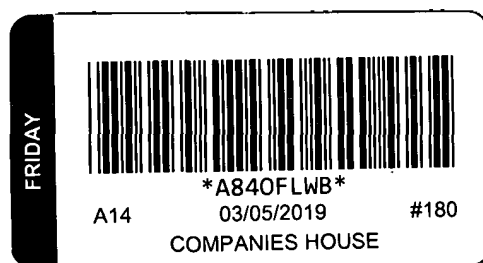


Company Registration No. 05161564 (England and Wales)

**KIDS ALLOWED LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2018**



# KIDS ALLOWED LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J A Johnson K E Whistance A Haynes
<b>Secretary</b>	D Wright
<b>Company number</b>	05161564
<b>Registered office</b>	Joshua House Christie Way Christie Fields Office Park West Didsbury Manchester M21 7QY
<b>Auditor</b>	Royce Peeling Green Limited The Copper Room Deva Centre Trinity Way Manchester M3 7BG

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# KIDS ALLOWED LIMITED

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# **KIDS ALLOWED LIMITED**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 30 SEPTEMBER 2018***

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The directors present the strategic report for the year ended 30 September 2018.

### **OVERVIEW**

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and complexity of our business and is written in the context of the risks that we feel we face.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Group continues to be that of the provision of highest quality childcare.

### **REVIEW OF THE BUSINESS**

Kids Allowed operates in the North West of England offering childcare for children from birth to 5 years and wraparound care for school age children to age 11.

Our core services are supplemented by a range of additional family friendly services developed in response to the needs of the modern family, including parent concierge services, parent classes and workshops providing parents with a holistic solution to their childcare and related needs. The company has also offered additional experiences for children to continue to differentiate the experience including Ski School and Forest School. In 2015, we also successfully launched Kids Allowed "bike school" and have helped over 200 3-4 year olds learn to ride a pedal bike safely and without stabilizers.

Kids Allowed operates from eight centres: Cheadle Royal, Christie Fields, Knutsford, Macclesfield, Stockport and the MFTS site, Altrincham and TraffordCity. Altrincham opened in April 2018 and TraffordCity in September 2018

Kids Allowed is one of the largest providers of childcare in the North West region and has one of the highest ratios outstanding Ofsted inspection reports for an operator of its size in the UK. All of our sites that have been inspected have been graded as Outstanding.

The Group has its own training academy, its primary purpose being the ongoing professional development of all Kids Allowed colleagues which is key to delivering an exceptional experience of the children who attend. This is a statement of our commitment to the professional development of our team; to bring the knowledge and expertise beyond the sector norm. We see the opening of the academy as transformative to the long term quality of the customer experience at Kids Allowed.

The directors continue to develop a culture, values and systems to help Kids Allowed maintain the very highest standards of childcare and safeguarding.

### **FINANCIAL PERFORMANCE**

At the year end, the Group is in a stronger position than twelve months ago.

- All mature centres are profitable.

- Across all centres there is good visibility of revenue for the next twelve months showing improved cash flow. The directors are confident that the business has adequate liquid resources to service its short term liabilities. It is a feature of our business that our current liabilities include significant amounts that are paid by customers and the local authority in advance for services.

- Group staff turnover is low with retention rates well ahead of industry norms.

- Two new sites have opened in the past twelve months. Our Altrincham site opened in April 2018, and a further site at TraffordCity opened in September 2018. The new sites are expected to take 18 months to begin contributing to the group.

# KIDS ALLOWED LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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### RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the business are:

#### Reputational risk and Ofsted

Kids Allowed has a reputation as a high quality provider. The reputation is protected with robust compliance systems, audits and procedures relating to recruitment, operations, educational pedagogy, safeguarding and financial management. Kids Allowed has developed its own nursery management software to underpin the operational and financial management processes and the development of this to cover operational areas of the business is ongoing.

