

## **Conchord Limited**

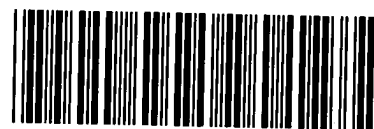
Report and Financial Statements

Period Ended

31 December 2016

Company Number 06905645

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# Conchord Limited

## Company Information

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<b>Directors</b>	E Boland S Dreier D Lissy J Tugendhat
<b>Company secretary</b>	S Kramer
<b>Registered number</b>	06905645
<b>Registered office</b>	2 Crown Way Rushden Northampton NN10 6BS
<b>Independent auditors</b>	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

# Conchord Limited

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# Conchord Limited

## Strategic Report For the Period Ended 31 December 2016

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The directors present their strategic report together with the audited financial statements for the period ended 31 December 2016.

### Business review

The company is a member of the Bright Horizons Group. During the year the Bright Horizons Group completed a programme to absorb the company's operations into the group and align the values and operating methods with those of Bright Horizons.

During the year, an intercompany debt due from Chestnutbay AcquisitionCo Limited was capitalised and debited to investments. This amounted to £67,500,000.

### Financial key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the business.

This report was approved by the board on 28/9/2017 and signed on its behalf.

  
E Boland  
Director

# **Conchord Limited**

## **Directors' Report For the Period Ended 31 December 2016**

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The directors present their report and the financial statements for the period ended 31 December 2016.

### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, the directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 for the company financial statements and then apply them consistently;
- 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 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.

### **Principal activity**

The principal activity of the company is that of a holding company.

### **Results and dividends**

The profit for the period, after taxation, amounted to £6,000 (year ended 29 February 2016 - loss £33,000).

The directors do not propose the payment of a final dividend (year ended 29 February 2016 - £NIL)

### **Directors**

The directors who served during the period were:

E Boland (appointed 10 November 2016)  
S Dreier (appointed 10 November 2016)  
D Lissy (appointed 10 November 2016)  
J Tugendhat (appointed 10 November 2016)  
J P Reyndal (resigned 10 November 2016)  
M Gudmundsson (resigned 10 November 2016)

# Conchord Limited

## Directors' Report (continued) For the Period Ended 31 December 2016

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### Disclosure of information to auditors

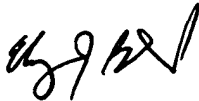
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

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

### Auditors

BDO LLP were appointed as auditors during the period and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

This report was approved by the board on 28/9/2017 and signed on its behalf.



E Boland  
Director

# **Conchord Limited**

## **Independent Auditors' Report to the Member of Conchord Limited**

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We have audited the financial statements of Conchord Limited for the period ended 31 December 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of the company's result for the period 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.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

## Conchord Limited

### Independent Auditors' Report to the Member of Conchord Limited

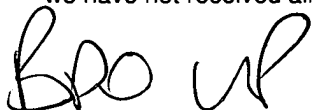
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#### Matters on which we are required to report by exception

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 or 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 by the company, 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.



**Malcolm Thixton** (senior statutory auditor)  
for and on behalf of BDO LLP, Statutory auditor  
Southampton  
United Kingdom

29/9/2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# Conchord Limited

## Statement of Comprehensive Income For the Period Ended 31 December 2016

		10 month period ended 31 December 2016 £000	Year ended 29 February 2016 £000
	Note		
Administrative expenses		-	(33)
<b>Operating loss</b>	4	-	(33)
Tax on profit/(loss)	6	6	-
<b>Profit/(loss) for the financial period</b>		6	(33)
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the period</b>		6	(33)

The notes on pages 9 to 16 form part of these financial statements.

