

Company Registration No. 08685288 (England and Wales)

**BHCF2 LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2020**

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COMPANIES HOUSE

# BHCF2 LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Margaret Mason OBE	
	Hugh Mason	
	Adrian Mason	(Appointed 6 September 2019)
	Alan Mason	(Appointed 6 September 2019)
	Jacqueline Mason	(Appointed 6 September 2019)
	Timothy Smith	(Appointed 1 March 2021)
	Christopher Faulkner	(Appointed 1 March 2021)

<b>Company number</b>	08685288
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<b>Registered office</b>	Mayfield House 1 Nottingham Road Long Eaton Nottingham Nottinghamshire NG10 1HQ
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<b>Auditor</b>	Mercer & Hole Silbury Court 420 Silbury Boulevard Central Milton Keynes Buckinghamshire MK9 2AF
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# BHCF2 LIMITED

## CONTENTS

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	<b>Page</b>
Strategic report	1 - 3
Directors' report	4
Directors' responsibilities statement	5
Independent auditor's report	6 - 8
Profit and loss account	9
Group statement of comprehensive income	10
Group balance sheet	11
Company balance sheet	12
Group statement of changes in equity	13
Company statement of changes in equity	14
Group statement of cash flows	15
Notes to the financial statements	16 - 31

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# BHCF2 LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 JULY 2020

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The directors present the strategic report and financial statements for the year ended 31 July 2020.

#### **Fair review of the business**

The year started well, and we maintained our program of improvements to develop and enhance the environments and facilities for the children. We were then faced with the full impact of the pandemic during the second half of the trading year. We ensured that our facilities could remain open to support the children of key workers. This sudden reduction in numbers has significantly impacted our turnover for the year.

We took immediate steps to secure the companies financial stability by taking a £1.600,000 Covid loan to bolster the working capital position. The directors worked hard to mitigate the full impact of the pandemic through utilisation of the government furlough scheme and an insurance claim.

The focus throughout has been on maintaining the availability of places to support the planned for changes in the following year, both further lockdowns and the return to work for many of our parents. Flexibility has been a key strand of our strategy throughout and focusing on supporting the children, parents, and our staff.

We can see the year ahead will be equally challenging, however we will continue to invest and support the nurseries to ensure the most stimulating and exciting environments are available to all of the children who attend Children 1st.

We would like to thank all the staff for their support and diligence throughout the year.

The upcoming year is going to be a further challenge for the group as more pressure will be put on margins. We will however continue investing in the nurseries and strive to ensure the most stimulating and exciting environments are available to all of the children who attend Children 1st.

#### **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 2020

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#### **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 company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and environment;
- The desirability of the company 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.

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, Playwork 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 2020**

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### *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.

On behalf of the board



Margaret Mason OBE

Director

29/4/21

# BHCF2 LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 JULY 2020

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The directors present their annual report and financial statements for the year ended 31 July 2020.

#### 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 2020.

#### Results and dividends

The results for the year are set out on page 9.

During the year an interim ordinary dividend was paid amounting to £240,000 (2019: £1,295,784). 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

(Appointed 6 September 2019)

Alan Mason

(Appointed 6 September 2019)

Jacqueline Mason

(Appointed 6 September 2019)

Timothy Smith

(Appointed 1 March 2021)

Christopher Faulkner

(Appointed 1 March 2021)

#### 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 auditor, Mercer & Hole, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Energy and carbon report

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

#### 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: 29/4/21

# **BHCF2 LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 JULY 2020***

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

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BHCF2 LIMITED

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### Opinion

We have audited the financial statements of BHCF2 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2020 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 a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2020 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 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The 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. 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.

# BHCF2 LIMITED

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

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### 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.

### 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 company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# BHCF2 LIMITED

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

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### 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.



