

Happitots Day Nurseries Limited

FINANCIAL STATEMENTS

for the year ended

28 February 2014



Company Registration No. SC192599

Happitots Day Nurseries Limited

COMPANY INFORMATION

DIRECTORS	Mr T P Lyons Mr G J Scott
SECRETARY	Mr T P Lyons
COMPANY NUMBER	SC192599
REGISTERED OFFICE	Bertram House Block B Suite 2 Kittle Yards EDINBURGH EH9 1PJ
AUDITOR	Baker Tilly UK Audit LLP First Floor, Quay 2 139 Fountainbridge EDINBURGH EH3 9QG
BANKERS	Santander Bootle Merseyside L30 4GB

Happitots Day Nurseries Limited

STRATEGIC REPORT

For the year ended 28 February 2014

REVIEW OF THE BUSINESS

The company had a profit for the year of £792,686 before tax. This is after charging interest payable of £88, amortisation of acquired goodwill of £3,183, depreciation of £262,233 and a management charge from our parent company of £1,428,067 giving Operational Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of £2,486,257 for the year.

The company's key financial performance indicators during the year were as follows:

	2014	% Change	2013
Turnover	12,701,603	2%	12,495,769
Operating Profit after Management Charge	791,539	65%	274,683
Operating EBITDA	2,486,257	25%	1,988,271

Company turnover is represented by fees receivable from nursery operations. The increase in turnover and operational profit is as a result of increased fee income from additional nurseries acquired during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors have identified the following as the key risks to which the company is exposed:

Regulatory risk

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

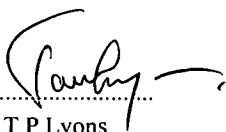
Liquidity risk

The company prepares regular forecasts of future cash and debt requirements and monitors cash flow on an ongoing basis.

FUTURE DEVELOPMENTS

The company intends to continue to operate children's nurseries.

By order of the board



Mr T P Lyons

SECRETARY

28/2/14

Happitots Day Nurseries Limited

DIRECTORS' REPORT

For the year ended 28 February 2014

The directors present their report and financial statements for the year ended 28 February 2014.

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of the operation of children's nurseries within the Bertram Nursery Group.

RESULTS AND DIVIDENDS

The results for the year are set out on page 5.

DIRECTORS

The following directors have held office since 1 March 2013:

Mr T P Lyons

Mr G J Scott

Mr D Gray

(Resigned 2 May 2013)

EMPLOYEE INVOLVEMENT

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

Information of 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.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

DISABLED PERSONS

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

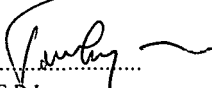
AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue in office

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who are in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



Mr T P Lyons

SECRETARY

28/2/14

Happitots Day Nurseries Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 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 company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the 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 HAPPITOTS DAY NURSERIES LIMITED

We have audited the financial statements set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2014 and its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



I ALEXANDER L TAIT (Senior Statutory Auditor)

for and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

First Floor, Quay 2

139 Fountainbridge

EDINBURGH

EH3 9QG

28/8/14

Happitots Day Nurseries Limited

PROFIT AND LOSS ACCOUNT

For the year ended 28 February 2014

	Notes	2014 £	2013 £
TURNOVER	1	12,701,603	12,495,769
Cost of sales		(7,346,342)	(7,196,198)
GROSS PROFIT		5,355,261	5,299,571
Administrative expenses		(3,213,726)	(3,703,568)
Other operating income		78,071	67,357
Management fees		(1,428,067)	(1,388,677)
OPERATING PROFIT		791,539	274,683
Profit on sale of tangible assets		-	461
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		791,539	275,144
Interest receivable	2	1,235	-
Interest payable and similar charges	3	(88)	(979)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	792,686	274,165
Taxation	6	(203,063)	7,525
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	589,623	281,690

The profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

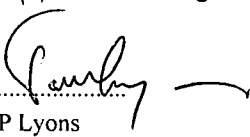
Happitots Day Nurseries Limited

BALANCE SHEET

As at 28 February 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Intangible assets	7	9,249	6,535
Tangible assets	8	617,301	448,212
		<u>626,550</u>	<u>454,747</u>
CURRENT ASSETS			
Stocks	9	25,025	25,025
Debtors: amounts falling due within one year	10	1,823,662	1,509,204
Cash at bank and in hand		349,165	174,412
		<u>2,197,852</u>	<u>1,708,641</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(1,891,970)</u>	<u>(1,852,213)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>305,882</u>	<u>(143,572)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>932,432</u>	<u>311,175</u>
PROVISIONS FOR LIABILITIES	12	<u>(31,634)</u>	<u>-</u>
NET ASSETS		<u><u>900,798</u></u>	<u><u>311,175</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	50,000	50,000
Profit and loss account	15	850,798	261,175
		<u>900,798</u>	<u>311,175</u>
SHAREHOLDERS' FUNDS	17	<u><u>900,798</u></u>	<u><u>311,175</u></u>

The financial statements on pages 5 to 15 were approved by the board of directors and authorised for issue on 28/2/14 and are signed on its behalf by:



 Mr T P Lyons
 DIRECTOR

Happitots Day Nurseries Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention.

