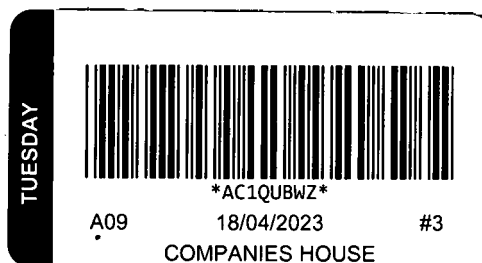


Company registration number 08685288 (England and Wales)

BHCF2 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022



BHCF2 LIMITED

COMPANY INFORMATION

Directors Margaret Mason OBE
Hugh Mason
Alan Mason
Timothy Smith

Company number 08685288

Registered office Mayfield House
1 Nottingham Road
Long Eaton
Nottingham
Nottinghamshire
NG10 1HQ

Auditor Mercer & Hole LLP
Silbury Court
420 Silbury Boulevard
Central Milton Keynes
MK9 2AF

BHCF2 LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 6
Independent auditor's report	7 - 9
Profit and loss account	10
Group statement of comprehensive income	11
Group balance sheet	12
Company balance sheet	13
Group statement of changes in equity	14
Company statement of changes in equity	15
Group statement of cash flows	16
Notes to the financial statements	17 - 33

BHCF2 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2022

The directors present the strategic report and financial statements for the year ended 31 July 2022.

Fair review of the business

This year builds upon the later half of our previous years results with a return to normal trading post pandemic and the positive impact that this has had on all our settings both in financial terms but also from the perspective of the well-being of all our staff.

We believe passionately that the first years of a child's life are crucial to their development and to this end Children 1st continue to invest in their settings and staff in order to ensure the best possible outcomes for the children in our care.

Our greatest asset is our dedicated staff team and we would like to thank them all for their support and diligence throughout the year.

Principal risks and uncertainties

The principal risks facing the group can broadly be grouped as competitive, legislative and financial.

Competitive

The main competitive risk relates to the ability of the group's nurseries to continue to meet and exceed the needs of parents and therefore continue to attract customers in their area and gain an advantage over their competitors. To this end, all the group's nurseries are committed to provide a warm, homely environment where skilled experienced staff provide exciting learning experiences and opportunities that promote the all round development of children both educationally and socially.

Legislative

The quality of service provided in the education sector continues to be under public scrutiny. The group has an excellent reputation within the marketplace however and continues to meet the requirements of the Office for Standards in Education, Children's Services and Skills (Ofsted). The group has a high proportion of nurseries with an Ofsted rating of "Outstanding".

Financial

The group's main financial instruments comprised of cash, loans and trade creditors. The main purpose of these instruments is to provide funding for the group's operations. There are limited risks arising to the group as a result of these instruments and the directors agree policies for the management of these instruments which are detailed below:

a) Credit risk - the group's contract terms to customers stipulate that fees must be paid in advance and therefore any credit risk is considered to be minimal. Where fees are not paid as per the contract, the group has procedures in place to ensure any issues are addressed in a timely manner.

b) Liquidity risk - the group seeks to manage and minimise financial risk by ensuring that sufficient liquidity is available at all times to meet foreseeable needs and by investing cash assets safely and profitably.

BHCF2 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

Promoting the success of the group

The directors of the company, as those of all UK companies, must act in accordance with a set of general duties, as detailed in section 172 of the UK Companies Act 2006.

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long term;
- The interests of the group's employees;
- The need to foster the group's business relationships with suppliers, customers and others;
- The impact of the group's operations on the community and environment;
- The desirability of the group maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the company.

In common with most large businesses, the directors fulfil their duties partly through a governance framework that delegates day to day decision making to employees of the group. An authority matrix has been introduced to support and formalise this process and will be regularly reviewed and amended to reflect any changes to perceived risks or the environment in which the group operates.

