

## **Conchord Limited**

Annual Report and Financial Statements

Year Ended

31 December 2018

Company Number 06905645

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# Conchord Limited

## Company Information

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<b>Directors</b>	E Boland D Lissy S Dreier J Tugendhat
<b>Company secretary</b>	S Kramer
<b>Registered number</b>	06905645
<b>Registered office</b>	2 Crown Way Rushden England 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 Year Ended 31 December 2018

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The directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2018.

### Business review

The company is a member of the Bright Horizons Group and is a wholly-owned subsidiary of BHFS Two Limited.

### Developments

During the year the Group acquired the share capital and reserves of the following groups of companies:

Yellow Dot Nursery  
Zoom Nurseries  
Magic Nursery Group

The results of these are reported in the BHFS One Limited group consolidated accounts.

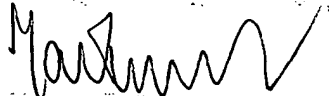
In addition, 5 new greenfield nurseries were opened in 2018.

### 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. The KPIs of the group are discussed in the BHFS One Limited group accounts.

This report was approved by the board on 10 June 2019

and signed on its behalf:



J. Tugendhat  
Director

# Conchord Limited

## Directors' Report For the Year Ended 31 December 2018

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The directors present their report and the financial statements for the year ended 31 December 2018.

### 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 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 to 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 result for the year, after taxation, amounted to £Nil (year ended 31 December 2017 - £Nil).

The directors do not propose the payment of a final dividend (year ended 31 December 2017 - £Nil)

### Directors

The directors who served during the year were:

E Boland  
D Lissy  
S Dreier  
J Tugendhat

# Conchord Limited

## Directors' Report (continued) For the Year Ended 31 December 2018

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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:

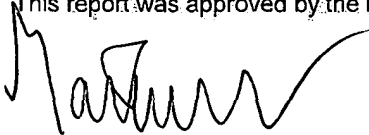
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors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

### Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on: 10 June 2019

and signed on its behalf:



J Tugendhat  
Director

# **Conchord Limited**

## **Independent Auditor's Report to the Member of Conchord Limited**

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### **Opinion**

We have audited the financial statements of Conchord Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 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 company's affairs as at 31 December 2018 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

# **Conchord Limited**

## **Independent Auditor's Report to the Member of Conchord Limited (continued)**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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 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 has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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, 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.



# Conchord Limited

## Independent Auditor's Report to the Member of Conchord Limited (continued)

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### 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

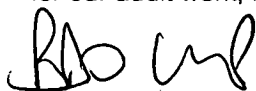
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 at the Financial Reporting Council's website at: <https://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 member 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, for our audit work, for this report, or for the opinions we have formed.



**Malcolm Thixton** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Southampton  
United Kingdom

10 June 2019

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

# **Conchord Limited**

## **Statement of Comprehensive Income For the Year Ended 31 December 2018**

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There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

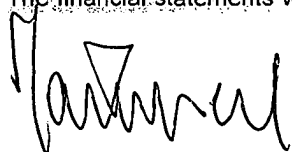
There was no other comprehensive income for 2018 (2017:£NIL).

**Conchord Limited**  
Registered number: 06905645

**Statement of Financial Position**  
**As at 31 December 2018**

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Fixed assets investments	6	67,500	67,500
<b>Current assets</b>			
Bank and cash balances			128
Creditors: amounts falling due within one year	7	(51)	(179)
<b>Net assets</b>		<b>67,449</b>	<b>67,449</b>
<b>Capital and reserves</b>			
Called up share capital	8	2,003	2,003
Share premium account	9	65,500	65,500
Capital redemption reserve	9	99	99
Other reserves	9	181	181
Profit and loss account	9	(334)	(334)
		<b>67,449</b>	<b>67,449</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 June 2019



**J. Tugendhat**  
Director

The notes on pages 10 to 15 form part of these financial statements.

# Conchord Limited

## Statement of Changes in Equity For the Year Ended 31 December 2018

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 January 2018	2,003	65,500	99	181	(334)	67,449
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
At 31 December 2018	2,003	65,500	99	181	(334)	67,449

## Statement of Changes in Equity For the Year Ended 31 December 2017

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 January 2017	3	-	99	181	(334)	(51)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
Shares issued during the year	2,000	65,500	-	-	-	67,500
At 31 December 2017	2,003	65,500	99	181	(334)	67,449

The notes on pages 10 to 15 form part of these financial statements.

# Conchord Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

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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 unless otherwise specified within these accounting policies 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 judgement in applying the company accounting policies (see note 3).

#### 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of BHFS One Limited as at 31 December 2018 and these financial statements may be obtained from The Secretary, 2 Crown Way, Rushden, Northamptonshire, NN10 6BS.

#### 2.3 Going concern

The company had net liabilities and directors have prepared the financial statements on the going concern basis as it has the support of the ultimate parent undertaking, Bright Horizons Family Solutions Inc. The financial statements have been prepared on the going concern basis which is supported by forecasts and projections covering the period of not less than 12 months from the date these financial statements are approved.

#### 2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

# Conchord Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

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### 2. Accounting policies (continued)

#### 2.5 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in 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 debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the 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 of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

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

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 Year Ended 31 December 2018

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### 2. Accounting policies (continued)

#### 2.6 Taxation

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

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

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

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

Deferred tax balances are not discounted.

### 3. 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 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 of 8% and reflects management's estimate of the company's weighted average cost of capital.

#### *Long-term growth rates*

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

### 4. Auditors' remuneration

The audit fee for the period will be borne by Bright Horizons Family Solutions Limited.

# Conchord Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 5. Directors' remuneration

No director received any emoluments during the current year (year ended 31 December 2017 - £Nil).

There were no directors in the company's defined contribution pension scheme during the year (year ended 31 December 2017 - £Nil).

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

### 6. Fixed asset investments

	Shares in group undertakings and participating interests £000
<b>Cost or valuation</b>	
At 1 January 2018	67,500
At 31 December 2018	67,500
<b>Net book value</b>	
At 31 December 2018	67,500
At 31 December 2017	67,500

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

	2018 £000	2017 £000
Amounts owed to group undertakings	51	179

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.



# Conchord Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 8. Share capital

	2018 £000	2017 £000
<b>Allotted, called up and fully paid</b>		
2,000,900 'A' Ordinary shares of £1 each	2,001	2,001
58 B Ordinary shares of £40 each	-	-
1,900 C Ordinary shares of £1 each	2	2
38 D Ordinary shares of £1 each	-	-
104 E Ordinary shares of £1 each	-	-
204 F Ordinary shares of £0 each	-	-
	<u>2,003</u>	<u>2,003</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.

On 31 August 2017, the company issued 2,000,000 'A' ordinary shares to BHFS Two Limited at £33.76 per share. This gave rise to a share premium of £65,520,000.

### 9. Reserves

The company's reserves are as follows:

#### Share capital

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

#### Share premium account

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

#### 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 year to 31 December 2018.

#### Profit and loss account

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

# Conchord Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

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### **10. Related party transactions**

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

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

The company's immediate parent undertaking is BHFS Two 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.

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 Way, Rushden, Northamptonshire, NN10 6BS.