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

*29 April 2021*

**Chartered Accountants**  
**Statutory Auditor**

Silbury Court  
420 Silbury Boulevard  
Central Milton Keynes  
Buckinghamshire  
MK9 2AF

# BHCF2 LIMITED

## GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £	2019 £
Turnover	3	16,091,436	18,687,929
Cost of sales		(10,333,099)	(9,792,431)
<b>Gross profit</b>		<b>5,758,337</b>	<b>8,895,498</b>
Administrative expenses		(5,765,671)	(5,875,866)
Other operating income		2,584,397	-
<b>Operating profit</b>	<b>4</b>	<b>2,577,063</b>	<b>3,019,632</b>
Interest receivable and similar income	8	51,305	139,003
Interest payable and similar expenses	9	(190,001)	(254,629)
Amounts written off investments	10	(27,782)	-
<b>Profit before taxation</b>		<b>2,410,585</b>	<b>2,904,006</b>
Tax on profit	11	(649,399)	(751,916)
<b>Profit for the financial year</b>	<b>25</b>	<b>1,761,186</b>	<b>2,152,090</b>

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 2020

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	2020 £	2019 £
Profit for the year	1,761,186	2,152,090
Other comprehensive income		
Tax relating to other comprehensive income	(95,048)	9,085
Total comprehensive income for the year	<u>1,666,138</u>	<u>2,161,175</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 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Goodwill	13	6,180,156		6,711,027	
Tangible assets	14	18,553,560		18,567,891	
Investments	15	1,939,638		1,692,190	
		<u>26,673,354</u>		<u>26,971,108</u>	
<b>Current assets</b>					
Debtors	17	2,271,528		1,283,554	
Cash at bank and in hand		3,284,329		1,144,931	
		<u>5,555,857</u>		<u>2,428,485</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(3,855,896)</u>		<u>(3,706,865)</u>	
<b>Net current assets/(liabilities)</b>			1,699,961		(1,278,380)
<b>Total assets less current liabilities</b>			<u>28,373,315</u>		<u>25,692,728</u>
<b>Creditors: amounts falling due after more than one year</b>	19		(9,336,181)		(8,214,795)
<b>Provisions for liabilities</b>					
Deferred tax liability	22	974,913		841,850	
		<u>(974,913)</u>		<u>(841,850)</u>	
<b>Net assets</b>			<u>18,062,221</u>		<u>16,636,083</u>
<b>Capital and reserves</b>					
Called up share capital	24		100		100
Revaluation reserve	25		4,314,818		4,423,195
Other reserves	25		6,389,903		6,389,903
Profit and loss reserves	25		7,357,400		5,822,885
<b>Total equity</b>			<u>18,062,221</u>		<u>16,636,083</u>

The financial statements were approved by the board of directors and authorised for issue on 29/4/21 and are signed on its behalf by:

  
Margaret Mason OBE

Director

# BHCF2 LIMITED

## COMPANY BALANCE SHEET

AS AT 31 JULY 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Investments	15		5,000,403		99
<b>Current assets</b>					
Debtors	17	68,531		1,945,784	
Cash at bank and in hand		1		1	
		<u>68,532</u>		<u>1,945,785</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(5,068,835)</u>		<u>(1,945,784)</u>	
<b>Net current (liabilities)/assets</b>			(5,000,303)		1
<b>Total assets less current liabilities</b>			<u>100</u>		<u>100</u>
<b>Capital and reserves</b>					
Called up share capital	24		<u>100</u>		<u>100</u>

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 £240,000 (2019: £1,295,784).

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 29/4/21 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 2020

	Notes	Share capital £	Revaluation reserve £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 August 2018</b>		100	4,427,439	6,389,903	4,953,250	15,770,692
<b>Year ended 31 July 2019:</b>						
Profit for the year		-	-	-	2,152,090	2,152,090
Other comprehensive income:						
Tax relating to other comprehensive income		-	9,085	-	-	9,085
Total comprehensive income for the year		-	9,085	-	2,152,090	2,161,175
Dividends	12	-	-	-	(1,295,784)	(1,295,784)
Transfers		-	(13,329)	-	13,329	-
<b>Balance at 31 July 2019</b>		100	4,423,195	6,389,903	5,822,885	16,636,083
<b>Year ended 31 July 2020:</b>						
Profit for the year		-	-	-	1,761,186	1,761,186
Other comprehensive income:						
Tax relating to other comprehensive income		-	(95,048)	-	-	(95,048)
Total comprehensive income for the year		-	(95,048)	-	1,761,186	1,666,138
Dividends	12	-	-	-	(240,000)	(240,000)
Transfers		-	(13,329)	-	13,329	-
<b>Balance at 31 July 2020</b>		100	4,314,818	6,389,903	7,357,400	18,062,221