Other details of how the directors fulfil their duties in each of the areas set out above are:

Consequences of decisions in the long term

Each year, the board undertakes a review of the group's long-term strategy, including the business plan for the following year. Once approved by the board, the plan and strategy form the basis for financial budgets, resource plans and investment decisions. In making decisions concerning the business plan and future strategy, the board has regard to a variety of matters including the interests of various stakeholders, the consequences of its decisions in the long term and its long-term reputation.

In approving the business plan, the directors also consider external factors such as child welfare, parental challenges, Ofsted requirements and both local and national government policy, as well as the evolving economic and market conditions. Where these factors are deemed to be significant, additional forecasting activities are undertaken to understand the impact in a timely manner and enable informed decision making. The board has agreed a set of targets for an acceptable level of financial resilience and liquidity and regularly reviews the group's forecast cash flows, funding requirements, debt capacity and financing options.

Interests of the company's employees

The directors understand the importance of the group's employees to the long-term success of the business. For our business to succeed we need to manage our people's performance and help their personal development whilst ensuring we operate as efficiently and safely as possible. The directors review performance in this area on a regular basis as well as ensuring our offering is competitive to retain our staff.

The business benefits from a hugely experienced team, many of whom have been with us for 15 years or more. We continually communicate with the employees to help optimise their experience of working within the group.

We support careers in childcare by providing apprenticeships at levels 2 and 3 in Nursery Nursing, Play work and Business Administration. We operate a process of continuous improvement for all our nurseries to ensuring that they are providing high quality care and a great working environment.

Business relationships

The board regularly reviews how the group maintains positive relationships with all its stakeholders. It recognises that the focus of the business is on the care, education, welfare and development of the children and its relationships with parents, Ofsted and the local authority are key to this.

BHCF2 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

Impact on the community and environment

The group supports a number of local charities and engages with the local communities in which it operates on key local issues, reacting promptly to any concerns.

High standards of business conduct

The directors take the reputation of the group seriously which is not limited to operational and financial performance. For example, the board has approved the group's policies on data protection and gender pay reporting seeking to go above and beyond that which is legislated.

On behalf of the board



Margaret Mason OBE

Director

28 March 2023

BHCF2 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2022

The directors present their annual report and financial statements for the year ended 31 July 2022.

Principal activities

The principal activity of the group during the year continued to be that of owning and running children's nurseries. The group had 24 nurseries in operation at 31 July 2022.

Results and dividends

The results for the year are set out on page 10.

During the year an interim ordinary dividend was paid amounting to £850,000 (2021: £1,750,000). The directors do not recommend payment of a final dividend.

Directors

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

Margaret Mason OBE

Hugh Mason

Adrian Mason

(Resigned 17 February 2023)

Alan Mason

Jacqueline Mason

(Resigned 17 February 2023)

Timothy Smith

Christopher Faulkner

(Resigned 31 August 2022)

Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

Information on 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 group's performance.

Auditor

The company's auditor, Mercer & Hole, incorporated on 1 October 2022 to become Mercer & Hole LLP. The directors have consented to treating the incorporation of Mercer & Hole LLP as a continuation of the existing audit arrangement and in accordance with the company's articles, a resolution proposing that Mercer & Hole LLP be reappointed as auditor of the company will be put at a General Meeting.

Energy and carbon report

The group's Greenhouse Gas emissions and energy use for the year are reported below.

All of the group's emissions and energy use relates to UK activities, there being no overseas activities. The largest element of the emissions generated by the group are electricity and gas usage by its estate of children's day care nurseries.

	2022	2021
	kWh	kWh
Energy consumption		
Aggregate of energy consumption in the year	2,434,087	2,552,644

BHCF2 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

	2022 metric tonnes	2021 metric tonnes
<i>Emissions of CO2 equivalent</i>		
Scope 1 - direct emissions		
- Gas combustion	332.00	333.00
Scope 2 - indirect emissions		
- Electricity purchased	153.00	206.00
	<hr/>	<hr/>
Total gross emissions	485.00	539.00
	<hr/>	<hr/>
<i>Intensity ratio</i>		
Tonnes CO2 per turnover £m	21.1	28.4
	<hr/>	<hr/>

Quantification and reporting methodology

We have used the 2022 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £1 million of revenue.

