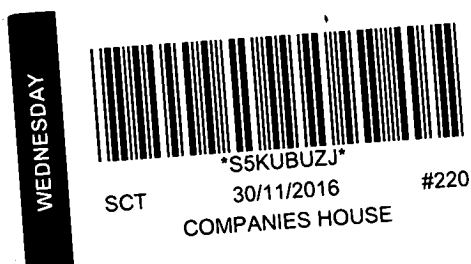
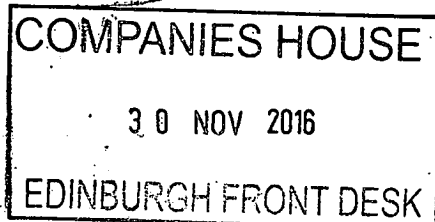


**BERTRAM NURSERIES LIMITED (FORMERLY
TRADING AS HAPPITOTS DAY NURSERIES
LIMITED)**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
28 FEBRUARY 2016**



BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

COMPANY INFORMATION

Directors	Mr T P Lyons Mr G J Scott Mr C Rankin
Secretary	Mr T P Lyons
Company number	SC192599
Registered office	Bertram House Block B Suite 2 Kittle Yards EDINBURGH EH9 1PJ
Auditor	RSM UK Audit LLP Chartered Accountants First Floor, Quay 2 139 Fountainbridge Edinburgh EH3 9QG
Bankers	Santander Bootle Merseyside L30 4GB

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

STRATEGIC REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2016

The directors present the strategic report for the year ended 28 February 2016.

Fair review of the business

The company had a loss for the year of £1,518,945 before tax. This is after crediting interest receivable of £3,241 and charging interest payable of £9,741, amortisation of £149,145, depreciation of £427,086 and a management charge from our parent company of £2,934,863 giving Operational Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) £1,998,649 for the year.

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

	2016	% Change	2015
Turnover	15,203,408	8%	14,082,866
Operating profit before management charge and restructuring costs	1,491,907	(27%)	2,034,720
Operating EBITDA before restructuring costs	2,068,138	(9%)	2,285,002

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

Going concern

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 group is able to operate within its existing financial arrangements. The parent company participates in the group's centralised treasury arrangements and so shares banking arrangements with its subsidiaries.

In preparation of the financial statements, the directors have made an assessment of the company's ability to continue as a going concern. Although the company has net current liabilities of £2,678,902 (2015: net current assets of £56,106) the company has the support of its parent, Bertram Nursery Group Limited and its funders.

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.

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 Inspectorate 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.

Credit risk

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.

Pricing risk

The company operates in a very competitive sector with exposure to cost increases from regulatory driven inflation in the form of living wage rate increases, business rates increases and Modern Apprentice Levy. The company prepares estimates of costs increases and seeks to recover these through price increases whilst balancing the need to remain competitive in the marketplace.

**BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS
DAY NURSERIES LIMITED)**

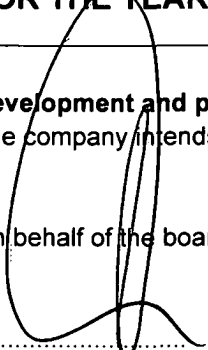
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

Development and performance

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

On behalf of the board



.....
Mr G J Scott

Director

29/11/16.....

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2016

The directors present their annual report and financial statements for the year ended 28 February 2016.

Principal activities

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

Directors

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

Mr T P Lyons

Mr G J Scott

Mr D Aitchison

Mr C Rankin

(Appointed 13 April 2015 and resigned 20 March 2016)

(Appointed 15 April 2016)

Results and dividends

The results for the year are set out on page 6.

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

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 company's continues and that the appropriate training is arranged. It is the policy of the company 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 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.