# BHCF2 LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 August 2018</b>		100	-	100
<b>Year ended 31 July 2019:</b>				
Profit and total comprehensive income for the year		-	1,295,784	1,295,784
Dividends	12	-	(1,295,784)	(1,295,784)
<b>Balance at 31 July 2019</b>		100	-	100
<b>Year ended 31 July 2020:</b>				
Profit and total comprehensive income for the year		-	240,000	240,000
Dividends	12	-	(240,000)	(240,000)
<b>Balance at 31 July 2020</b>		100	-	100

# BHCF2 LIMITED

## GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	30	2,581,411		4,094,966	
Interest paid		(190,001)		(254,629)	
Income taxes paid		(509,998)		(767,043)	
<b>Net cash inflow from operating activities</b>		<b>1,881,412</b>		<b>3,073,294</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(555,734)		(1,570,510)	
Proceeds on disposal of tangible fixed assets		330		-	
Purchase of fixed asset investments		(270,100)		(1,600,600)	
Loans (advanced)/repaid		(71,405)		134,936	
Interest received		46,175		47,413	
<b>Net cash used in investing activities</b>		<b>(850,734)</b>		<b>(2,988,761)</b>	
<b>Financing activities</b>					
Proceeds of new bank loans		1,600,000		-	
Repayment of bank loans		(236,902)		(9,197,653)	
Payment of finance leases obligations		(14,378)		-	
Dividends paid to equity shareholders		(240,000)		(1,295,784)	
<b>Net cash generated from/(used in) financing activities</b>		<b>1,108,720</b>		<b>(10,493,437)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,139,398</b>		<b>(10,408,904)</b>	
Cash and cash equivalents at beginning of year		1,144,931		11,553,835	
<b>Cash and cash equivalents at end of year</b>		<b>3,284,329</b>		<b>1,144,931</b>	

# BHCF2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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### 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. 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 £240,000 (2019: £1,295,784).

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 2020. 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 2020

#### 1 Accounting policies

(Continued)

##### 1.2 Going concern

These financial statements are prepared on the going concern basis. COVID-19 has been dominating the world social and economic climate and has had an impact on performance across a wide range of industries, including the group's own performance. However, the directors continue to monitor the ongoing situation. 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 2020

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### 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 2020

### 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 2020

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### 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 2020

### 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:

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Provision of nursery care	16,091,436	18,687,929

	2020 £	2019 £
<b>Other significant revenue</b>		
Interest income	51,305	139,003
Insurance monies received	1,022,481	-
Government grants	1,476,916	-

	2020 £	2019 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	16,091,436	18,687,929

### 4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	674,543	609,033
Loss on disposal of tangible fixed assets	1,859	-
Amortisation of intangible assets	530,871	385,145
Operating lease charges	279,607	283,075



# BHCF2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2020

#### 5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	3,000	3,000
Audit of the financial statements of the company's subsidiaries	14,000	14,000
	<u>17,000</u>	<u>17,000</u>
<b>For other services</b>		
All other non-audit services	<u>15,352</u>	<u>51,026</u>

#### 6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Administration	50	46	4	2
Nursery	632	622	-	-
	<u>682</u>	<u>668</u>	<u>4</u>	<u>2</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	9,746,221	9,017,564	-	-
Social security costs	528,311	491,149	-	-
Pension costs	273,048	128,557	-	-
	<u>10,547,580</u>	<u>9,637,270</u>	<u>-</u>	<u>-</u>

#### 7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	366,900	280,695
Company pension contributions to defined contribution schemes	143,296	19,998
	<u>510,196</u>	<u>300,693</u>

# BHCF2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

### 7 Directors' remuneration

(Continued)

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

	2020 £	2019 £
Remuneration for qualifying services	171,354	115,362

### 8 Interest receivable and similar income

	2020 £	2019 £
<b>Interest income</b>		
Interest on bank deposits	5,382	7,176
Other interest income	40,793	40,237
Total interest revenue	46,175	47,413
<b>Other income from investments</b>		
Gains on financial instruments measured at fair value through profit or loss	5,130	91,590
Total income	51,305	139,003

Investment income includes the following:

Interest on financial assets measured at fair value through profit or loss	5,130	91,590
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### 9 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	190,001	252,109
Other interest	-	2,520
Total finance costs	190,001	254,629

### 10 Amounts written off investments

	2020 £	2019 £
<b>Fair value gains/(losses) on financial instruments</b>		
Change in value of financial assets held at fair value through profit or loss	(27,782)	-

# BHCF2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2020

#### 11 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	630,217	633,209
Adjustments in respect of prior periods	(18,833)	(6,626)
Total current tax	611,384	626,583
<b>Deferred tax</b>		
Origination and reversal of timing differences	38,015	125,333
Total tax charge	649,399	751,916

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:

	2020 £	2019 £
Profit before taxation	2,410,585	2,904,006
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	458,011	551,761
Tax effect of expenses that are not deductible in determining taxable profit	30,261	86,063
Effect of change in corporation tax rate	20,339	42,178
Depreciation on assets not qualifying for tax allowances	159,621	78,540
Under/(over) provided in prior years	(18,833)	(6,626)
Tax expense for the year	649,399	751,916

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:

	2020 £	2019 £
Deferred tax arising on: Revaluation of property	(95,048)	9,085

#### 12 Dividends

	2020 £	2019 £
Final paid	240,000	1,295,784

# BHCF2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

### 13 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 August 2019 and 31 July 2020	12,626,030
<b>Amortisation and impairment</b>	
At 1 August 2019	5,915,003
Amortisation charged for the year	530,871
At 31 July 2020	6,445,874
<b>Carrying amount</b>	
At 31 July 2020	6,180,156
At 31 July 2019	6,711,027

The company had no intangible fixed assets at 31 July 2020 or 31 July 2019.

### 14 Tangible fixed assets

Group	Freehold buildings £	Leasehold improvements £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 August 2019	14,780,797	2,732,886	1,116,905	2,652,585	27,782	21,310,955
Additions	-	365,341	69,623	227,437	-	662,401
Disposals	-	-	-	-	(4,236)	(4,236)
At 31 July 2020	14,780,797	3,098,227	1,186,528	2,880,022	23,546	21,969,120
<b>Depreciation and impairment</b>						
At 1 August 2019	354,530	953,537	417,809	1,004,522	12,666	2,743,064
Depreciation charged in the year	60,838	238,215	82,177	290,234	3,079	674,543
Eliminated in respect of disposals	-	-	-	-	(2,047)	(2,047)
At 31 July 2020	415,368	1,191,752	499,986	1,294,756	13,698	3,415,560
<b>Carrying amount</b>						
At 31 July 2020	14,365,429	1,906,475	686,542	1,585,266	9,848	18,553,560
At 31 July 2019	14,426,267	1,779,349	699,096	1,648,063	15,116	18,567,891

The company had no tangible fixed assets at 31 July 2020 or 31 July 2019.

# BHCF2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

### 15 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries		-	-	5,000,403	99
Unlisted investments		1,939,638	1,692,190	-	-
		<u>1,939,638</u>	<u>1,692,190</u>	<u>5,000,403</u>	<u>99</u>

### Movements in fixed asset investments Group

	Other investments other than loans £	Total £
<b>Cost or valuation</b>		
At 1 August 2019	1,842,190	1,842,190
Additions	870,000	870,000
Valuation changes	(22,652)	(22,652)
Interest received	10,258	10,258
Disposals	(610,158)	(610,158)
At 31 July 2020	<u>2,089,638</u>	<u>2,089,638</u>
<b>Impairment</b>		
At 1 August 2019 and 31 July 2020	<u>150,000</u>	<u>150,000</u>
<b>Carrying amount</b>		
At 31 July 2020	<u>1,939,638</u>	<u>1,939,638</u>
At 31 July 2019	<u>1,692,190</u>	<u>1,692,190</u>

### Movements in fixed asset investments Company

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 August 2019	99
Additions	5,000,304
At 31 July 2020	<u>5,000,403</u>
<b>Carrying amount</b>	
At 31 July 2020	<u>5,000,403</u>
At 31 July 2019	<u>99</u>

# BHCF2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

### 16 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
<b>Carrying amount of financial assets</b>				
Instruments measured at fair value through profit or loss	1,939,638	1,692,190	-	-