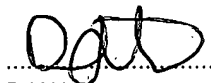
#### Recruitment

There is an increasing demand for qualified nursery nurses within the sector. Kids Allowed is an employer provider of apprenticeships through the Kids Allowed Academy, with the aim of attracting the brightest and best future nursery nurses into our Academy and nurseries. We remain committed to being a great place to work for all of our colleagues and this is reflected in low team turnover and good team retention. Our Academy is now delivering qualifications to NVQ level 4.

#### Business interruption

Kids Allowed has plans in place for business continuity for most situations. The only situation not viable to plan for is a building not being fit for occupation as there is no obvious place we could instantly reopen such a large operation quickly. The latter circumstance is fully insured to protect the financial viability of the Group.

By order of the board



D Wright

Secretary

25/04/2019

# **KIDS ALLOWED LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 30 SEPTEMBER 2018***

---

The directors present their annual report and financial statements for the year ended 30 September 2018.

### **Principal activities**

The principal activity continues to be that of the provision of highest quality childcare.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were :

J A Johnson  
K E Whistance  
A Haynes

### **Results and dividends**

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £1,100,000. The directors do not recommend payment of a final dividend.

### **Charitable donations**

During the year the company made charitable donations of £1,784 (2017: £672) and in addition collected £10,372 (2017: £14,261) from its customers which it has donated to appropriate charities.

### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Employee involvement**

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

### **Auditor**

In accordance with the company's articles, a resolution proposing that Royce Peeling Green Limited be reappointed as auditor of the company will be put at a General Meeting.

# KIDS ALLOWED LIMITED

## DIRECTORS' REPORT (CONTINUED)

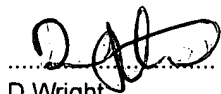
**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



D Wright

Secretary

Date: 25/04/2019

# **KIDS ALLOWED LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 SEPTEMBER 2018***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# KIDS ALLOWED LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KIDS ALLOWED LIMITED

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#### Opinion

We have audited the financial statements of Kids Allowed Limited (the 'company') for the year ended 30 September 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, 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 FRS 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 company's affairs as at 30 September 2018 and of its loss 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 company 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 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.

# KIDS ALLOWED LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF KIDS ALLOWED LIMITED

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### Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

### 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 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 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### 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.

*Royce Peeling Green Limited*

Ian Wynn (Senior Statutory Auditor)  
for and on behalf of Royce Peeling Green Limited

*25/04/2019*

Chartered Accountants  
Statutory Auditor

The Copper Room  
Deva Centre  
Trinity Way  
Manchester  
M3 7BG

# KIDS ALLOWED LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	10,460,539	9,753,605
Cost of sales		(8,282,943)	(7,310,333)
<b>Gross profit</b>		<b>2,177,596</b>	<b>2,443,272</b>
Administrative expenses		(2,379,585)	(2,185,445)
Other operating income		60,000	60,000
Exceptional items	4	-	(93,253)
<b>Operating (loss)/profit</b>	<b>5</b>	<b>(141,989)</b>	<b>224,574</b>
Interest payable and similar expenses	8	(32,958)	(7,353)
<b>(Loss)/profit before taxation</b>		<b>(174,947)</b>	<b>217,221</b>
Tax on (loss)/profit	11	(27,827)	(31,092)
<b>(Loss)/profit for the financial year</b>		<b>(202,774)</b>	<b>186,129</b>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

