

ICP Childcare Limited

Directors' Report and Unaudited

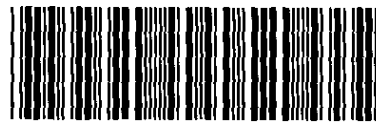
Financial Statements

Period Ended

30 June 2021

Company Number 10438833

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ICP Childcare Limited

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Company Information

Directors	T A Storey S M Booty D S Harrison C E Wilson
Registered number	10438833
Registered office	1 Pride Point Drive Pride Park Derby DE24 8BX
Accountants	BDO LLP Two Snowhill Birmingham B4 6GA

ICP Childcare Limited

Directors' Report For the Period Ended 30 June 2021

The Directors present their report and the unaudited financial statements for the period ended 30 June 2021.

Principal activity

The Company's principal activity is the provision of children's day nurseries services.

Directors

The Directors who served during the period and up to the date of this report were:

T A Storey (resigned 29 June 2021)
S M Booty (appointed 29 June 2021)
D S Harrison (appointed 17 June 2021)
C E Wilson (appointed 29 June 2021)

Going concern

The Company is part of a Group of children's day nursery businesses and provides security to the Group wide banking and debt facilities. Therefore, in assessing the going concern of the Company the Directors have considered the Group position with reference to the Group debt facilities.

Based on their experience of the period since the outbreak of the virus and engagement with customers and other stakeholders, the Directors and senior management team have updated their forecasting model to reflect their expectations for the foreseeable future, being a period of 12 months from the approval of the financial statements to December 2022. Based on occupancy growth since re-opening and current occupancy levels across the trading entities in the group the Directors are satisfied that the Group and Company can satisfy liabilities when they fall due and comply with relevant banking covenants.

The Directors therefore consider that it is appropriate to prepare the financial statements on a going concern basis.

Qualifying third party indemnity provisions

The Company held qualifying professional indemnity insurance during the period for the benefit of one or more Directors.

Exemption from audit by parent guarantee

The ultimate parent company, ICP Education Holdings Limited (formerly ICP Nurseries Holdings Limited), has agreed to guarantee the liabilities of the Company thereby allowing it to take exemption from audit under section 479A of the Companies Act 2006.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



C E Wilson
Director

Date: 21 January 2022

ICP Childcare Limited

Chartered Accountants' Report to the Board of Directors on the Unaudited Financial Statements of ICP Childcare Limited For the Period Ended 30 June 2021

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of ICP Childcare Limited for the period ended 30 June 2021 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at:

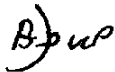
<https://www.icaew.com/regulation/a-z>.

It is your duty to ensure that ICP Childcare Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of ICP Childcare Limited. You consider that ICP Childcare Limited is exempt from the statutory audit requirement for the period.

We have not been instructed to carry out an audit or a review of the financial statements of ICP Childcare Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the Board of Directors of ICP Childcare Limited, as a body, in accordance with the terms of our engagement letter dated 1 May 2020. Our work has been undertaken solely to prepare for your approval the accounts of ICP Childcare Limited and state those matters that we have agreed to state to the Board of Directors of ICP Childcare Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than ICP Childcare Limited and its Board of Directors as a body for our work or for this report.



BDO LLP
Birmingham
United Kingdom

Date: 24 January 2022

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

ICP Childcare Limited

Statement of Income and Retained Earnings For the Period Ended 30 June 2021

	Note	15 month period ended 30 June 2021 £	Year ended 31 March 2020 £
Turnover		1,258,835	1,200,383
Cost of sales		(769,373)	(655,986)
Gross profit		489,462	544,397
Administrative expenses		(932,417)	(882,483)
Other operating income	4	102,320	-
Operating loss		(340,635)	(338,086)
Interest payable and similar expenses		-	(242,000)
Loss before tax		(340,635)	(580,086)
Tax on loss		(87,041)	12,987
Loss after tax		(427,676)	(567,099)
Retained earnings at the beginning of the period		(1,737,428)	(1,170,329)
Loss for the period		(427,676)	(567,099)
Retained earnings at the end of the period		(2,165,104)	(1,737,428)

The notes on pages 6 to 14 form part of these financial statements.