Measures taken to improve energy efficiency

Whenever a nurse is refurbished, the group looks to put in energy saving lighting and energy efficient appliances. Building systems are maintained and serviced on a regular basis to ensure that they operate efficiently. This is supported by further activities including the development of guides to help manage equipment pro-actively and efficiently.

Statement of directors' responsibilities

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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

BHCF2 LIMITED


DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board


.....
Margaret Mason OBE
Director

Date: 28 March 2023

BHCF2 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BHCF2 LIMITED

Opinion

We have audited the financial statements of BHCF2 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2022 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

BHCF2 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BHCF2 LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, the requirements of the Office for Standards in Education, Children's Services and Skills, the Companies Act 2006 and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- gaining an understanding of management's controls designed to prevent and detect irregularities; and
- identifying and testing journal entries.

BHCF2 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BHCF2 LIMITED

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on 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 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.

Mercer & Hole LLP

Paul Maberly FCA (Senior Statutory Auditor)
For and on behalf of Mercer & Hole LLP

Date: *5th April 2023*

Chartered Accountants
Statutory Auditor

Silbury Court
420 Silbury Boulevard
Central Milton Keynes
MK9 2AF

BHCF2 LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2022

	Notes	2022 £	2021 £
Turnover	3	23,213,246	19,473,350
Cost of sales		(12,087,280)	(10,864,762)
Gross profit		11,125,966	8,608,588
Administrative expenses		(6,384,515)	(6,032,484)
Other operating income		104,532	490,226
Operating profit	4	4,845,983	3,066,330
Interest receivable and similar income	8	12,880	13,820
Interest payable and similar expenses	9	(290,121)	(179,663)
Change in market value of investments	10	(435,869)	383,870
Profit before taxation		4,132,873	3,284,357
Tax on profit	11	(1,215,137)	(911,238)
Profit for the financial year	25	2,917,736	2,373,119

Profit for the financial year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

BHCF2 LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2022

	2022 £	2021 £
Profit for the year	2,917,736	2,373,119
Other comprehensive income		
Tax relating to other comprehensive income	(9,693)	(240,408)
Total comprehensive income for the year	<u>2,908,043</u>	<u>2,132,711</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

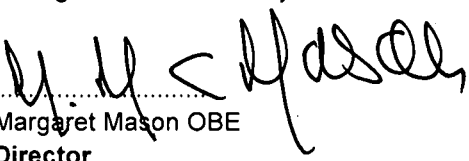
BHCF2 LIMITED

GROUP BALANCE SHEET

AS AT 31 JULY 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Goodwill	13	5,329,863		5,857,234	
Tangible assets	14	20,602,141		20,465,630	
Investments	15	-		3,223,508	
		<u>25,932,004</u>		<u>29,546,372</u>	
Current assets					
Debtors	17	1,225,913		1,082,913	
Cash at bank and in hand		4,092,168		2,698,720	
		<u>5,318,081</u>		<u>3,781,633</u>	
Creditors: amounts falling due within one year	18	<u>(4,910,481)</u>		<u>(4,952,697)</u>	
Net current assets/(liabilities)			407,600		(1,171,064)
Total assets less current liabilities			26,339,604		28,375,308
Creditors: amounts falling due after more than one year	19		(4,452,489)		(8,444,167)
Provisions for liabilities					
Deferred tax liability	22	<u>1,383,640</u>		<u>1,485,709</u>	
			(1,383,640)		(1,485,709)
Net assets			<u>20,503,475</u>		<u>18,445,432</u>
Capital and reserves					
Called up share capital	24		600		600
Revaluation reserve	25		4,040,059		4,061,581
Other reserves	25		6,389,903		6,389,903
Profit and loss reserves	25		10,072,913		7,993,348
Total equity			<u>20,503,475</u>		<u>18,445,432</u>

The financial statements were approved by the board of directors and authorised for issue on 28 March 2023 and are signed on its behalf by:


Margaret Mason OBE
Director

Company registration number 08685288 (England and Wales)