2018-09-30

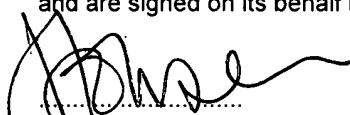
# KIDS ALLOWED LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Intangible assets	12	161,641		189,885	
Tangible assets	13	290,400		196,196	
Investments	14	3		1	
		<u>452,044</u>		<u>386,082</u>	
<b>Current assets</b>					
Stocks	17	47,644		29,827	
Debtors	18	4,162,269		4,811,411	
Cash at bank and in hand		254,662		110,461	
		<u>4,464,575</u>		<u>4,951,699</u>	
<b>Creditors: amounts falling due within one year</b>	19	<u>(4,378,767)</u>		<u>(3,724,982)</u>	
<b>Net current assets</b>			85,808		1,226,717
<b>Total assets less current liabilities</b>			<u>537,852</u>		<u>1,612,799</u>
<b>Creditors: amounts falling due after more than one year</b>	20		(450,000)		(250,000)
<b>Provisions for liabilities</b>			143,992		171,819
<b>Net assets</b>			<u>231,844</u>		<u>1,534,618</u>
<b>Capital and reserves</b>					
Called up share capital	23	25,000		2,525,000	
Profit and loss reserves		206,844		(990,382)	
<b>Total equity</b>			<u>231,844</u>		<u>1,534,618</u>

The financial statements were approved by the board of directors and authorised for issue on 25/04/2019 and are signed on its behalf by:

  
 J.A. Johnson  
 Director

Company Registration No. 05161564

# KIDS ALLOWED LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 October 2016</b>		2,525,000	(1,176,511)	1,348,489
<b>Year ended 30 September 2017:</b>				
Profit and total comprehensive income for the year		-	186,129	186,129
<b>Balance at 30 September 2017</b>		2,525,000	(990,382)	1,534,618
<b>Year ended 30 September 2018:</b>				
Loss and total comprehensive income for the year		-	(202,774)	(202,774)
Dividends	10	-	(1,100,000)	(1,100,000)
Reduction of shares	23	(2,500,000)	2,500,000	-
<b>Balance at 30 September 2018</b>		25,000	206,844	231,844

# KIDS ALLOWED LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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### 1 Accounting policies

#### Company information

Kids Allowed Limited is a private company limited by shares incorporated in England and Wales. The registered office is Joshua House, Christie Way, Christie Fields Office Park, West Didsbury, Manchester, M21 7QY.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Kids Allowed Holdings Limited. These consolidated financial statements are available from Companies House.

#### 1.2 Going concern

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

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of trade discounts.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion can be estimated reliably.

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

# KIDS ALLOWED LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

### 1 Accounting policies

(Continued)

#### 1.5 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

On an annual basis the directors review the carrying values of goodwill and provide for any impairment accordingly.

#### 1.6 Intangible fixed assets other than goodwill

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development Costs	20% straight line
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#### 1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	10% / 33% straight line
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.8 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

# KIDS ALLOWED LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

### 1 Accounting policies

(Continued)

#### 1.9 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### 1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.11 Cash at bank and in hand

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

#### 1.12 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

# KIDS ALLOWED LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

### 1 Accounting policies

(Continued)

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# KIDS ALLOWED LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.13 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.14 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### **1.15 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# KIDS ALLOWED LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.16 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.17 Retirement benefits**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### **1.18 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.

#### **1.19 Auditors' limitation of liability**

The company has entered into a liability limitation agreement with Royce Peeling Green Limited, the statutory auditor for the year ended 30 September 2018. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's 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 the revision and future periods where the revision affects both current and future periods.

# KIDS ALLOWED LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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### **2 Judgements and key sources of estimation uncertainty**

**(Continued)**

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### ***Depreciation and amortisation***

The depreciation and amortisation expense is the recognition of the decline in the value of the asset and allocation of the cost of the asset over the periods in which the asset will be used. Judgments are made as to the estimated useful life of the assets; these are regularly reviewed to reflect the changing environment.

# KIDS ALLOWED LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 3 Turnover and other revenue

Total turnover for the year is derived from the principal activity undertaken wholly in the United Kingdom.

### 4 Exceptional costs/(income)

	2018 £	2017 £
Exceptional charges	-	93,253

The exceptional charges relate to costs incurred on a project to train all drivers to obtain public service vehicle operator licences. The Directors consider that this is unique within the industry and will enhance the appeal of child bus travel operated by the business.

