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Company Registration No. 11813999 (England and Wales)

THRIVE CHILDCARE AND EDUCATION TOPCO LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

PARENT ACCOUNTS
FOR SC218942

Section 479a

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SCT 30/03/2023 #42
COMPANIES HOUSE

THRIVE CHILDCARE AND EDUCATION TOPCO LIMITED

COMPANY INFORMATION

Directors	M K Hughes C Rankin M Salter J M Shah W Newton C J Heawood
Company number	11813999
Registered office	3 Central Park Ohio Avenue Salford M50 2GT
Auditor	RSM UK Audit LLP Chartered Accountants Third Floor 2 Semple Street Edinburgh EH3 8BL
Bankers	Santander UK plc Bootle Merseyside L30 4GB

THRIVE CHILDCARE AND EDUCATION TOPCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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

Fair review of the business

The principal activity of Thrive Childcare and Education Topco Limited is that of a holding company. The principal activity of the group is the provision of high-quality early years education. The business currently operates from 49 locations across Scotland and the North West of England.

Thrive Childcare and Education Topco Limited understands that the early years of a child's life lay important foundations that are crucial to their long-term development. Children are inquisitive and curious, they want to work things out, make discoveries and solve problems. Our dedicated teams provide activities and environments that encourage children to explore, investigate and recreate; helping them understand their world. We believe children should be given the freedom to establish, practice and test what they know, as well as make sense of what is new. At Thrive Childcare and Education Topco Limited, our experienced practitioners use the highest quality practices to support and extend children's learning to ensure they make good progress in all areas and that when they leave us to go to school, they do so with the skills and self-confidence for what lies ahead.

Thrive Childcare and Education Topco Limited group is ranked 15th in the UK market by reference to its number of child places as defined by the most recent Nursery World league tables. The business is seeking to grow its presence in the early years market through carefully selected acquisitions in its current target markets.

The business continues to make a recovery as the impact of COVID-19 has lessened.

Financial information

The directors are satisfied with the group's trading results for the year with revenue of £25,640,192. Thrive Childcare and Education Topco Limited group generated an operational profit, being Earnings Before Interest Taxation Depreciation and Amortisation (EBITDA) before exceptional costs of £2,764,924 for the year. The loss before taxation for the year was £3,109,172. The group's key financial performance indicators during the year were as follows:

	2022	2021
Turnover	£25,640,192	£15,231,897
EBITDA before exceptional costs	£2,764,924	£786,056
Occupancy (Monthly average FTE)	1,988	935

Going concern

In preparation of the financial statements, the directors have made an assessment of the group's ability to continue as a going concern. The business has consolidated net current liabilities of £5,829,526 (2021: £14,590,423) and from historic knowledge and a review of current and future trading forecasts the directors believe that the group is reliant on the continued support of the group's bankers.

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its subsidiaries.

The current economic conditions continue to create uncertainty over the delivery of the group's services and the availability of bank finance over the longer term. At the time of approving the financial statements the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for a minimum of twelve months from the date of sign off based on detailed forecasts and cash flows prepared and the fact that the group forecast to operate within the revised banking facility covenants on banking arrangements that extend to 30 September 2024. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Principal risks and uncertainties
The directors have identified the following as the key risks to which the group is exposed:

Credit risk
Credit risk arises on three fronts. Firstly it arises because the group's main financial asset is trade debtors. The group has implemented robust credit control systems and introduced financial software to allow continual monitoring of balances, allowing necessary action to be taken when debts remain unpaid.

Secondly, liquidity risk also arises in the context of availability of credit. The group's loan facilities contain covenants which, if breached, can be treated as an event of default. The business addresses this risk by detailed regular monitoring of financial performance. The business prepares regular forecasts of cash and debt requirements and monitors cash flow on an ongoing basis. The impact of COVID-19 on the financial performance of the business meant covenant testing was suspended temporarily and recommenced during 2022 at a time when market conditions had settled sufficiently in order to allow more accurate forecasting.

Thirdly, interest rate risk arises because the group has long term debt. Regular dialogue is maintained with the group's main lender and financial products are used where necessary to mitigate the impact of interest rate fluctuations.

Pricing risk
The group operates in a competitive sector with exposure to cost increases from regulatory driven inflation in the form of National Living Wage rate increases, business rates increases and the Modern Apprentice Levy. The group prepares estimates of cost increases and seeks to recover these through price increases whilst balancing the need to remain competitive in the marketplace.

Regulatory risk
Every nursery is registered with and regulated by Ofsted in England or the Care Inspectorate in Scotland. Internal control procedures are in place to ensure that the relevant regulations are adhered to.

Reputational risk, Ofsted and the Care Inspectorate
Thrive Childcare and Education Topco Limited has a reputation as a high-quality early years education provider. The reputation is protected by training of staff as well as robust systems and procedures which are closely monitored and regularly reviewed.

Development and performance
Aside from normal inflationary increases, the entire sector continues to face challenges with a significant rise in labour costs arising from the National Living Wage increase each April. This cost increase inevitably results in fee increases at a rate higher than underlying inflation and the group makes every effort to balance fee increases with commercial pressures in a competitive market place to ensure that the group delivers a value service.