BHCF2 LIMITED

COMPANY BALANCE SHEET


AS AT 31 JULY 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Investments	15		5,000,403		5,000,403
Current assets					
Debtors	17	69,031		69,031	
Cash at bank and in hand		145,542		945,911	
		214,573		1,014,942	
Creditors: amounts falling due within one year	18	(4,163,992)		(4,866,869)	
Net current liabilities			(3,949,419)		(3,851,927)
Total assets less current liabilities			1,050,984		1,148,476
Capital and reserves					
Called up share capital	24		600		600
Profit and loss reserves	25		1,050,384		1,147,876
Total equity			1,050,984		1,148,476

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £752,508 (2021: £2,897,876 profit).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 28 March 2023 and are signed on its behalf by:


Margaret Mason OBE
Director

Company Registration No. 08685288

BHCF2 LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2022

	Notes	Share capital £	Revaluation reserve £		Profit and loss reserves £	Total £
Balance at 1 August 2020		100	4,314,818	6,389,903	7,357,400	18,062,221
Year ended 31 July 2021:						
Profit for the year		-	-	-	2,373,119	2,373,119
Other comprehensive income:						
Tax relating to other comprehensive income		-	(240,408)	-	-	(240,408)
Total comprehensive income for the year		-	(240,408)	-	2,373,119	2,132,711
Issue of share capital	24	500	-	-	-	500
Dividends	12	-	-	-	(1,750,000)	(1,750,000)
Transfers		-	(12,829)	-	12,829	-
Balance at 31 July 2021		600	4,061,581	6,389,903	7,993,348	18,445,432
Year ended 31 July 2022:						
Profit for the year		-	-	-	2,917,736	2,917,736
Other comprehensive income:						
Tax relating to other comprehensive income		-	(9,693)	-	-	(9,693)
Total comprehensive income for the year		-	(9,693)	-	2,917,736	2,908,043
Dividends	12	-	-	-	(850,000)	(850,000)
Transfers		-	(11,829)	-	11,829	-
Balance at 31 July 2022		600	4,040,059	6,389,903	10,072,913	20,503,475

BHCF2 LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 August 2020		100	-	100
Year ended 31 July 2021:				
Profit and total comprehensive income for the year		-	2,897,876	2,897,876
Issue of share capital	24	500	-	500
Dividends	12	-	(1,750,000)	(1,750,000)
Balance at 31 July 2021		600	1,147,876	1,148,476
Year ended 31 July 2022:				
Profit and total comprehensive income for the year		-	752,508	752,508
Dividends	12	-	(850,000)	(850,000)
Balance at 31 July 2022		600	1,050,384	1,050,984

BHCF2 LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	31	6,644,441		5,359,477	
Interest paid		(290,121)		(179,663)	
Income taxes paid		(850,806)		(551,768)	
Net cash inflow from operating activities		5,503,514		4,628,046	
Investing activities					
Purchase of intangible assets		-	(203,159)		
Purchase of tangible fixed assets		(955,401)	(2,656,284)		
Proceeds from disposal of tangible fixed assets		199	873		
Purchase of investments		(1,000,000)	(900,000)		
Proceeds from disposal of investments		3,787,639	-		
Loans (advanced)/repaid		(111,394)	627,790		
Interest received		12,880	13,820		
Net cash generated from/(used in) investing activities		1,733,923		(3,116,960)	
Financing activities					
Proceeds from issue of shares		-	500		
Repayment of bank loans		(4,964,337)	(321,016)		
Payment of finance leases obligations		(29,652)	(26,179)		
Dividends paid to equity shareholders		(850,000)	(1,750,000)		
Net cash used in financing activities		(5,843,989)		(2,096,695)	
Net increase/(decrease) in cash and cash equivalents		1,393,448		(585,609)	
Cash and cash equivalents at beginning of year		2,698,720		3,284,329	
Cash and cash equivalents at end of year		4,092,168		2,698,720	

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

Company information

BHCF2 Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Mayfield House, 1 Nottingham Road, Long Eaton, Nottingham, Nottinghamshire, NG10 1HQ.

