

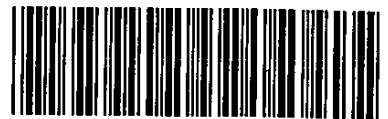
Advanced Childcare Services Limited

**Directors' report and financial
statements**

Registered number 7559570

Period ended 31 December 2011

FRIDAY



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COMPANIES HOUSE

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Officers and professional advisors

Directors

A Foglio
F Stuart
R Khan
S Herring

Secretary

T&H Secretarial Services Limited

Registered office

3 Bunhill Row
London
EC1Y 8Y2

Auditor

KPMG LLP
St James' Square
Manchester
M2 6DS

Principal bankers

Yorkshire Bank
The Chancery
58 Spring Gardens
Manchester
M2 1YB

Directors' report

The Directors present their annual report and the audited financial statements for the period ended 31 December 2011.

Principal activities, trading review and future developments

The principal activity of the Company is an investment holding company.

The company was incorporated on 10 March 2011 as Advanced Childcare Bidco Limited, and changed its name to Advanced Childcare Services Limited on 5 April 2011. On 17 March 2011, the company acquired the entire issued share capital of Total Care Alliance Limited, a company operating residential care homes, schools and fostering services for young people, via a number of subsidiary companies, under the Advanced Childcare brand.

Results and dividends

The profit and loss account is set out on page 6 and shows the Company's loss for the year.

The Directors do not recommend payment of a dividend.

Directors and Directors' interests

The Directors of the Company during the period as shown on page 1. Changes during the period as follows:

A Foglio	Appointed 10 March 2011
F Stuart	Appointed 10 March 2011
R Khan	Appointed 17 March 2011
S Herring	Appointed 12 January 2012
S Rogan	Appointed 17 March 2011, Resigned 14 February 2012
K Abassi	Appointed 17 March 2011, Resigned 14 September 2011

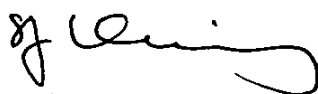
Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


S Herring
Director

3 Bunhill Row
London

28 September 2012

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK 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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members Advanced Childcare Services Limited

We have audited the financial statements of Advanced Childcare Services Limited for the period ended 31 December 2011 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 Auditing Practices Board's (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2011 and of its loss for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006


In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Advanced Childcare Services Limited (*continued*)

Matters on which we are required to report by exception

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


John Costello (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

28/9/12
St James' Square
Manchester
M2 6DS

Profit and Loss Account
for the period ended 31 December 2011

	<i>Note</i>	2011 £000
Administrative expenses		(125)
Operating loss		(125)
Other interest receivable and similar income	<i>4</i>	682
Interest payable and similar charges	<i>5</i>	(2,969)
Loss on ordinary activities before taxation		(2,412)
Taxation	<i>6</i>	-
Loss for the period	<i>12</i>	(2,412)

All results are derived from continuing operations

The company has no recognised gains and losses other than the results for the year as disclosed above. Accordingly, a separate statement of total recognised gains and losses has not been presented.

The notes on pages 10 to 14 form part of the financial statements

Balance Sheet
at 31 December 2011

	<i>Note</i>	2011 £000
Fixed assets		
Investments	7	19,397
Current assets		
Debtors		18,739
Cash at bank		1,049
		<hr/>
		19,788
Creditors amounts falling due within one year	8	(720)
		<hr/>
Net current assets		19,068
		<hr/>
Total assets less current liabilities		38,465
Creditors amounts falling due after more than one year	9	(38,896)
		<hr/>
Net liabilities		(431)
		<hr/>
Capital and reserves		
Called up share capital	11	1,981
Profit and loss account	12	(2,412)
		<hr/>
Shareholders' deficit		(431)
		<hr/>

The notes on pages 10 to 14 form part of the financial statements

These financial statements were approved by the board of Directors on 28 September 2012 and were signed on its behalf by



S Herring
 Director

Reconciliation of movements in shareholders' deficit
for the period ended 31 December 2011

	2011 £000
Loss for the period	(2,412)
Issue of share capital	1,981
Net increase in shareholders' deficit	(431)
Opening shareholders' deficit	-
Closing shareholders' deficit	(431)

The notes on pages 10 to 14 form part of the financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable law and United Kingdom accounting standards

The Company was exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare Group accounts. These financial statements only present information about the individual Company. The results of the Company are included in the consolidated accounts of Advanced Childcare Group Limited, which is a Company registered in Jersey.