The group continues to focus on creating high quality environments and high quality educational services for its parents and children, which supports growth in revenue and occupancy. Management has a rolling investment programme for improving and upgrading its settings as well as ensuring compliance with health and safety requirements.

Enhancing our governance

Section 172 of the Companies Act 2006 requires a director of a company to 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 members as a whole. In doing this, section 172 requires a director to have regard, among other matters, to:

a) the likely consequences of any decision in the long term;
b) the interests of the company's employees;
c) the need to foster the company's business relationships with suppliers, customers and others;
d) the impact of the company's operations on the community and the environment;
e) the desirability of the company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly between different members of the company.

The directors give careful consideration to the factors set out above in discharging their duties under section 172.

The board recognises that the long-term success of the business is dependent on the way it works with a large number of important stakeholders. The directors have had regard to the interests of stakeholders (including customers, our people, society and our shareholders) while complying with their obligations to promote the success of the group in line with section 172 of the Companies Act. The board has discussed these obligations throughout the year, including how stakeholder engagement is incorporated into our long-term decision-making.

In managing the business, the directors have taken into account the requirements of section 172 (1) of the Companies Act 2006 as summarised below:

The likely consequence of any decision in the long term - Our strategic plan considers the long term success of the group in providing excellent early years childcare to the families in the areas we operate our nurseries. The high quality care and development we provide in our settings, and the focus on continuous improvement will help to maintain a strong pipeline of new business, increased occupancy levels and financial success for each setting. Positive cash generation will provide a platform for growth as we look to expand the footprint of the business by the acquisition of new sites.

The interests of the group's employees – We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The workplace environment and wellbeing of our employees is a primary consideration. We invest in our employees by providing support for their development and qualifications, and encouraging career progression within the group. Continued investment in our settings creates high quality environments for our employees to work in, consistent with the care that we provide to our children.

The need to foster the group's business relationships with suppliers, customers and others - The business requires strong mutually beneficial relationships with customers, suppliers and other stakeholders. Regular communication with the parents and families of the children we care for happens using site-specific local newsletters and updates, overall general business updates, as well as regular web site and social media posts. Long standing relationships with key suppliers and landlords have been established over the years.

The impact of the group's operations on the community and the environment - Our objective is to build relationships with relevant stakeholders in the communities that we operate in. Our settings play a key role in the communities they operate in, and many of our employees have been with the business for many years. Our acquisition program will see us moving in to 'new' areas, and new relationships will need to be forged.

The desirability of the group maintaining a reputation for high standards of business conduct - All of our settings are registered with the appropriate regulatory bodies (Ofsted or Scottish Care Inspectorate) in Scotland. The quality of our offering, along with health and safety compliance is always the highest priority for the Directors and employees of the business.

The need to act fairly as between members of the group - The intention of the directors is to operate the business in a responsible manner, in line with regulatory requirements, with good levels of governance, whilst taking in to consideration the needs of all of our members and key stakeholders.

On behalf of the board

Cary Rankin
....
C Rankin
Director

Date: 30/03/23

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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

The company changed its name from Project Winston Topco Limited to Thrive Childcare and Education Topco Limited on 17 June 2021.

Principal activities
The principal activity of the company during the year was that of investment in nursery operations. The principal activity of the group is that of the provision of early years education.

Results and dividends
The results for the year are set out on page 12.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

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

M K Hughes	
C Rankin	
M Salter	
J M Shah	
W Newton	
C J Heawood	(Appointed 28 September 2021)

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.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about 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.

Future developments
The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

Auditor
RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Energy and carbon reporting

This below presents the results of Streamlined Energy and Carbon Reporting (SECR) for the group. Data has been assessed and provided by Sustainable Advantage.

The group is concerned about energy consumption and carbon emissions and wishes to utilise the mandatory SECR legislation as a foundation for identifying ways of saving energy and reducing carbon emissions.

A base year of 1 April 2020 to 31 March 2021 has been used, as this is the earliest year for which reliable data was recorded and measured. The base year is used as the benchmark for emission data and consumption changes, and the changes between this reporting period and the base year have been recorded and detailed. The recalculation policy is to recalculate the base year emissions only for relevant significant changes which meet the threshold of affecting 5% of base year emissions.

Scope 1, scope 2, and partial scope 3 emissions have been included below. The group leased and/or managed 49 sites during the reporting period that are included in SECR, where electricity and gas are the primary and only utilities used. The group owns company vehicles and have staff mileage claims which have been included in the reporting. All activities are based within the UK.

- Scope 1 emissions consist of natural gas usage from buildings and mileage from company vehicles.
- Scope 2 emissions consist only of electricity usage from buildings.
- Measured scope 3 emissions are from grey fleet mileage. Where data was supplied in miles, a conversion factor was used to convert to kWh .