ICP Childcare Limited

Registered number: 10438833

Statement of Financial Position As at 30 June 2021

	Note	30 June 2021 £	30 June 2021 £	31 March 2020 £	31 March 2020 £
Fixed assets					
Intangible assets	6		968,521		1,437,160
Tangible assets	7		68,264		98,930
			<u>1,036,785</u>		<u>1,536,090</u>
Current assets					
Debtors: amounts falling due within one year	8	94,672		41,880	
Cash at bank and in hand		29,759		114,992	
		<u>124,431</u>		<u>156,872</u>	
Creditors: amounts falling due within one year	9	(3,078,119)		(3,269,230)	
Net current liabilities			<u>(2,953,688)</u>		<u>(3,112,358)</u>
Total assets less current liabilities			<u>(1,916,903)</u>		<u>(1,576,268)</u>
Provisions for liabilities					
Deferred tax			(248,200)		(161,159)
Net liabilities			<u>(2,165,103)</u>		<u>(1,737,427)</u>
Capital and reserves					
Called up share capital			1		1
Profit and loss account			(2,165,104)		(1,737,428)
			<u>(2,165,103)</u>		<u>(1,737,427)</u>

ICP Childcare Limited

Registered number: 10438833

Statement of Financial Position (continued) As at 30 June 2021

The Directors consider that the Company is entitled to exemption from audit under section 479A of the Companies Act 2006 and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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



C E Wilson
Director

Date: 21 January 2022

The notes on pages 6 to 14 form part of these financial statements.

ICP Childcare Limited

Notes to the Financial Statements For the Period Ended 30 June 2021

1. General information

ICP Childcare Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given in the *Company Information* page. The nature of the Company's operations and its principal activity are outlined in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The financial statements are prepared in GBP and rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Going concern

The Company is part of a Group of children's day nursery businesses and provides security to the Group wide banking and debt facilities. Therefore, in assessing the going concern of the Company the Directors have considered the Group position with reference to the Group debt facilities.

Based on their experience of the period since the outbreak of the virus and engagement with customers and other stakeholders, the Directors and senior management team have updated their forecasting model to reflect their expectations for the foreseeable future, being a period of 12 months from the approval of the financial statements to December 2022. Based on occupancy growth since re-opening and current occupancy levels across the trading entities in the group the Directors are satisfied that the Group and Company can satisfy liabilities when they fall due and comply with relevant banking covenants.

The Directors therefore consider that it is appropriate to prepare the financial statements on a going concern basis.

ICP Childcare Limited

Notes to the Financial Statements For the Period Ended 30 June 2021

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.5 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

ICP Childcare Limited

Notes to the Financial Statements For the Period Ended 30 June 2021

2. Accounting policies (continued)

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

2.7 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Income and Retained Earnings over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Customer relationships	-	7	years
Goodwill	-	7	years

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

ICP Childcare Limited

Notes to the Financial Statements For the Period Ended 30 June 2021

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property improvements	-	10% straight line
Fixtures and fittings	-	33% straight line
Computer and office equipment	-	33% straight line
Other fixed assets	-	33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.11 Creditors

Short term creditors are measured at the transaction price.

2.12 Financial instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

The Company's cash at bank and in hand and trade and other debtors and its trade and other creditors and bank overdrafts are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

If a transaction constitutes a financing transaction it is measured at the present value of the future payments discounted at a market rate of interest, except where loans are received from a person who is within a director's group of close family members and that group contains a shareholder of the company, then these are initially recorded at transaction price, and subsequently at amortised cost using the interest rate implicit in the contract.

ICP Childcare Limited

Notes to the Financial Statements For the Period Ended 30 June 2021

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

In preparing these financial statements, the Directors have had to make the following judgments:

Impairment of intangible fixed assets

The Directors determine whether there are indicators of impairment of the Company's intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

The carrying amount of intangible fixed assets by each class is included in note 6.

Useful lives of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the Company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives change then depreciation charges in the financial statements would be revised and carrying amounts of property, plant and equipment would change accordingly. The carrying amount of property, plant and equipment by each class is included in note 7.

4. Other operating income

	15 month period ended 30 June 2021 £	Year ended 31 March 2020 £
Government grants receivable	102,320	-

5. Employees

The average monthly number of employees, including Directors, during the period was 34 (2020 - 42).

ICP Childcare Limited

Notes to the Financial Statements For the Period Ended 30 June 2021

6. Intangible assets

	Customer relationships £	Goodwill £	Total £
Cost			
At 1 April 2020	1,482,750	1,141,628	2,624,378
At 30 June 2021	1,482,750	1,141,628	2,624,378
Amortisation			
At 1 April 2020	670,767	516,451	1,187,218
Charge for the period	264,776	203,863	468,639
At 30 June 2021	935,543	720,314	1,655,857
Net book value			
At 30 June 2021	547,207	421,314	968,521
At 31 March 2020	811,983	625,177	1,437,160

Customer relationships

The useful life of customer relationships is estimated to be 7 years based on the attrition rate of acquired customers.