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr G J Scott

Director

29/11/16

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2016

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 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;
- 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 enable them 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 BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

We have audited the financial statements on pages 6 to 22. 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), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 4, 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 <http://www.frc.org.uk/auditscopeukprivate>

Opinion on 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 2016 and of its loss 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 RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG
30/11/16

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2016

	Notes	2016 £	2015 £
Revenue	3	15,203,408	14,082,866
Cost of sales		(9,437,683)	(8,588,793)
Gross profit		5,765,725	5,494,073
Management fees		(2,934,863)	(2,169,127)
Administrative expenses		(4,398,884)	(3,538,150)
Other operating income		125,066	78,797
Restructuring costs		(69,489)	-
Operating loss	4	(1,512,445)	(134,407)
Investment income	6	3,241	1,713
Finance costs	7	(9,741)	(4,075)
Loss on ordinary activities before taxation		(1,518,945)	(136,769)
Taxation	8	28,961	53,506
Loss for the financial year	19	(1,489,984)	(83,263)
Total comprehensive income for the year		(1,489,984)	(83,263)

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Goodwill	9	587,086		5,074	
Negative goodwill	9	(96,193)		(144,289)	
Net goodwill		490,893		(139,215)	
Property, plant and equipment	10	1,314,174		715,772	
		1,805,067		576,557	
Current assets					
Inventories	11	25,025		25,025	
Trade and other receivables	12	1,091,651		932,692	
Cash at bank and in hand		76,326		988,317	
		1,193,002		1,946,034	
Current liabilities	13	(3,871,904)		(1,889,928)	
Net current (liabilities)/assets		(2,678,902)		56,106	
Total assets less current liabilities		(873,835)		632,663	
Non-current liabilities	14	(11,620)		(28,134)	
Net (liabilities)/assets		(885,455)		604,529	
Equity					
Called up share capital	18	50,000		50,000	
Retained earnings	19	(935,455)		554,529	
Total equity		(885,455)		604,529	

The financial statements were approved by the board of directors and authorised for issue on 29/11/16 and are signed on its behalf by:

Mr G J Scott
Director

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2016

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 March 2014		50,000	637,792	687,792
Year ended 28 February 2015:				
Loss and total comprehensive income for the year		-	(83,263)	(83,263)
Balance at 28 February 2015		50,000	554,529	604,529
Year ended 28 February 2016:				
Loss and total comprehensive income for the year		-	(1,489,984)	(1,489,984)
Balance at 28 February 2016		50,000	(935,455)	(885,455)

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2016

1 Accounting policies

Company information

Bertram Nurseries Limited (formerly trading as Happitots Day Nurseries Limited) is a private company limited by shares incorporated in Scotland. The registered office is Bertram House, Block B Suite 2, Kittle Yards, EDINBURGH, EH9 1PJ.

The company'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.

These financial statements are the first financial statements of Bertram Nurseries Limited (formerly trading as Happitots Day Nurseries Limited) prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Bertram Nurseries Limited (formerly trading as Happitots Day Nurseries Limited) for the year ended 28 February 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated where necessary to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date and are detailed in note 26.

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements; as a result of being a qualifying entity under FRS102:

- Section 7 'Statement of Cash Flows' - Presentation of a statement of Cash Flow and related notes and disclosures
- Section 33 'Related Party Disclosures' - Compensation for key management personnel

The financial statements of the Company are consolidated in the financial statements of Bertram Nursery Group Limited. The consolidated financial statements of Bertram Nursery Group Limited are available from its registered office, Bertram House, Block B Suite 2, Kittle Yards, Edinburgh EH9 1PJ.

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2016

1 Accounting policies (Continued)

Business combinations

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.

Going concern

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 group is able to operate within its existing financial arrangements. The parent company participates in the group's centralised treasury arrangements and so shares banking arrangements with its subsidiaries.

In preparation of the financial statements, the directors have made an assessment of the company's ability to continue as a going concern. Although the company has net current liabilities of £2,678,902 (2015: net current assets of £56,106) the directors are satisfied that the company has the support of its parent, Bertram Nursery Group Limited and its funders.

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.