The table below shows the breakdown of consumption and carbon emissions, in kWh and tonnes of carbon dioxide equivalent (tCO2e) respectively, by scope and specific area.

	kWh	tCO2e	tCO2e % of Total
Scope 1	**4,234,127**	**786.8**	**76%**
Natural Gas	4,064,542	744.5	72%
Company Mileage	169,585	42.3	4%
Scope 2	**1,015,013**	**215.5**	**21%**
Electricity	1,015,013	215.5	21%
Scope 3	**144,282**	**35.5**	**3%**
Grey Fleet Mileage	144,282	35.5	3%
Total Gross Emissions	**n/a**	**1,037.8**	**100%**

An intensity ratio of gross scope 1, 2 and 3 emissions as 40.5 tCO2e per £m turnover has been measured based on turnover of £25.6m in the year.

The group undertook an Energy Savings Opportunity Scheme (ESOS) assessment in December 2019 to identify opportunities for energy savings. The group is committed to sustainability and becoming energy efficient whilst reducing carbon footprint and is reporting a reduced level of gross emissions in 2022 compared to the base year.

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 company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Cary Rankin
....
C Rankin
Director

Date: 30/03/23

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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

Company law requires the directors to prepare group and company 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THRIVE CHILDCARE AND EDUCATION TOPCO LIMITED

Opinion

We have audited the financial statements of Thrive Childcare and Education Topco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 of the parent company's affairs as at 31 March 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 set out on page 8, 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 group's and 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Childcare Act 2006, Ofsted and Education Scotland compliance, food safety and hygiene regulations and employment legislation. We performed audit procedures to inquire of management whether the group is in compliance with these laws and regulations and inspected correspondence with regulatory authorities.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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.

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.

I Alexander L Tait (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL
30/03/23

THRIVE CHILDCARE AND EDUCATION TOPCO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	25,640,192	15,231,897
Cost of sales		(17,153,903)	(13,957,515)
Gross profit		8,486,289	1,274,382
Administrative expenses (including exceptional net expenditure of £723,560 (2021: £381,068))	5	(8,963,513)	(7,691,519)
Other operating income	4	334,657	5,157,182
Operating loss	8	(142,567)	(1,259,955)
Interest receivable and similar income	10	638	7,658
Interest payable and similar expenses	11	(2,967,243)	(2,696,200)
Loss before taxation		(3,109,172)	(3,948,497)
Tax on loss	12	(329,148)	(243,951)
Loss for the financial year		(3,438,320)	(4,192,448)

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

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

Company Registration No. 11813999

THRIVE CHILDCARE AND EDUCATION TOPCO LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Goodwill	**14**		22,715,758		17,697,741
Other intangible assets	**14**		130,088		158,075
Total intangible assets			22,845,846		17,855,816
Tangible assets	**15**		13,502,407		12,496,292
			36,348,253		30,352,108
Current assets					
Debtors	**19**	1,059,325		1,406,062	
Cash at bank and in hand		890,899		719,975	
		1,950,224		2,126,037	
Creditors: amounts falling due within one year	**20**	(7,779,750)		(16,716,460)	
Net current liabilities			(5,829,526)		(14,590,423)
Total assets less current liabilities			30,518,727		15,761,685
Creditors: amounts falling due after more than one year	**21**		(40,042,665)		(22,033,314)
Provisions for liabilities	**23**		(941,711)		(755,700)
Net liabilities			(10,465,649)		(7,027,329)
Capital and reserves					
Called up share capital	**26**		497,500		497,500
Profit and loss reserves	**27**		(10,963,149)		(7,524,829)
Total deficiency			(10,465,649)		(7,027,329)

The financial statements were approved by the board of directors and authorised for issue on 30/03/23 and are signed on its behalf by:

William Newton

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W Newton
Director

THRIVE CHILDCARE AND EDUCATION TOPCO LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Investments	**16**		1		1
Current assets					
Debtors	**19**	497,500		497,500	
Creditors: amounts falling due within one year	**20**	(1)		(1)	
Net current assets			497,499		497,499
Total assets less current liabilities			497,500		497,500
Capital and reserves					
Called up share capital	**26**		497,500		497,500

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £nil (2021: £nil).

The financial statements were approved by the board of directors and authorised for issue on 30/03/23 .... and are signed on its behalf by:

William Newton

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W Newton
Director

THRIVE CHILDCARE AND EDUCATION TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2020	497,500	(3,332,381)	(2,834,881)
Year ended 31 March 2021:			
Loss and total comprehensive income for the year	-	(4,192,448)	(4,192,448)
Balance at 31 March 2021	497,500	(7,524,829)	(7,027,329)
Year ended 31 March 2022:			
Loss and total comprehensive income for the year	-	(3,438,320)	(3,438,320)
Balance at 31 March 2022	497,500	(10,963,149)	(10,465,649)

THRIVE CHILDCARE AND EDUCATION TOPCO LIMITED

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

	Share capital £
Balance at 1 April 2020	497,500
Year ended 31 March 2021:	
Profit and total comprehensive income for the year	-
Balance at 31 March 2021	497,500
Year ended 31 March 2022:	
Profit and total comprehensive income for the year	-
Balance at 31 March 2022	497,500