The group consists of BHCF2 Limited and all of its subsidiaries.

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 the group's investments at fair value. The principal accounting policies adopted are set out below.

The 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 for parent company information presented within the consolidated financial statements:

- 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, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £752,508 (2021: £2,897,876 profit).

The consolidated financial statements incorporate those of BHCF2 Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 July 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

(Continued)

1.2 Going concern

These financial statements are prepared on the going concern basis. In making this assessment, the directors have reviewed the trading and cash flow forecasts for the forthcoming year. Based on these forecasts the directors believe that the group can continue to meet its obligations as they fall due and that it is therefore appropriate to prepare the financial statements on a going concern basis.

1.3 Turnover

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration receivable excluding discounts and rebates. Revenue in respect of the provision of nursery care is recognised as the services are provided.

1.4 Intangible fixed assets - goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets.

Where the fair value of the consideration exceeds the fair value of the separable net assets, the difference is treated as purchased goodwill and is capitalised and amortised through the profit and loss account over its estimated economic life of 20 years.

1.5 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:

Freehold buildings	15% straight line
Leasehold improvements	Over the term of the lease
Plant and machinery	15% and 33% reducing balance
Fixtures, fittings & equipment	15% and 33% reducing balance
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 recognised in the profit and loss account.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

Other investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in or . Transaction costs are expensed to or as incurred.

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents 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.

1.9 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

(Continued)

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.

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

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 group 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 group 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 payments 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.

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the group 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 group.

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

(Continued)

1.11 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 if, and only if, there is 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.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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.

1.13 Retirement benefits

The group 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.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2022 £	2021 £
Turnover analysed by class of business		
Provision of nursery care	23,213,246	19,473,350

	2022 £	2021 £
Other significant revenue		
Interest income	12,880	13,820
Government grants	104,532	490,226

	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	23,213,246	19,473,350

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	812,736	771,214
Loss/(profit) on disposal of tangible fixed assets	5,955	(873)
Amortisation of intangible assets	527,371	526,081
Operating lease charges	295,624	279,171

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	8,500	8,000
Audit of the financial statements of the company's subsidiaries	33,500	31,000
	<u>42,000</u>	<u>39,000</u>
For other services		
Taxation compliance services	16,000	15,000
All other non-audit services	89,720	40,000
	<u>105,720</u>	<u>55,000</u>

6 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Administration	51	50	6	4
Nursery	663	659	-	-
	<u>714</u>	<u>709</u>	<u>6</u>	<u>4</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	10,976,301	10,719,227	222,437	91,667
Social security costs	688,669	637,559	24,994	10,616
Pension costs	154,966	179,489	-	-
	<u>11,819,936</u>	<u>11,536,275</u>	<u>247,431</u>	<u>102,283</u>

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	222,437	560,584
Company pension contributions to defined contribution schemes	-	34,157
	<u>222,437</u>	<u>594,741</u>

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

7 Directors' remuneration

(Continued)

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

	2022 £	2021 £
Remuneration for qualifying services	119,600	273,500
Company pension contributions to defined contribution schemes	-	31,647
	<u>119,600</u>	<u>31,647</u>

8 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	12,880	9,743
Other interest income	-	4,077
	<u>12,880</u>	<u>13,820</u>

9 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and loans	205,396	173,704
Interest on finance leases and hire purchase contracts	4,725	5,959
Other interest	80,000	-
	<u>290,121</u>	<u>179,663</u>

10 Amounts written off investments

	2022 £	2021 £
Fair value gains/(losses) on financial instruments		
(Loss)/gain on financial assets held at fair value through profit or loss	(435,869)	383,870
	<u>(435,869)</u>	<u>383,870</u>

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

11 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	1,050,562	668,678
Adjustments in respect of prior periods	276,337	(27,828)
Total current tax	1,326,899	640,850
Deferred tax		
Origination and reversal of timing differences	(111,762)	270,388
Total tax charge	1,215,137	911,238