Under FRS1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Going concern

The Directors have prepared three-year cash flow forecasts for the Advanced Childcare Group which, taking into account reasonably possible changes in trading performance, show that the group can trade within its agreed finance facilities for at least the next twelve months. These forecasts indicate that the bank covenants will be met throughout this period.

Based on the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period. Finance costs are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Group

Following the adoption of FRS 25 financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

2 Directors and employees

The company had no employees in the year other than the directors. The Directors receive no remuneration for their services to the company.

3 Notes to the profit and loss account

The auditors' remuneration has been borne by another company for the current year.

4 Other interest receivable and similar income

	2011 £000
Interest receivable from group undertakings	682

Notes (continued)

5 Interest payable and similar charges

	2011 £000
Interest payable on bank loans	481
Interest payable to group undertakings	2,384
Amortisation of debt issue costs	104
	<hr/>
	2,969
	<hr/>

6 Tax on loss on ordinary activities

The effective current tax credit for the period is lower than the standard rate of corporation tax in the UK of 26 15%
 The differences are explained out below

	2011 £000
<i>Current tax reconciliation</i>	
Loss on ordinary activities before tax	2,412
	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 26 15%	(630)
<i>Effects of</i>	
Expenses not deductible for tax purposes	600
Group relief	30
	<hr/>
Total current tax charge for the period	-
	<hr/>

The company has an unrecognised deferred tax asset of £567,000 relating to tax losses. The asset has not been recognised due to the uncertainty of generating sufficient future taxable profits.

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantially enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantially enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge.

Notes (continued)

7 Investments

	£000
<i>Cost</i>	
Additions – entire issued share capital of Total Care Alliance Limited	19,397
At 31 December 2011	19,397
<i>Net book value</i>	
At 31 December 2011	19,397

The following were the subsidiaries at the balance sheet date.

Direct subsidiary undertakings	Description and proportion of share capital owned	Country of registration	Nature of business
Total Care Alliance Limited	100%	UK	Care and education
Indirect subsidiary undertakings			
Advanced Childcare Limited	100%	UK	Care and education
Independent Childcare Group of Schools Limited	100%	UK	Care and education
Clifford House Limited	100%	UK	Care and education

The Directors consider the value of the Company's investment in its direct subsidiary undertaking is not less than the amount at which it is stated in the Company's balance sheet

8 Creditors: amounts falling due within one year

	2011 £000
Bank loans (note 10)	592
Other creditors	128
	720

9 Creditors: amounts falling due after more than one year

	2011 £000
Amounts owed to group undertakings	31,353
Bank loans (note 10)	7,543
	38,896

10 Bank loans

Bank loans consist of the following

	2011 £000
Bank loans	8,675
Less unamortised debt issue costs	(540)
	<u>8,135</u>

The bank loan is repayable as follows:

	2011 £000
Within one year	700
Between two and five years	850
After five years	7,125
	<u>8,675</u>

Bank loans are secured via a fixed and floating charge over the assets of the group. Interest is charged between 4.25 % and 4.75 % above LIBOR. The company has entered into hedging arrangements to mitigate against negative movements in LIBOR over the term of the loans.

11 Called up share capital

	2011 £000
<i>Authorised</i>	
<i>Allotted, called up and fully paid</i>	
1,980,952 ordinary shares of £1 each	<u>1,981</u>

12 Reserves

	Profit and loss account £000
At incorporation	-
Loss for the period	(2,412)
	<u>(2,412)</u>
At end of period	<u>(2,412)</u>

13 Related party transactions

The Company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the group of companies headed by Advanced Childcare Group Limited. There were no other related party transactions.

14 Immediate and ultimate parent company

The immediate parent company is Advanced Childcare Group Limited, a company registered in Jersey.

The ultimate parent company is Advanced Childcare LLC, a company incorporated in Delaware, USA. The smallest and largest group in which the results of the company are consolidated is that headed by Advanced Childcare Group Limited. The consolidated financial statements of this group are available to the public from Companies House.