THRIVE CHILDCARE AND EDUCATION TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Cash flows from operating activities					
Cash generated from operations	28		822,522		1,729,451
Income taxes paid			(67,075)		(83,989)
Net cash inflow from operating activities			755,447		1,645,462
Investing activities					
Purchase of business		(7,002,598)		(1,127,553)	
Purchase of intangible assets		-		(72,150)	
Purchase of tangible fixed assets		(941,749)		(489,915)	
Proceeds on disposal of tangible fixed assets		4,725,000		-	
Interest received		638		7,658	
Net cash used in investing activities			(3,218,709)		(1,681,960)
Financing activities					
Interest paid		(972,578)		(546,942)	
Proceeds from borrowings		6,920,000		-	
Repayment of bank loans		(3,146,988)		(756,173)	
Net cash generated from/(used in) financing activities			2,800,434		(1,303,115)
Net increase/(decrease) in cash and cash equivalents			337,172		(1,339,613)
Cash and cash equivalents at beginning of year			58,725		1,398,338
Cash and cash equivalents at end of year			395,897		58,725
Relating to:					
Cash at bank and in hand			890,899		719,975
Bank overdrafts included in creditors payable within one year			(495,002)		(661,250)

1 Accounting policies

Company information

Thrive Childcare and Education Topco Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 3 Central Park, Ohio Avenue, Salford, M50 2GT.

The group consists of Thrive Childcare and Education Topco Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

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.

Reduced disclosures

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 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;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Thrive Childcare and Education Topco Limited and all of its subsidiaries (i.e. 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 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

1 Accounting policies (Continued)

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

Going concern
In preparation of the financial statements, the directors have made an assessment of the group's ability to continue as a going concern. The business has consolidated net current liabilities of £5,829,526 (2021: £14,590,423) and.from historic knowledge and a review of current and future trading forecasts the directors believe that the group is reliant on the continued support of the group's bankers.

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its subsidiaries.

The current economic conditions continue to create uncertainty over the delivery of the group's services and the availability of bank finance over the longer term. At the time of approving the financial statements the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for a minimum of twelve months from the date of sign off based on detailed forecasts and cash flows prepared and the fact that the group forecast to operate within the revised banking facility covenants on banking arrangements that extend to 30 September 2024. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover
Turnover consists of fee income received and local authority funding for the provision of early years education and is recognised as the service is provided.

Intangible fixed assets - goodwill
The company makes acquisitions in two ways:
a) By acquiring subsidiary undertakings, and
b) By acquiring the assets and liabilities of an existing business.

Goodwill arising on an acquisition of a subsidiary undertaking, or the acquired trade and assets, is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition and in other periods if events or changes in circumstance indicate that the carrying value may not be recoverable..

Goodwill recognised on the consolidation of the subsidiary undertakings is amortised through the profit and loss account over 20 years on the basis that this is the directors' estimate of the useful life of the brand of the subsidiary undertakings.

1 Accounting policies (Continued)

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 of assets less their residual values over their useful lives on the following bases:

Software	25% straight line

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Leasehold improvements	25% straight line
Fixtures and fittings	25% straight line
Motor vehicles	25% straight line

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.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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.

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.

1 Accounting policies (Continued)

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.

Cash and cash equivalents
Cash and cash equivalents are basic financial instruments 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.

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 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 trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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.

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 group after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including trade and other creditors, bank loans and other loans, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments
Equity instruments issued by the group are recorded at the fair value of 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.

Taxation
The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1 Accounting policies (Continued)

Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Government grants

Income from government grants is presented within other operating income. 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 grant will be received.

Government grants receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

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.

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which the goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value.

The directors have carried out a review of all balances and do not believe there is an impairment as the recoverable amount is greater than the carrying amount shown in the financial statements.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Operation of children's nurseries	25,640,192	15,231,897

	2022	2021
	£	£
Turnover analysed by geographical market		
UK	25,640,192	15,231,897

4 Other operating income

Other operating income recognised by the group during the year includes the following:

a) Support from the government under the Coronavirus Job Retention Scheme of £21,481 (2021: £2,910,969). The scheme provides for the reimbursement of wages for employees who were placed on furlough leave. Under the scheme the company applied for the reimbursement of up to 80% of employees' wage costs up to £2,500 per month of wages payable from 1 March 2020. The scheme was accessed by designating affected employees as furloughed or retained on paid leave of absence, notifying employees of these changes, submitting information about these employees and their earnings to HMRC.

b) Insurance payout and other funding in relation to Coronavirus business interruption of £nil (2021: £2,056,394).

c) Government grants totalling £267,345 (2021: £167,658) in relation to certain expenses.

d) Other miscellaneous income of £45,831 (2021: £18,196).