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

	2022 £	2021 £
Profit before taxation	4,132,873	3,284,357
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	785,246	624,028
Tax effect of expenses that are not deductible in determining taxable profit	201,269	13,229
Effect of change in corporation tax rate	(65,565)	126,099
Permanent capital allowances in excess of depreciation	(22,919)	(7,836)
Depreciation on assets not qualifying for tax allowances	109,590	183,546
Under/(over) provided in prior years	276,337	(27,828)
Deferred tax adjustments in respect of prior years	(68,821)	-
Tax expense for the year	1,215,137	911,238

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022 £	2021 £
Deferred tax arising on:		
Revaluation of property	(9,693)	(240,408)

12 Dividends

	2022 £	2021 £
Final paid	850,000	1,750,000

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

13 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 August 2021 and 31 July 2022	12,829,189
Amortisation and impairment	
At 1 August 2021	6,971,955
Amortisation charged for the year	527,371
At 31 July 2022	7,499,326
Carrying amount	
At 31 July 2022	5,329,863
At 31 July 2021	5,857,234

The company had no intangible fixed assets at 31 July 2022 or 31 July 2021.

14 Tangible fixed assets

Group	Freehold buildings	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 August 2021	16,086,850	3,919,056	1,275,563	3,321,078	49,524	24,652,071
Additions	-	526,436	228,969	199,996	-	955,401
Disposals	-	-	-	-	(6,596)	(6,596)
At 31 July 2022	16,086,850	4,445,492	1,504,532	3,521,074	42,928	25,600,876
Depreciation and impairment						
At 1 August 2021	478,563	1,523,658	579,895	1,587,025	17,300	4,186,441
Depreciation charged in the year	62,603	338,589	98,763	306,003	6,778	812,736
Eliminated in respect of disposals	-	-	-	-	(442)	(442)
At 31 July 2022	541,166	1,862,247	678,658	1,893,028	23,636	4,998,735
Carrying amount						
At 31 July 2022	15,545,684	2,583,245	825,874	1,628,046	19,292	20,602,141
At 31 July 2021	15,608,287	2,395,398	695,668	1,734,053	32,224	20,465,630

The company had no tangible fixed assets at 31 July 2022 or 31 July 2021.

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

15 Fixed asset investments

Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	-	-	5,000,403	5,000,403
Unlisted investments	-	3,223,508	-	-
	-	3,223,508	5,000,403	5,000,403

Movements in fixed asset investments Group

	Other investments other than loans £	Total £
Cost or valuation		
At 1 August 2021	3,373,508	3,373,508
Additions	1,000,000	1,000,000
Disposals	(4,223,508)	(4,223,508)
At 31 July 2022	150,000	150,000
Impairment		
At 1 August 2021 and 31 July 2022	150,000	150,000
Carrying amount		
At 31 July 2022	-	-
At 31 July 2021	3,223,508	3,223,508

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 August 2021 and 31 July 2022	5,000,403
Carrying amount	
At 31 July 2022	5,000,403
At 31 July 2021	5,000,403

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

16 Financial instruments

	Group 2022 £	2021 £	Company 2022 £	2021 £
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	-	3,223,508	-	-

17 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	54,921	34,713	-	-
Amounts owed by group undertakings	-	-	68,531	68,531
Other debtors	717,767	706,589	500	500
Prepayments and accrued income	453,225	341,611	-	-
	<u>1,225,913</u>	<u>1,082,913</u>	<u>69,031</u>	<u>69,031</u>

18 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	20	233,896	1,238,061	-	-
Obligations under finance leases	21	31,506	29,652	-	-
Trade creditors		1,132,475	1,018,730	-	-
Amounts owed to group undertakings		-	-	4,159,005	4,858,935
Corporation tax payable		874,770	398,677	-	-
Other taxation and social security		286,329	302,198	4,987	7,934
Other creditors		1,645,279	1,330,405	-	-
Accruals and deferred income		706,226	634,974	-	-
		<u>4,910,481</u>	<u>4,952,697</u>	<u>4,163,992</u>	<u>4,866,869</u>