### 17 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
<b>Amounts falling due within one year:</b>				
Trade debtors	12,933	20,027	-	-
Amounts owed by group undertakings	-	-	68,531	1,945,784
Other debtors	2,073,752	864,097	-	-
Prepayments and accrued income	184,843	399,430	-	-
	2,271,528	1,283,554	68,531	1,945,784

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

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	20	676,115	361,893	-	-
Obligations under finance leases	21	19,779	-	-	-
Trade creditors		905,169	923,039	-	-
Amounts owed to group undertakings		-	-	5,068,835	1,945,784
Corporation tax payable		309,595	208,209	-	-
Other taxation and social security		220,383	243,955	-	-
Other creditors		847,244	956,568	-	-
Accruals and deferred income		877,611	1,013,201	-	-
		3,855,896	3,706,865	5,068,835	1,945,784

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

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	20	9,263,671	8,214,795	-	-
Obligations under finance leases	21	72,510	-	-	-
		9,336,181	8,214,795	-	-

# BHCF2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

### 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	6,213,077	6,677,098	-	-
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### 20 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	9,939,786	8,576,688	-	-
Payable within one year	676,115	361,893	-	-
Payable after one year	9,263,671	8,214,795	-	-

The bank loan bears interest at 1.6% above the bank's base rate and is repayable in monthly instalments of £47,557. The loan is secured on the group's properties and by a cross guarantee given by Breedon House Nurseries Limited.

### 21 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	19,779	-	-	-
In two to five years	72,510	-	-	-
	92,289	-	-	-

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 2020

### 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 2020 £	Liabilities 2019 £
<b>Group</b>		
Accelerated capital allowances	232,828	189,749
Tax losses	(8,826)	(7,897)
Revaluations	755,046	659,998
Other timing differences	(4,135)	-
	<u>974,913</u>	<u>841,850</u>

The company has no deferred tax assets or liabilities.

	Group 2020 £	Company 2020 £
<b>Movements in the year:</b>		
Liability at 1 August 2019	841,850	-
Charge to profit or loss	38,015	-
Charge to other comprehensive income	95,048	-
	<u>974,913</u>	<u>-</u>
Liability at 31 July 2020	<u>974,913</u>	<u>-</u>

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

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>273,048</u>	<u>128,557</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.

### 24 Share capital

	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>



# BHCF2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

### 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 2020 £	2019 £	Company 2020 £	2019 £
Within one year	336,407	202,604	-	-
Between two and five years	740,635	409,682	-	-
In over five years	3,771,674	1,290,312	-	-
	<u>4,848,716</u>	<u>1,902,598</u>	<u>-</u>	<u>-</u>

### 27 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	<u>510,196</u>	<u>300,693</u>

### 28 Directors' transactions

Dividends totalling £240,000 (2019 - £1,295,784) were paid in the year in respect of shares held by the company's directors.

At the year end an amount of £27,500 was due from Mrs M Mason (2019: £32,428 due to Mrs M Mason). This was interest free and repayable on demand.

### 29 Controlling party

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

# BHCF2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

### 30 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	1,761,186	2,152,090
Adjustments for:		
Taxation charged	649,399	751,916
Finance costs	190,001	254,629
Investment income	(51,305)	(139,003)
Loss on disposal of tangible fixed assets	1,859	-
Amortisation and impairment of intangible assets	530,871	385,145
Depreciation and impairment of tangible fixed assets	674,543	609,033
Amounts written off investments	27,782	-
Movements in working capital:		
(Increase) in debtors	(948,997)	(298,691)
(Decrease)/increase in creditors	(253,928)	379,837
<b>Cash generated from operations</b>	<b>2,581,411</b>	<b>4,094,956</b>

### 31 Analysis of changes in net debt - group

	1 August 2019 £	Cash flows £	New finance leases £	31 July 2020 £
Cash at bank and in hand	1,144,931	2,139,398	-	3,284,329
Borrowings excluding overdrafts	(8,576,688)	(1,363,098)	-	(9,939,786)
Obligations under finance leases	-	14,378	(106,667)	(92,289)
	<u>(7,431,757)</u>	<u>790,678</u>	<u>(106,667)</u>	<u>(6,747,746)</u>