5 Exceptional items

	2022 £	2021 £
Restructuring costs	250,126	523,924
Release of provision	(10,771)	(498,472)
Legal fees	7,524	355,616
COVID discounts	242,361	-
Sale & leaseback fees	234,320	-
	723,560	381,068

6 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Operational	864	847	-	-
Administration	52	50	-	-
Total	916	897	-	-

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	15,159,473	12,474,275	-	-
Social security costs	622,945	519,011	-	-
Pension costs	202,145	177,467	-	-
	15,984,563	13,170,753	-	-

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	404,363	405,319
Company pension contributions to defined contribution schemes	2,862	3,536
	407,225	408,855

7 Directors' remuneration (Continued)

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

	2022 £	2021 £
Remuneration for qualifying services	189,992	166,992
Company pension contributions to defined contribution schemes	1,321	1,313

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2021: 3).

8 Operating loss

	2022 £	2021 £
Operating loss for the year is stated after charging:		
Depreciation of owned tangible fixed assets	880,282	724,049
Impairment of owned tangible fixed assets	13,396	-
(Profit)/loss on disposal of tangible fixed assets	-	52,108
Amortisation of intangible assets	1,303,649	940,894
Operating lease charges	2,208,420	2,188,459

9 Auditor's remuneration

Fees payable to the company's auditor and associates:	2022 £	2021 £
For audit services		
Audit of the financial statements of the group and company	34,000	28,000
Audit of the financial statements of the company's subsidiaries	15,500	13,000
	49,500	41,000
For other services		
Taxation compliance services	68,430	42,960
All other non-audit services	59,520	21,200
	127,950	64,160

10 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	638	7,658

11 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	815,467	775,348
Other interest on financial liabilities	2,151,776	1,913,707
Other interest	-	7,145
Total finance costs	2,967,243	2,696,200

12 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	150,814	1,744
Adjustments in respect of prior periods	(2,303)	-
Total current tax	148,511	1,744
Deferred tax		
Origination and reversal of timing differences	(19,006)	223,419
Changes in tax rates	196,652	-
Adjustment in respect of prior periods	2,991	18,788
Total deferred tax	180,637	242,207
Total tax charge	329,148	243,951

12 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2022 £	2021 £
Loss before taxation	(3,109,172)	(3,948,497)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(590,743)	(750,214)
Tax effect of expenses that are not deductible in determining taxable profit	784,268	543,231
Tax effect of income not taxable in determining taxable profit	(2,171)	(20,922)
Change in unrecognised deferred tax assets	108,379	482,140
Adjustments in respect of prior years	(2,303)	-
Effect of change in corporation tax rate	13,356	-
Other permanent differences	97	-
Deferred tax adjustments in respect of prior years	-	18,788
Fixed asset differences	(134,959)	75,040
Chargeable (losses)/gains	153,224	(104,112)
Taxation charge	329,148	243,951

Factors that may affect future tax charges

On 3 March 2021, the UK Government announced its intention to increase the rate of UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The proposed increase in the rate of UK corporation tax was substantively enacted on 24 May 2021. As the rate change was not substantively enacted as at 31 March 2021, it has not been taken account of in computing the UK deferred tax assets and liabilities which are reflected in the Statement of Financial Position for that date.

13 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2022 £	2021 £
In respect of:			
Property, plant and equipment	15	13,396	-
Recognised in:			
Administrative expenses		13,396	-

14 Intangible fixed assets

Group	Goodwill	Software	Total
	£	£	£
Cost			
At 1 April 2021	19,610,447	196,463	19,806,910
Additions - business combinations	6,293,679	-	6,293,679
At 31 March 2022	25,904,126	196,463	26,100,589
Amortisation and impairment			
At 1 April 2021	1,912,706	38,388	1,951,094
Amortisation charged for the year	1,275,662	27,987	1,303,649
At 31 March 2022	3,188,368	66,375	3,254,743
Carrying amount			
At 31 March 2022	22,715,758	130,088	22,845,846
At 31 March 2021	17,697,741	158,075	17,855,816

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

More information on impairment movements in the year is given in note 13.

The amortisation charge for the year is recognised in profit or loss within administrative expenses.

15 Tangible fixed assets

Group	Freehold land and buildings	Leasehold improvements	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2021	11,380,334	2,556,104	2,517,014	19,574	16,473,026
Additions	2,410	434,171	505,168	-	941,749
Business combinations	4,053,812	26,805	410,981	4,005	4,495,603
Disposals	(3,550,524)	(100,000)	-	-	(3,650,524)
At 31 March 2022	11,886,032	2,917,080	3,433,163	23,579	18,259,854
Depreciation and impairment					
At 1 April 2021	549,129	1,294,179	2,124,635	8,791	3,976,734
Depreciation charged in the year	271,419	350,392	254,766	3,705	880,282
Impairment losses	13,396	-	-	-	13,396
Eliminated in respect of disposals	(12,965)	(100,000)	-	-	(112,965)
At 31 March 2022	820,979	1,544,571	2,379,401	12,496	4,757,447
Carrying amount					
At 31 March 2022	11,065,053	1,372,509	1,053,762	11,083	13,502,407
At 31 March 2021	10,831,205	1,261,925	392,379	10,783	12,496,292

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

Land and buildings were valued at 19 October 2018 by Jones Lang LaSalle Limited, independent valuers not connected with the group, on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The directors believe this valuation remains appropriate at the balance sheet date.