19 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	20	4,420,537	8,380,709	-	-
Obligations under finance leases	21	31,952	63,458	-	-
		<u>4,452,489</u>	<u>8,444,167</u>	<u>-</u>	<u>-</u>

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

19 Creditors: amounts falling due after more than one year

(Continued)

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	2,174,580	-	-
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20 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	4,654,433	9,618,770	-	-
Payable within one year	233,896	1,238,061	-	-
Payable after one year	4,420,537	8,380,709	-	-

The bank loans are secured on the group's properties. One of the bank loans bears interest at 1.6% above the bank's base rate and is repayable in monthly instalments of £18,075.

21 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	31,506	29,652	-	-
In two to five years	31,952	63,458	-	-
	63,458	93,110	-	-

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3-5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

22 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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 2022 £	Liabilities 2021 £
Group		
Accelerated capital allowances	388,115	406,062
Revaluations	1,005,147	995,454
Other timing differences	(9,622)	84,193
	<u>1,383,640</u>	<u>1,485,709</u>

The company has no deferred tax assets or liabilities.

	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 August 2021	1,485,709	-
Credit to profit or loss	(111,762)	-
Charge to other comprehensive income	9,693	-
	<u>1,383,640</u>	<u>-</u>
Liability at 31 July 2022		

The deferred tax liability set out above is expected to reverse within 36 months and relates to accelerated capital allowances that are expected to set against future expected profits.

23 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>154,966</u>	<u>179,489</u>

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund.

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

24 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of 1p each	42,000	42,000	420	420
B shares of 1p each	18,000	18,000	180	180
	<u>60,000</u>	<u>60,000</u>	<u>600</u>	<u>600</u>

The B shares rank pari passu with the ordinary shares except that they do not hold any voting rights.

25 Reserves

Revaluation reserve

This reserve records the amount by which the group's freehold properties have been revalued net of the tax that would be payable if the properties were disposed of at their revalued amounts.

Profit and loss reserves

This reserve includes all current and prior period retained profits and losses.

Other reserve

This is a merger reserve that arose on a group reorganisation undertaken in a prior period.

26 Operating lease commitments

Lessee

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

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Within one year	380,344	391,446	-	-
Between two and five years	879,616	701,789	-	-
In over five years	3,723,576	3,692,590	-	-
	<u>4,983,536</u>	<u>4,785,825</u>	<u>-</u>	<u>-</u>

27 Events after the reporting date

Subsequent to the year end the group was subject to a capital reduction demerger as a result of which all bar one of the group's properties were transferred to new companies held outside the group.

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	222,437	594,741

29 Directors' transactions

Dividends totalling £850,000 (2021 - £1,750,000) were paid in the year in respect of shares held by the company's directors.

At the year end an amount of £328,406 was due to Mrs M Mason (2021: £418,886). This was interest free and repayable on demand.

30 Controlling party

The ultimate controlling parties are Mrs M Mason and Mr H Mason, directors.

31 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	2,917,736	2,373,119
Adjustments for:		
Taxation charged	1,215,137	911,238
Finance costs	290,121	179,663
Investment income	(12,880)	(13,820)
Loss/(gain) on disposal of tangible fixed assets	5,955	(873)
Amortisation and impairment of intangible assets	527,371	526,081
Depreciation and impairment of tangible fixed assets	812,736	771,214
Amounts written off investments	435,869	(383,870)
Movements in working capital:		
(Increase)/decrease in debtors	(122,086)	979,711
Increase in creditors	574,482	17,014
Cash generated from operations	6,644,441	5,359,477

BHCF2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

32 Analysis of changes in net debt - group

	1 August 2021 £	Cash flows £	31 July 2022 £
Cash at bank and in hand	2,698,720	1,393,448	4,092,168
Borrowings excluding overdrafts	(9,618,770)	4,964,337	(4,654,433)
Obligations under finance leases	(93,110)	29,652	(63,458)
	<u>(7,013,160)</u>	<u>6,387,437</u>	<u>(625,723)</u>