**Conchord Limited**  
Registered number:06905645

**Statement of Financial Position**  
**As at 31 December 2016**

		31 December 2016 £000	29 February 2016 £000
	Note		
<b>Fixed assets</b>			
Investments	7	67,500	-
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	-	56
Cash at bank and in hand		128	128
		<u>128</u>	<u>184</u>
Creditors: amounts falling due within one year	9	(67,679)	(241)
		<u>(51)</u>	<u>(57)</u>
<b>Net liabilities</b>			
<b>Capital and reserves/(deficit)</b>			
Called up share capital	10	3	3
Capital redemption reserve	11	99	99
Other reserves	11	181	181
Profit and loss account	11	(334)	(340)
		<u>(51)</u>	<u>(57)</u>
<b>Shareholder's deficit</b>			

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

28/9/2017



**E Boland**  
Director

The notes on pages 9 to 16 form part of these financial statements.

## Conchord Limited

### Statement of Changes in Equity For the Period Ended 31 December 2016

	Share capital £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 March 2016	3	99	181	(340)	(57)
<b>Comprehensive income for the period</b>					
Profit for the period	-	-	-	6	6
<b>Other comprehensive income for the period</b>	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	6	6
<b>At 31 December 2016</b>	<b>3</b>	<b>99</b>	<b>181</b>	<b>(334)</b>	<b>(51)</b>

### Statement of Changes in Equity For the Period Ended 29 February 2016

	Share capital £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 March 2015	3	99	181	(307)	(24)
<b>Comprehensive loss for the year</b>					
Loss for the year	-	-	-	(33)	(33)
<b>Other comprehensive income for the year</b>	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	(33)	(33)
<b>At 29 February 2016</b>	<b>3</b>	<b>99</b>	<b>181</b>	<b>(340)</b>	<b>(57)</b>

The notes on pages 9 to 16 form part of these financial statements.

# Conchord Limited

## Notes to the Financial Statements For the Period Ended 31 December 2016

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### 1. General information

Conchord Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities is stated in the directors' report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of BHFS One Limited as at 31 December 2016 and these financial statements may be obtained from 2 Crown Way, Rushden, Northamptonshire, NN10 6BS.

#### 2.3 Going concern

The financial statements have been prepared on a going concern basis. The directors believe that the going concern basis of accounting is appropriate despite the net current liabilities of the company at the Statement of Financial Position date, as the company has secured funding to November 2018.

#### 2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

# Conchord Limited

## Notes to the Financial Statements For the Period Ended 31 December 2016

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### 2. Accounting policies (continued)

#### 2.5 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

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

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

# Conchord Limited

## Notes to the Financial Statements For the Period Ended 31 December 2016

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### 2. Accounting policies (continued)

#### 2.6 Taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

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

Deferred tax balances are not discounted.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the company's intangible assets and fixed asset investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash- generating unit, the viability and expected future performance of that unit.

Key assumptions include:

#### *Discount rates*

The discount rate is a pre tax adjusted discount rate and reflects management's estimate of the company's weighted average cost of capital.

#### *Long term growth rates*

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

### 4. Operating profit/(loss)

The audit fee for the period will be borne by Asquith Nurseries Limited.

# Conchord Limited

## Notes to the Financial Statements For the Period Ended 31 December 2016

### 5. Directors' remuneration

During the period, no director received any emoluments (year ended 29 February 2016 - £Nil).

There were no directors in the company's defined contribution pension scheme during the period (year ended 29 February 2016 - £Nil).

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

### 6. Taxation

	10 month period ended 31 December 2016 £000	Year ended 29 February 2016 £000
Adjustments in respect of previous periods	(6)	-

#### Factors affecting tax charge for the period/year

The tax assessed for the period/year is the same as (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	10 month period ended 31 December 2016 £000	Year ended 29 February 2016 £000
Profit/(loss) on ordinary activities before tax	-	(33)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	-	(7)
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	(6)	-
Tax rate change	-	7
<b>Total tax charge for the period/year</b>	<b>(6)</b>	<b>-</b>

# Conchord Limited

## Notes to the Financial Statements For the Period Ended 31 December 2016

### 6. Taxation (continued)

#### Factors that may affect future tax charges

The UK corporation tax rate was 20% in the year to 31 December 2016 and this rate has been used for the purposes of preparing the tax disclosures. Following the Summer Budget 2015 announcements, there will be a further reduction in the main rate of corporation tax to 19% from 1 April 2017. The Government also announced in the 2016 Budget that the UK corporation tax rate will decrease further to 17% from 1 April 2020. Accordingly, deferred tax balances recognised in the accounts as at the year-end have been calculated using the 17% rate.