More information on impairment movements in the year is given in note 13.

16 Fixed asset investments

		Group		Company	
		2022	2021	2022	2021
	Notes	£	£	£	£
Investments in subsidiaries	17	-	-	1	1

16 Fixed asset investments (Continued)

Movements in fixed asset investments
Company

	Shares in group undertakings
	£
Cost or valuation	
At 1 April 2021 and 31 March 2022	1
Carrying amount	
At 31 March 2022	1
At 31 March 2021	1

17 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct	Indirect
Thrive Childcare and Education Holdings Limited	a	Management of subsidiaries	Ordinary	100.00	-
Project Winston Propco Limited	a	Dormant	Ordinary	-	100.00
Thrive Childcare and Education Group Limited	b	Management of subsidiaries	Ordinary	-	100.00
Thrive Childcare and Education Limited	b	Operation of children's nurseries	Ordinary	-	100.00
Buoys and Gulls Nursery Limited	b	Dormant	Ordinary	-	100.00
Celtic Cross Nursery School Limited	b	Operation of children's nuseries	Ordinary	-	100.00
Paint Pots Nursery (Scotland) Limited	b	Operation of children's nuseries	Ordinary	-	100.00
The Devlin Group Limited	b	Operation of children's nuseries	Ordinary	-	100.00
Enchanted Forest Nursery Limited	b	Operation of children's nuseries	Ordinary	-	100.00
Enchanted Forest Nursery (Inverkip) Limited	b	Operation of children's nuseries	Ordinary	-	100.00
Enchanted Forest Limited	b	Operation of children's nuseries	Ordinary	-	100.00
Enchanted Forest Nursery (Bishopbriggs) Limited	b	Operation of children's nuseries	Ordinary	-	100.00
Enchanted Forest Nursery (Greenock) Limited	b	Operation of children's nuseries	Ordinary	-	100.00
Strawberry Hill Nurseries	b	Operation of children's nuseries	Ordinary	-	100.00
JMB UK Limited	b	Non trading	Ordinary	-	100.00
Smarties and Smartcare Limited	a	Operation of children's nuseries	Ordinary	-	100.00
Poplars (Leyland) Limited	a	Operation of children's nuseries	Ordinary	-	100.00
Windmill Childcare Limited	a	Property management	Ordinary	-	100.00
The Nursery (VNG) Limited	a	Operation of children's nuseries	Ordinary	-	100.00
Townhouse Childcare Limited	a	Operation of children's nuseries	Ordinary	-	100.00
The Village Nursery Group Limited	a	Operation of children's nuseries	Ordinary	-	100.00
Astbury Lane Nursery Limited	a	Operation of children's nuseries	Ordinary	-	100.00
The Village Nursery (Trafford) Limited	a	Operation of children's nuseries	Ordinary	-	100.00
The Quays Private Day Nursery Limited	a	Operation of children's nuseries	Ordinary	-	100.00
School House Nursery (VNG) Limited	a	Operation of children's nuseries	Ordinary	-	100.00

Registered office addresses (all UK unless otherwise indicated):

a 3 Central Park, Ohio Avenue, Salford, M50 2GT
b Newfield House, 1 New Street, Musselburgh, EH21 6HY

17 Subsidiaries (Continued)

The results and balances of each subsidiary undertaking are included in these consolidated financial statements.

The following subsidiaries have claimed exemption from audit of their individual accounts under section 479 of the Companies Act 2006.

-11814801 Thrive Childcare and Education Holdings Limited
-SC304774 Thrive Childcare and Education Group Limited
-SC232318 Celtic Cross Nursery School Limited
-SC218942 Paint Pots Nursery (Scotland) Limited
-SC385531 The Devlin Group Limited
-SC289081 Enchanted Forest Nursery Limited
-SC412812 Enchanted Forest Nursery (Inverkip) Limited
-SC364023 Enchanted Forest Limited
-SC458795 Enchanted Forest Nursery (Bishopbriggs) Limited
-SC379196 Enchanted Forest Nursery (Greenock) Limited
-SC224815 Strawberry Hill Nurseries Limited
-SC248375 JMB UK Limited
-03198532 Smarties and Smartcare Limited
-09918039 Poplars (Leyland) Limited
-05516416 Windmill Childcare Limited
-11663318 The Nursery (VNG) Limited
-04562951 Townhouse Childcare Limited
-09744602 The Village Nursery Group Limited
-10068258 Astbury Lane Nursery Limited
-05761660 The Village Nursery (Trafford) Limited
-06599663 The Quays Private Day Nursery Limited
-12724653 School House Nursery (VNG) Limited

18 Acquisitions

On 20 December 2021 the group acquired 100 percent of the issued capital of Poplars (Leyland) Limited for a consideration of £1,058,647. The company's principal activity is the provision of early years education. The company has been accounted for using the purchase method of accounting. The goodwill arising on acquisition is considered to have a useful life of 20 years.