### 5 Operating (loss)/profit

	2018 £	2017 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	9,648	21,683
Depreciation of owned tangible fixed assets	103,484	133,463
Profit on disposal of tangible fixed assets	-	(570)
Amortisation of intangible assets	73,744	104,990
Cost of stocks recognised as an expense	900,434	780,643
Operating lease charges	1,667,194	1,531,644

### 6 Employees

The average monthly number of persons (including directors) employed during the year was:

	2018 Number	2017 Number
Management	5	5
Administration	20	18
Childcare	396	383
Training	5	5
	426	411

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	6,013,207	5,306,763
Social security costs	345,876	285,574
Pension costs	43,919	24,026
	6,403,002	5,616,363

# KIDS ALLOWED LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	315,216	235,494
Company pension contributions to defined contribution schemes	4,143	732
	<u>319,359</u>	<u>236,226</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2017 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	208,015	154,680
Company pension contributions to defined contribution schemes	599	350
	<u>208,614</u>	<u>155,030</u>

### 8 Interest payable and similar expenses

	2018 £	2017 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Other interest on financial liabilities	-	1,609
<b>Other finance costs:</b>		
Other interest	32,958	5,744
	<u>32,958</u>	<u>7,353</u>

### 9 Retirement benefit schemes

	2018 £	2017 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	43,919	24,026
	<u>43,919</u>	<u>24,026</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 10 Dividends

	2018 £	2017 £
Interim paid	1,100,000	-
	<u>1,100,000</u>	<u>-</u>

# KIDS ALLOWED LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 11 Taxation

	2018 £	2017 £
UK corporation tax on profits for the period	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	19,827	31,092
Changes in tax rates	8,000	-
Total deferred tax	27,827	31,092
Total tax charge	27,827	31,092

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
(Loss)/profit before taxation	(174,947)	217,221
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	(33,240)	41,272
Tax effect of expenses that are not deductible in determining taxable profit	1,345	1,294
Effect of change in corporation tax rate	8,000	(11,723)
Group relief	19,952	-
Depreciation on assets not qualifying for tax allowances	5,794	-
Amortisation on assets not qualifying for tax allowances	14,011	-
Other non-reversing timing differences	-	249
Deferred tax adjustments in respect of prior years	11,965	-
Taxation for the year	27,827	31,092

# KIDS ALLOWED LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 12 Intangible fixed assets

	Goodwill £	Development Costs £	Total £
<b>Cost</b>			
At 1 October 2017	50,000	564,851	614,851
Additions - internally developed	-	45,500	45,500
At 30 September 2018	50,000	610,351	660,351
<b>Amortisation and impairment</b>			
At 1 October 2017	50,000	374,966	424,966
Amortisation charged for the year	-	73,744	73,744
At 30 September 2018	50,000	448,710	498,710
<b>Carrying amount</b>			
At 30 September 2018	-	161,641	161,641
At 30 September 2017	-	189,885	189,885

### 13 Tangible fixed assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 October 2017	1,200,818	118,574	1,319,392
Additions	197,688	-	197,688
At 30 September 2018	1,398,506	118,574	1,517,080
<b>Depreciation and impairment</b>			
At 1 October 2017	1,015,516	107,680	1,123,196
Depreciation charged in the year	100,760	2,724	103,484
At 30 September 2018	1,116,276	110,404	1,226,680
<b>Carrying amount</b>			
At 30 September 2018	282,230	8,170	290,400
At 30 September 2017	185,302	10,894	196,196

### 14 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries	15	3	1

# KIDS ALLOWED LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 15 Subsidiaries

Details of the company's subsidiaries at 30 September 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Kids Allowed Academy Ltd	UK	Training	Ordinary	100.00	
JJKAF Limited	UK	Childcare services	Ordinary	100.00	
KWKAR Limited	UK	Childcare	Ordinary	100.00	

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Kids Allowed Academy Ltd	5,513	(53,953)
JJKAF Limited	-	1
KWKAR Limited	-	1

### 16 Financial instruments

	2018 £	2017 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	3,751,619	4,535,585
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	4,747,159	3,908,079