GOING CONCERN

In preparation of the financial statements, the Directors have made an assessment of the company's ability to continue as a going concern.

The company's business activities, together with the factors likely to affect its future development, performance and position, and its exposures to credit risk are set out in the Directors' report.

Based on the continuing occupancy levels which have not been materially affected by the economic downturn, the Directors have prepared detailed forecasts which show that the company is able to operate within its existing group financing arrangements and is not expected to breach any banking covenants within twelve months of the date that the Directors' report is signed. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its subsidiaries.

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the group's ability to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment the directors have a reasonable expectation that the group and company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the company's annual financial statements.

COMPLIANCE WITH ACCOUNTING STANDARDS

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

TURNOVER

Turnover consists of fee income received for the provision of childcare and is recognised as the childcare service is provided.

GOODWILL

Acquired goodwill is written off in equal annual installments over its estimated useful life deemed to be 4 years, as this is the maximum goodwill that can reasonably be expected from a family whose child attends a Happitots nursery. A full year's charge is made in the year of acquisition.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Freehold properties are included at valuation (existing value in use) less depreciation. Other fixed assets, excluding freehold land, are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings freehold	2% straight line
Tenants improvements	25% straight line
Fixtures, fittings & equipment	25% straight line

LEASING

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

STOCK

Stocks and work in progress are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow-moving items.

Happitots Day Nurseries Limited

ACCOUNTING POLICIES (CONTINUED)

RETIREMENT BENEFITS

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

DEFERRED TAXATION

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 company'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.

Happitots Day Nurseries Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 February 2014

1 TURNOVER

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

2	INVESTMENT INCOME	2014	2013
		£	£

Bank interest	1,235	-
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3	INTEREST PAYABLE AND SIMILAR CHARGES	2014	2013
		£	£

On bank loans and overdrafts	88	979
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4	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2014	2013
		£	£

Profit is stated after charging:

Amortisation of intangible assets	3,183	3,183
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Depreciation of tangible assets	262,233	321,267
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Operating lease rentals

- Other assets	1,534,517	1,518,050
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Auditor's remuneration for statutory audit	6,300	6,100
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Auditor's remuneration for other services	3,235	1,750
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Profit on disposal of tangible assets	-	(461)
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Happitots Day Nurseries Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

5 EMPLOYEES

NUMBER OF EMPLOYEES

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

2014 Number	2013 Number
609	525

EMPLOYMENT COSTS

	2014 £	2013 £
Wages and salaries	6,283,783	6,183,968
Social security costs	303,978	313,979
Other pension costs	8,663	8,166
	<u>6,596,424</u>	<u>6,506,113</u>

There were no emoluments payable to Directors in the year (2013 : £nil).
Payments of £nil (2013: £42,537) were made in relation to redundancies.

Happitots Day Nurseries Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

6	TAXATION	2014 £	2013 £
	UK Corporation tax		
	Current tax on profit of the period	172,142	-
	Adjustment for prior years	(713)	(7,525)
	CURRENT TAX CHARGE	171,429	(7,525)
	DEFERRED TAX		
	Deferred tax charge/(credit) current year	31,634	-
	Tax on profit on ordinary activities	203,063	(7,525)
	FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR		
	The tax assessed for the year is lower than the standard rate of corporation tax (23%) as explained below:		
	Profit on ordinary activities before taxation	792,686	274,165
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 22.78% (2013 - 24.17%)	180,574	66,266
	Effects of:		
	Non deductible expenses	11,565	34,515
	Depreciation in excess of capital allowances	(29,165)	20,973
	Group relief	-	(121,754)
	Adjustments to previous periods	(713)	(7,525)
	Other tax adjustments	9,168	-
		(9,145)	(73,791)
	CURRENT TAX CHARGE	171,429	(7,525)

Happitots Day Nurseries Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

7 INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 March 2013	1,449,445
Additions	5,897
At 28 February 2014	1,455,342
AMORTISATION	
At 1 March 2013	1,442,910
Charge for the year	3,183
At 28 February 2014	1,446,093
NET BOOK VALUE	
At 28 February 2014	9,249
At 28 February 2013	6,535

Goodwill represents the excess of the valuation of the consideration paid to acquire the trade and assets of nursery operations over the fair value of the assets acquired.