Goodwill

Goodwill is being amortised over the Director's estimate of its useful life of 7 years. This estimate is based on a variety of factors including the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed and the legal, regulatory or contractual provisions that could limit its useful life.

ICP Childcare Limited

Notes to the Financial Statements For the Period Ended 30 June 2021

7. Tangible fixed assets

	Leasehold property improvements £	Fixtures and fittings £	Computer and office equipment £	Other fixed assets £	Total £
Cost					
At 1 April 2020	59,838	72,197	11,135	105,346	248,516
Additions	-	2,368	1,964	8,380	12,712
At 30 June 2021	59,838	74,565	13,099	113,726	261,228
Depreciation					
At 1 April 2020	8,367	49,821	10,147	81,251	149,586
Charge for the period	7,580	15,473	934	19,391	43,378
At 30 June 2021	15,947	65,294	11,081	100,642	192,964
Net book value					
At 30 June 2021	43,891	9,271	2,018	13,084	68,264
At 31 March 2020	51,471	22,376	988	24,095	98,930

8. Debtors

	30 June 2021 £	31 March 2020 £
Amounts owed by group undertakings	49,995	-
Other debtors	-	1,963
Prepayments and accrued income	44,677	39,917
	94,672	41,880

Amounts owed by group undertakings are interest free and repayable on demand.

ICP Childcare Limited

Notes to the Financial Statements For the Period Ended 30 June 2021

9. Creditors: Amounts falling due within one year

	30 June 2021 £	31 March 2020 £
Trade creditors	18,498	10,649
Amounts owed to group undertakings	2,917,594	3,204,008
Other taxation and social security	16,705	10,190
Other creditors	28,959	19,789
Accruals and deferred income	96,363	24,594
	<u>3,078,119</u>	<u>3,269,230</u>

Amounts owed to group undertakings include £2,420,000 (2020 - £2,420,000) together with accrued interest of £Nil (2020 - £704,000) which accrues interest at 10%. The remaining trading balances are interest free and repayable on demand.

10. Deferred taxation

	2021 £
At beginning of period	(161,159)
Charged to the Statement of Income and Retained Earnings	(87,041)
At end of period	<u>(248,200)</u>

The provision for deferred taxation is made up as follows:

	30 June 2021 £	31 March 2020 £
Accelerated capital allowances	(6,223)	(6,996)
Tax losses carried forward	153	113
Intangible assets recognised on business combinations	(242,130)	(154,276)
	<u>(248,200)</u>	<u>(161,159)</u>

ICP Childcare Limited

Notes to the Financial Statements For the Period Ended 30 June 2021

11. Contingent liabilities

During the period the Company was party to cross guarantees in respect of the Group banking and debt facilities. Full details of the debt arrangements are disclosed in the parent company's financial statements.

12. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £10,124 (2020 - £8,822). Contributions totalling £1,431 (2020 - £1,234) were payable to the fund at the reporting date and are included in other creditors.

13. Commitments under operating leases

At 30 June 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	30 June 2021 £	31 March 2020 £
Not later than 1 year	130,000	130,000
Later than 1 year and not later than 5 years	520,000	520,000
Later than 5 years	747,500	910,000
	<u>1,397,500</u>	<u>1,560,000</u>

14. Related party transactions

The Company has taken advantage of the exemption available in Section 1AC.35 of FRS 102 Section 1A whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

The Company paid £3,960 (2020 - £3,558) for services to Broaden (HR) Limited, a company connected through common control with £3,960 (2020 - £858) outstanding at the period end.

15. Controlling party

The Company's immediate parent company is ICP Nurseries Limited, a company incorporated in England and Wales at 1 Pride Point Drive, Pride Park, Derby, DE24 8BX.

The Company's ultimate parent undertaking is ICP Education Holdings Limited (formerly ICP Nurseries Holdings Limited) a company incorporated in England and Wales at 1 Pride Point Drive, Pride Park, Derby, DE24 8BX.

The parent undertaking of the smallest and largest group for which consolidated accounts are prepared is ICP Education Holdings Limited (formerly ICP Nurseries Holdings Limited). Consolidated accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.