### 17 Stocks

	2018 £	2017 £
Raw materials and consumables	47,644	29,827

### 18 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	64,579	158,365
Amount due from parent undertakings	3,524,267	4,179,188
Amounts due from subsidiary undertakings	92,846	112,442
Other debtors	10,903	3,202
Prepayments and accrued income	469,674	358,214
	4,162,269	4,811,411

# KIDS ALLOWED LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 19 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	21	75,000	150,000
Trade creditors		592,195	433,377
Amounts owed to group undertakings		2,589,622	2,294,030
Other taxation and social security		81,608	66,903
Other creditors		701,285	612,142
Accruals and deferred income		339,057	168,530
		<u>4,378,767</u>	<u>3,724,982</u>

### 20 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	21	<u>450,000</u>	<u>250,000</u>

### 21 Loans and overdrafts

	2018 £	2017 £
Bank loans	<u>525,000</u>	<u>400,000</u>
Payable within one year	75,000	150,000
Payable after one year	<u>450,000</u>	<u>250,000</u>

The bank overdraft is secured by legal charges dated 3 April 2014 over the assets of the company.

The loan is secured on a fixed and floating charge, dated 21 June 2017, over the property within the group.

### 22 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £	Liabilities 2017 £
<b>Balances:</b>		
Accelerated capital allowances	37,477	(12,965)
Tax losses	(181,469)	(158,854)
	<u>(143,992)</u>	<u>(171,819)</u>

# KIDS ALLOWED LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 22 Deferred taxation

(Continued)

	2018 £
<b>Movements in the year:</b>	
Liability/(Asset) at 1 October 2017	(171,819)
Charge to profit or loss	19,827
Effect of change in tax rate - profit or loss	8,000
Liability/(Asset) at 30 September 2018	<u>(143,992)</u>

### 23 Share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
25,000 A Ordinary shares of £1 each (2017: 2,405,000 A Ordinary shares of £1 each)	25,000	2,405,000
0 B Ordinary shares of £1 each (2017: 120,000 B Ordinary shares of £1 each)	-	120,000
	<u>25,000</u>	<u>2,525,000</u>

On 26 September 2018 2,380,000 £1 A ordinary shares and 120,000 £1 B ordinary shares were cancelled and extinguished.

### 24 Financial commitments, guarantees and contingent liabilities

The company has guaranteed the borrowings of related undertakings. The amount outstanding at 30 September 2018 was £6,553,191 (2017: £6,851,064) in respect of which a contingent liability existed. The legal charge is dated 6 August 2015.

### 25 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	2,008,961	1,641,232
Between two and five years	7,365,899	6,359,323
In over five years	23,984,940	19,192,853
	<u>33,359,800</u>	<u>27,193,408</u>

# KIDS ALLOWED LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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### **26 Events after the reporting date**

On 22 October 2018 the business and trade of the Christie Fields site was transferred to the wholly owned subsidiary JJKAF Limited.

On the same date the business and trade of the Cheadle Royale site was transferred to the wholly owned subsidiary KWKAR Limited.

### **27 Controlling party**

The immediate parent company is Kids Allowed Group Limited and the ultimate parent company is Kids Allowed Holdings Limited; both companies are registered in England & Wales.

### **28 Related party transactions**

The Group has taken advantage of the exemption to FRS 102 whereby transactions between wholly owned group companies are not disclosed.

During the year rent of £343,135 (2017 - £343,135) was paid to BCP Knutsford Limited (of which £85,784 (2017: £57,189) was recharged to Kids Allowed Academy Limited) and £280,000 (2017 - £280,000) was paid to Acton Court Properties Limited, companies controlled by AC Preston who was a director of Kids Allowed Holdings Limited until 25 June 2015 and remains a significant shareholder at 30 September 2018.

Software maintenance and development costs of £85,088 (2017 - £75,493) have been charged by O Johnson, a connected party of JA Johnson.