8 TANGIBLE FIXED ASSETS

	Tenants improvements £	Fixtures, fittings & equipment £	Total £
COST OR VALUATION			
At 1 March 2013	904,282	612,519	1,516,801
Additions	84,013	347,309	431,322
At 28 February 2014	988,295	959,828	1,948,123
DEPRECIATION			
At 1 March 2013	626,127	442,462	1,068,589
Charge for the year	155,810	106,423	262,233
At 28 February 2014	781,937	548,885	1,330,822
NET BOOK VALUE			
At 28 February 2014	206,358	410,943	617,301
At 28 February 2013	278,155	170,057	448,212

Happitots Day Nurseries Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

9	STOCKS	2014 £	2013 £
	Raw materials and consumables	<u>25,025</u>	<u>25,025</u>
10	DEBTORS	2014 £	2013 £
	Trade debtors	486,094	235,974
	Amounts owed by parent and fellow subsidiary undertakings	1,209,644	1,163,589
	Other debtors	24,307	2,500
	Prepayments and accrued income	<u>103,617</u>	<u>107,141</u>
		<u>1,823,662</u>	<u>1,509,204</u>
11	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2014 £	2013 £
	Bank loans and overdrafts	-	28,161
	Trade creditors	607,866	565,166
	Amounts owed to parent and fellow subsidiary undertakings	685,021	522,046
	Corporation tax	171,206	-
	Other taxes and social security costs	135,818	192,965
	Directors' current accounts	-	129,128
	Accruals and deferred income	<u>292,059</u>	<u>414,747</u>
		<u>1,891,970</u>	<u>1,852,213</u>

The bank overdraft of nil (2013:£28,161) was secured by a first and floating charge on the assets of the company.

Happitots Day Nurseries Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

12 PROVISIONS FOR LIABILITIES

	Deferred tax liability £
Profit and loss account	31,634
Balance at 28 February 2014	31,634

THE DEFERRED TAX LIABILITY IS MADE UP AS FOLLOWS:

	2014 £	2013 £
Accelerated capital allowances	31,634	-

13 PENSION AND OTHER POST-RETIREMENT BENEFIT COMMITMENTS DEFINED CONTRIBUTION

	2014 £	2013 £
Contributions payable by the company for the year	8,663	8,166

14 SHARE CAPITAL

	2014 £	2013 £
ALLOTTED, CALLED UP AND FULLY PAID 50,000 Ordinary shares of £1 each	50,000	50,000

15 RESERVES

	Profit and loss account £
Balance at 1 March 2013	261,175
Profit for the year	589,623
Balance at 28 February 2014	850,798

16 MORTGAGES AND CHARGES

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

Each member of the Bertram Nursery Group has a cross-guarantee over the liabilities of all other group companies to the bank.

Happitots Day Nurseries Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

17	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2014	2013
		£	£
	Profit for the financial year	589,623	281,690
	Opening shareholders' funds	311,175	29,485
		<u> </u>	<u> </u>
	Closing shareholders' funds	900,798	311,175
		<u> </u>	<u> </u>

18 FINANCIAL COMMITMENTS

At 28 February 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 28 February 2015:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Operating leases which expire:				
Within one year	98,126	85,009	2,260	-
Between two and five years	54,450	246,888	7,348	-
In over five years	1,406,828	1,186,894	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,559,404	1,518,791	9,608	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

19 CONTROL

The entire share capital of Happitots Day Nurseries Limited is owned by Bertram Nursery Group Limited. The ultimate controlling party is Mr Graeme Scott.

20 RELATED PARTY TRANSACTIONS

Happitots Day Nurseries Limited is a wholly owned subsidiary of Bertram Nursery Group Limited. The company has taken advantage of the exemption available in Financial Reporting Standard 8 not to disclose related party transactions with companies within the Bertram Nursery Group on the grounds that consolidated financial statements are prepared by the ultimate parent company. Copies of the group accounts of Bertram Nursery Group Limited are available from the Registrar of Companies at Companies House.

As at 28 February 2014, the company owed Tom Lyons (Director) £nil (2013: £85,159) and owed Graeme Scott (Director) £nil (2013: £43,969). These are included in creditors at note 11. No interest was applied to Director's loan accounts.

During the year, Happitots Day Nurseries Limited met costs on behalf of BNG Training Limited, a company with common ownership, of £17,180. At the year end, a balance of £17,180 was due from BNG Training Limited and is included in debtors at note 10.

21 POST BALANCE SHEET EVENTS

On 1 May 2014, Happitots Day Nurseries Limited purchased the Oranges and Lemons Nursery Group.