	Book Value	Adjustments	Fair Value
Net assets acquired	**£**	**£**	**£**
Property, plant and equipment	551,202	-	551,202
Trade and other receivables	5,608	-	5,608
Cash and cash equivalents	125,663	-	125,663
Trade and other payables	(591,435)	-	(591,435)
Tax liabilities	(41,309)	-	(41,309)
Total identifiable net assets	49,729	-	49,729
Goodwill			1,008,918
Total consideration			1,058,647

18 Acquisitions (Continued)

The consideration was satisfied by:	£
Cash	1,036,019
Acquisition costs	22,628
	1,058,647

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£
Turnover	174,684
Profit after tax	17,920

On 17 February 2022 the group acquired 100 percent of the issued capital of Windmill Childcare Limited for a consideration of £6,943,324. The company's principal activity is the provision of early years education. The company has been accounted for using the purchase method of accounting. The goodwill arising on acquisition is considered to have a useful life of 20 years.

Net assets acquired	Book Value £	Adjustments £	Fair Value £
Intangible assets	130,276	-	130,276
Property, plant and equipment	3,944,401	1,262,441	5,206,842
Investments	408,750	-	408,750
Inventories	659	-	659
Trade and other receivables	76,746	-	76,746
Cash and cash equivalents	151,961	-	151,961
Trade and other payables	(3,935,453)	-	(3,935,453)
Tax liabilities	(250,942)	-	(250,942)
Total identifiable net assets	526,398	1,262,441	1,788,839
Goodwill			5,154,485
Total consideration			6,943,324

The consideration was satisfied by:	£
Cash	6,013,924
Deferred consideration	721,749
Acquisition costs	207,651
	6,943,324

18 Acquisitions (Continued)

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£
Turnover	749,380
Loss after tax	(131,753)

19 Debtors

	Group 2022	2021	Company 2022	2021
Amounts falling due within one year:	£	£	£	£
Trade debtors	108,633	334,409	-	-
Amounts owed by group undertakings	-	-	497,500	497,500
Other debtors	338,268	472,156	-	-
Prepayments and accrued income	479,292	431,843	-	-
	926,193	1,238,408	497,500	497,500
Amounts falling due after more than one year:				
Deferred tax asset (note 24)	133,132	167,654	-	-
Total debtors	1,059,325	1,406,062	497,500	497,500

20 Creditors: amounts falling due within one year

	Notes	Group 2022	2021	Company 2022	2021
		£	£	£	£
Bank loans and overdrafts	22	1,535,002	10,819,317	-	-
Trade creditors		407,291	1,828,277	-	-
Corporation tax payable		272,753	15,988	-	-
Other taxation and social security		239,745	197,513	-	-
Other creditors		1,550,182	464,971	1	1
Accruals and deferred income		3,774,777	3,390,394	-	-
		7,779,750	16,716,460	1	1

21 Creditors: amounts falling due after more than one year

		Group		Company	
		2022	2021	2022	2021
	Notes	£	£	£	£
Bank loans and overdrafts	22	16,165,373	-	-	-
Other borrowings	22	23,673,292	21,521,514	-	-
Other creditors		204,000	511,800	-	-
		40,042,665	22,033,314	-	-

Other creditors relate to the estimated contingent consideration on the acquisition of Smarties and Smartcare Limited, payable during the period April 2022 to April 2024.

22 Borrowings

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans	17,205,373	10,158,067	-	-
Bank overdrafts	495,002	661,250	-	-
Other loans	23,673,292	21,521,514	-	-
	41,373,667	32,340,831	-	-
Payable within one year	1,535,002	10,819,317	-	-
Payable after one year	39,838,665	21,521,514	-	-

The group has granted its bankers, Santander, a secured charge over the property, and a bond and floating charge over the whole assets of the group.

Each member of the group has a cross-guarantee over the liabilities of the group.

Aggregate secured liabilities falling due amount to: £17,700,375 (2021: £10,819,317).

As at 31 March 2022, a bank loan of £6,030,147 bears interest of SONIA plus margin of 3.80% and is repayable with a termination date of September 2024. The loan of £7,984,272 bears interest of SONIA plus margin of 2.85% and is repayable at £260,000 per quarter beginning in June 2022 with a bullet payment on the termination date of September 2024. The loan of £3,190,955 bears interest of SONIA plus margin of 10.40% and is repayable with a bullet payment on the termination date.

Other loans include loan notes that are due to be repaid in February 2025 and have an interest rate of 10% per annum. The loan balance includes a principal amount of £17,727,695 (2021: £17,727,695) and interest accrued of £5,945,597 (2021: £3,793,819). Of the principal amount, £17,492,156 relates to loans listed on the International Stock Exchange.