### 7. Fixed asset investments

	Shares in group undertakings and participating interests £000
<b>Cost or valuation</b>	
Capitalisation of debt due from subsidiary undertakings	67,500
At 31 December 2016	67,500
<b>Net book value</b>	
At 31 December 2016	67,500
At 29 February 2016	-

During the year, an intercompany debt due from Chestnutbay AcquisitionCo Limited was capitalised and debited to investments. This amounted to £67,500,000.

### 8. Debtors

	31 December 2016 £000	29 February 2016 £000
Amounts owed by group undertakings	-	56

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



# Conchord Limited

## Notes to the Financial Statements For the Period Ended 31 December 2016

### 9. Creditors: Amounts falling due within one year

	31 December 2016 £000	29 February 2016 £000
Amounts owed to group undertakings	67,679	235
Corporation tax	-	6
	<u>67,679</u>	<u>241</u>

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

### 10. Share capital

	31 December 2016 £000	29 February 2016 £000
<b>Allotted, called up and fully paid</b>		
900 A Ordinary shares of £1 each	1	1
38 Ordinary shares of £40 each	2	2
	<u>3</u>	<u>3</u>

On the 6 July 2015, the company issued 204 'F' class shares at a nominal value of £0.00001 per share. These shares were issued under Employment Shareholder Status. The shares are fully paid up and do not have a right to a vote or to receive a dividend.

# Conchord Limited

## Notes to the Financial Statements For the Period Ended 31 December 2016

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### 11. Reserves

The company's reserves are as follows:

#### Share capital

Called up share capital reserve represents the nominal value of the shares issued.

#### Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

#### Other reserves

Other reserves relate to share based payments for which there were no transactions during the period to 31 December 2016.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 12. Related party transactions

Prior to the 10 November 2016 Kaupthing hf was a majority shareholder of the group as well as providing debt facilities. During the period, the group incurred interest charges on its loan facilities of £3,034,461 (2016 - £3,212,547) although the group secured an agreement with Kaupthing hf that the interest charges would be deferred until the term of each loan facility. In addition, the group incurred a restructuring fee of £Nil (2016 - £1,075,000) of which £1,000,000 is payable at the end of the term and reimbursed expenses of £Nil (2016 - £54,264).

At the balance sheet date, the group owed Kaupthing hf £Nil (2016 - £264,483,717) in debt, accrued interest and outstanding fees.

#### Transactions with directors

Prior to the 10 November, two directors employed by Kaupthing hf charged fees for consulting services totalling £Nil (2016 - £304,920) during the period.

### 13. Post balance sheet events

On 31 August 2017, the company issued 2,000,000 ordinary shares to BHFS One Limited at £33 per share. This gave rise to a share premium of £65,520,000.

# **Conchord Limited**

## **Notes to the Financial Statements For the Period Ended 31 December 2016**

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### **14. Ultimate parent company and controlling party**

From the 10th November 2016 the company's immediate parent undertaking is BHFS One Limited, a company registered in England and Wales. The company's ultimate controlling party is Bright Horizons Family Solutions Inc. which is the ultimate parent company incorporated in the United States of America.

From the 10th November 2016 the largest group in which the results of the company are consolidated is that headed by Bright Horizons Family Solutions Inc., incorporated in the United States of America. The smallest group in which they are consolidated is that headed by BHFS One Limited, incorporated in England and Wales. The consolidated accounts are available to the public and may be obtained from The Secretary, BHFS One Limited, 2 Crown Court, Rushden, Northampton, NN10 6BS.