (*continued*)
for the year ended 31 March 2020

30 Events after the reporting period

Since 31st March 2020 the business has faced significant challenges presented by the COVID-19 pandemic; this has manifested in reduced children attendance numbers since April 2020. The business has accessed Government funding support via the Coronavirus Business Interruption Loan Scheme (CBILS) and made use of the Coronavirus Job Retention Scheme (CJRS) which has secured the employment of our valued staff whilst our nurseries have been closed. Despite the severe disruption faced, the business returned to profitability in June 2020 onwards. It is the contention of the business that no assets are impaired, and the outlook of the business remains strong.

31 Audit exemption statement

Under section 479A of the Companies Act 2006 the group's subsidiaries, listed below, are claiming exemption from audit. The parent undertaking, Kids Planet Day Nurseries Limited, registered number 06596787, guarantees all outstanding liabilities to which each subsidiary is subject at the end of the financial year (being the year ended 31 March 2020 for each subsidiary listed below). The guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

The Wendy House (Wirral) Ltd	08308616
Rainbow Day Nursery Middlewich Limited	06809007
Rainbow Day Nursery Haslington Limited	09814894
Noahs Ark Childrens Day Nursery Ltd	06596201
Nutkins Nursery Limited	06501591
KWKAR Holdings Limited	12275553
Kids Allowed Limited	05161564
Kids Allowed Academy Limited	06183955
KWKAR Ltd	11506444
JJKAF Ltd	11506428
Excellence In Home Care And Care Support Limited	08223393
Yarrow House Holdings Ltd	07053692

32 Controlling party

The group and company is controlled by Clare Roberts, John and Bernadette Hoban, acting in concert together, by virtue of their shareholdings which control 68.5% of the voting rights. No one individual or shareholder exercises overall control and BGF, as a result of the investment agreement and their shareholding can influence decision making.