Company registration number 10438833 (England and Wales)

CHILDCARE4U NURSERIES LIMITED

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

CHILDCARE4U NURSERIES LIMITED

COMPANY INFORMATION

Directors	S M Booty C E Wilson
Company number	10438833
Registered office	1 Pride Point Pride Park Derby Derbyshire UK DE24 8BX

CHILDCARE4U NURSERIES LIMITED

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CHILDCARE4U NURSERIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present their annual report and financial statements for the year ended 30 June 2023.

Principal activities
The principal activity of the company continued to be that of children's day nurseries services.

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

S M Booty
C E Wilson
D Jenkins (Appointed 8 May 2023 and resigned 24 October 2023)

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

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.

The Directors have carefully considered the anticipated future performance of the investee companies for a period of 12 months to 31 March 2025 and are satisfied the performance of the companies support the requirements of the debt arrangements and service the interest charges. The bank debt capital is not due to be repaid until June 2028. The forecasts take account of acquisitions that have completed at the date the financial statements have been approved.

The directors have considered the current economic climate when preparing the forecasts and have reflected the anticipated impact of wage and wider cost inflation on the business. The forecasts assume that cost increases are recovered through price increases in fee income. Based on sensitivity analysis, the directors are satisfied that given the level of cash within the business and trading headroom against ongoing debt covenants, scenarios that would result in the business not being a going concern are remote.

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

Exemption from audit by parent guarantee
The ultimate parent company, Oakley Early Years Topco 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 exemption
This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

....
C E Wilson
Director

Date: 27/03/24

CHILDCARE4U NURSERIES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	£	£
Turnover	1,852,077	1,442,346
Cost of sales	(1,078,813)	(756,334)
Gross profit	773,264	686,012
Administrative expenses	(757,991)	(671,626)
Other operating income	146,402	-
Profit before taxation	161,675	14,386
Tax on profit	(190,326)	196,993
(Loss)/profit for the financial year	(28,651)	211,379
Retained earnings brought forward	(1,953,726)	(2,165,104)
Retained earnings carried forward	(1,982,377)	(1,953,725)

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

CHILDCARE4U NURSERIES LIMITED

BALANCE SHEET

AS AT 30 JUNE 2023

		2023		2022	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Intangible assets	4		218,698		593,609
Tangible assets	5		149,118		56,657
			367,816		650,266
Current assets					
Debtors	6	1,472,282		723,152	
Cash at bank and in hand		224,487		36,091	
		1,696,769		759,243	
Creditors: amounts falling due within one year	7	(3,989,191)		(3,355,727)	
Net current liabilities			(2,292,422)		(2,596,484)
Total assets less current liabilities			(1,924,606)		(1,946,218)
Provisions for liabilities			(57,770)		(7,507)
Net liabilities			(1,982,376)		(1,953,725)
Capital and reserves					
Called up share capital			1		1
Profit and loss reserves			(1,982,377)		(1,953,726)
Total equity			(1,982,376)		(1,953,725)

For the financial year ended 30 June 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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 members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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 27/03/24......... and are signed on its behalf by:

....

C E Wilson
Director

Company Registration No. 10438833

1 Accounting policies

Company information

Childcare4U Nurseries Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Pride Point, Pride Park, Derby, Derbyshire, UK, DE24 8BX.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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.

1.2 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.

The Directors have carefully considered the anticipated future performance of the investee companies for a period of 12 months to 31 March 2025 and are satisfied the performance of the companies support the requirements of the debt arrangements and service the interest charges. The bank debt capital is not due to be repaid until June 2028. The forecasts take account of acquisitions that have completed at the date the financial statements have been approved.

The directors have considered the current economic climate when preparing the forecasts and have reflected the anticipated impact of wage and wider cost inflation on the business. The forecasts assume that cost increases are recovered through price increases in fee income. Based on sensitivity analysis, the directors are satisfied that given the level of cash within the business and trading headroom against ongoing debt covenants, scenarios that would result in the business not being a going concern are remote.

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

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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.

1 Accounting policies **(Continued)**

1.4 Intangible fixed 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

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Customer relationships	7 years

1.6 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.

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:

Leasehold improvements	10% straight line
Fixtures and fittings	33% straight line
Computers	33% straight line
Other fixed assets	33% straight line

1 Accounting policies **(Continued)**

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 credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company 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.

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

Financial assets and liabilities are offset, with 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.

1 Accounting policies **(Continued)**

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

1.10 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 company'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 when the company has 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.

1.11 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1 Accounting policies **(Continued)**

1.12 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity.

Once the contributions have been paid the Company has no further payment obligations.
The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.13 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

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.

3 Employees

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

	2023 Number	2022 Number
Total	35	35

4 Intangible fixed assets

	Goodwill	Customer relationships	Total
	£	£	£
Cost			
At 1 July 2022 and 30 June 2023	1,141,628	1,482,750	2,624,378
Amortisation and impairment			
At 1 July 2022	883,405	1,147,364	2,030,769
Amortisation charged for the year	163,090	211,821	374,911
At 30 June 2023	1,046,495	1,359,185	2,405,680
Carrying amount			
At 30 June 2023	95,133	123,565	218,698
At 30 June 2022	258,223	335,386	593,609

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 Directors' 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.

5 Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Computers	Other fixed assets	Total
	£	£	£	£	£
Cost					
At 1 July 2022	63,878	80,426	13,099	111,417	268,820
Additions	87,826	11,570	2,954	8,159	110,509
At 30 June 2023	151,704	91,996	16,053	119,576	379,329
Depreciation and impairment					
At 1 July 2022	22,189	71,282	11,540	107,152	212,163
Depreciation charged in the year	8,250	7,557	793	1,448	18,048
At 30 June 2023	30,439	78,839	12,333	108,600	230,211
Carrying amount					
At 30 June 2023	121,265	13,157	3,720	10,976	149,118
At 30 June 2022	41,689	9,144	1,559	4,265	56,657

6 Debtors

	2023	2022
Amounts falling due within one year:	**£**	**£**
Trade debtors	78,101	49,847
Amounts owed by group undertakings	1,315,571	566,306
Other debtors	(1,800)	42,445
Prepayments and accrued income	80,410	64,554
	1,472,282	723,152

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

7 Creditors: amounts falling due within one year

	2023	2022
	£	**£**
Trade creditors	50,776	23,637
Amounts owed to group undertakings	3,574,645	2,917,126
Corporation tax	140,064	43,700
Other taxation and social security	11,945	10,169
Other creditors	30,364	171,803
Accruals and deferred income	181,397	189,292
	3,989,191	3,355,727

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

8 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023	Liabilities 2022
Balances:	**£**	**£**
Accelerated capital allowances	57,770	7,507

	2023
Movements in the year:	**£**
Liability at 1 July 2022	7,507
Charge to profit or loss	50,263
Liability at 30 June 2023	57,770

9 Retirement benefit schemes

Defined contribution schemes

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 £9,951 for the year ended 30 June 2023 (2022 - £8,055). Contributions totalling £2,201 (2022 - £1,690) were payable to the fund at the reporting date and are included in other creditors.

10 Contingent liabilities

During the year 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.

11 Operating lease commitments

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

	2023	2022
	£	£
	1,200,000	1,350,000

12 Controlling Party

The Company's immediate parent company is Bright Stars Nursery Group 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 Oakley Early Years Topco 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 Oakley Early Years Topco Limited. Consolidated accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.