23 Provisions for liabilities

		Group		Company	
		2022	2021	2022	2021
	Notes	£	£	£	£
Other provisions		-	50,000	-	-
Deferred tax liabilities	24	941,711	705,700	-	-
		941,711	755,700	-	-

Movements on provisions apart from deferred tax liabilities:

Group	Other provisions £
At 1 April 2021	50,000
Reversal of provision	(10,771)
Utilisation of provision	(39,229)
At 31 March 2022	-

A provision of £10,771 relating to disputes was reversed during the year.

24 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities	Liabilities	Assets	Assets
	2022	2021	2022	2021
Group	£	£	£	£
Accelerated capital allowances	239,097	126,709	-	-
Tax losses	-	-	125,603	162,182
Revaluations	702,614	578,991	-	-
Other timing differences	-	-	7,529	5,472
	941,711	705,700	133,132	167,654

The company has no deferred tax assets or liabilities.

24 Deferred taxation (Continued)

Movements in the year:	Group 2022 £	Company 2022 £
Liability at 1 April 2021	538,046	-
Charge to profit or loss	11,061	-
Effect of change in tax rate - profit or loss	162,835	-
Acquired in business combinations	96,637	-
Liability at 31 March 2022	808,579	-

25 Retirement benefit schemes

Defined contribution schemes	2022 £	2021 £
Charge to profit or loss in respect of defined contribution schemes	202,145	177,467

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Contributions totalling £18,990 (2021: £64,017) were payable to the fund at the year end and are included in creditors.

26 Share capital

	Group and Company			
Ordinary share capital	**2022 Number**	**2021 Number**	**2022 £**	**2021 £**
Issued and fully paid				
A Ordinary shares of £1 each	420,539	420,539	420,539	420,539
B Ordinary shares of £1 each	6,961	6,961	6,961	6,961
C1 Ordinary shares of £1 each	70,000	70,000	70,000	70,000
	497,500	497,500	497,500	497,500

A - C1 Ordinary shares

Dividend rights - The holders of the shares shall not be entitled to receive any dividends in respect of those shares until such time as the loan notes have been redeemed in full and then any dividends shall be paid in cash and distributed amongst the holders of the shares pro rata according to the number of shares held.

Capital - On a return of capital the assets shall be distributed among the holders of the shares on a pro rate basis according to the number of shares held.

Voting - The holders shall be entitled to one vote for each share held at a general meeting of the company, on a show of hands or on a poll, or on the circulation of a written resolution.

27 Reserves

Profit and loss reserves
Cumulative profit and loss is stated net of distributions to owners.

28 Cash generated from group operations

	2022	2021
	£	£
Loss for the year after tax	(3,438,320)	(4,192,448)
Adjustments for:		
Taxation charged	329,148	243,951
Finance costs	2,967,243	2,696,200
Investment income	(638)	(7,658)
(Gain)/loss on disposal of tangible fixed assets	-	52,108
Amortisation and impairment of intangible assets	1,303,649	940,894
Depreciation and impairment of tangible fixed assets	893,678	724,049
(Decrease) in provisions	(50,000)	(498,472)
Movements in working capital:		
Decrease in debtors	470,228	358,442
(Decrease)/increase in creditors	(1,652,466)	1,412,385
Cash generated from operations	822,522	1,729,451

29 Analysis of changes in net debt - group

	1 April 2021	Cash flows	31 March 2022
	£	£	£
Cash at bank and in hand	719,975	170,924	890,899
Bank overdrafts	(661,250)	166,248	(495,002)
	58,725	337,172	395,897
Borrowings excluding overdrafts	(31,679,581)	(9,199,084)	(40,878,665)
	(31,620,856)	(8,861,912)	(40,482,768)

30 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 2022 £	2021 £	Company 2022 £	2021 £
Within one year	2,493,181	2,037,670	-	-
Between one and five years	9,409,168	7,838,577	-	-
In over five years	27,807,887	21,084,957	-	-
	39,710,236	30,961,204	-	-

31 Events after the reporting date

In July 2022, the group sold land and buildings for combined proceeds of £690,000. One of the properties was then leased back to the group on a long term contract.

After the period end, the group also made four acquisitions as follows:

- Acquired Homestead Nursery (Wirral) Limited on 6 May 2022;
- Acquired Benison (Nursery School) Limited on 1 June 2022;
- Acquired Culcheth Day Nursery Limited on 18 July 2022; and
- Acquired Tots n Tykes (Leeds) on 28 July 2022.

32 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group is as follows.

	2022 £	2021 £
Aggregate compensation	948,834	998,293

Other information

The loan notes of £17,727,695 (2021: £17,727,695) were issued to the group's intermediate holding company. Accumulated interest of £5,945,597 (2021: £3,793,819) has been recognised on those loans.

During the year an amount of £77,200 (2021: £72,153) was payable to the group's intermediate holding company in relation to monitoring fees. A balance of £nil (2021: £nil) was outstanding at the year end.

During the year, an amount of £nil (2021: £164,105) was payable to the group's intermediate holding company in relation to legal fees paid on the claim with a former shareholder. A balance of £nil (2021: £17,910) was outstanding at the year end and included in other creditors.

33 Controlling party

The company's immediate and ultimate parent is Apiary Capital Partners I LP.