Revenue

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

Interest Income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments 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 Bertram nursery. A full year's charge is made in the year of acquisition.

Negative goodwill arises when the fair value of the consideration for an acquired undertaking, or acquired trade and assets, is less than the fair value of the separable net assets. The amount up to the value of the non-monetary assets acquired is credited to the profit and loss account in the period in which those non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

1 Accounting policies (Continued)

Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Tenants improvements	25% straight line
Fixtures, fittings and equipment	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.

Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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.

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents 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.

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables 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.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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 company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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 company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

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 period.

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.

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

1 Accounting policies (Continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

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

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.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover

An analysis of the company's revenue is as follows:

	2016	2015
	£	£
Turnover analysed by class of business		
Operation of children's nurseries	15,203,408	14,082,866
	<u> </u>	<u> </u>

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

3 Turnover (Continued)

Revenue analysed by geographical market

	2016 £	2015 £
UK	15,203,408	14,082,866

4 Operating loss

	2016 £	2015 £
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	7,500	7,000
Depreciation of owned property, plant and equipment	407,869	284,832
Depreciation of property, plant and equipment held under finance leases	19,217	9,371
Amortisation of intangible assets	149,145	(43,921)
Operating lease charges	1,789,794	1,608,241

5 Employees

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

	2016 Number	2015 Number
Operational	739	671

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	7,897,119	7,142,095
Social security costs	378,861	359,656
Pension costs	41,813	47,448
	8,317,793	7,549,199

6 Investment income

	2016 £	2015 £
Interest income		
Interest on bank deposits	3,241	1,713

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2016

7 Finance costs

	2016	2015
	£	£
Interest on bank overdrafts and loans	1,283	59
Interest on finance leases and hire purchase contracts	7,953	3,511
Other interest	505	505
	<u>9,741</u>	<u>4,075</u>

8 Taxation

	2016	2015
	£	£
Current tax		
Adjustments in respect of prior periods	-	936
	<u>-</u>	<u>936</u>
Deferred tax		
Origination and reversal of timing differences	(28,961)	(54,442)
	<u>(28,961)</u>	<u>(54,442)</u>
Total tax charge	<u>(28,961)</u>	<u>(53,506)</u>

The charge for the year can be reconciled to the loss per the income statement as follows:

	2016	2015
	£	£
Loss before taxation	<u>(1,518,945)</u>	<u>(136,769)</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.08% (2015: 21.17%)	(305,004)	(28,954)
Tax effect of expenses that are not deductible in determining taxable profit	13,985	-
Adjustments in respect of prior years	-	936
Effect of change in corporation tax rate	5,922	-
Group relief	133,485	94,875
Permanent capital allowances in excess of depreciation	-	57,649
Deferred tax adjustments in respect of prior years	5,251	-
Fixed asset differences	117,400	(109,055)
Other tax adjustments	-	(35,076)
Deferred tax movement	-	(54,442)
Transition adjustments	-	20,561
	<u>(28,961)</u>	<u>(53,506)</u>
Tax expense for the year	<u>(28,961)</u>	<u>(53,506)</u>

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

9 Intangible fixed assets

	Goodwill	Negative goodwill	Total
	£	£	£
Cost			
At 1 March 2015	1,455,342	(192,385)	1,262,957
Additions - business combinations	779,253	-	779,253
At 28 February 2016	2,234,595	(192,385)	2,042,210
Amortisation and impairment			
At 1 March 2015	1,450,268	(48,096)	1,402,172
Amortisation charged for the year	197,241	(48,096)	149,145
At 28 February 2016	1,647,509	(96,192)	1,551,317
Carrying amount			
At 28 February 2016	587,086	(96,193)	490,893
At 28 February 2015	5,074	(144,289)	(139,215)

10 Property, plant and equipment

	Tenants improvements	Fixtures, fittings and equipment	Total
	£	£	£
Cost			
At 1 March 2015	1,012,304	1,328,493	2,340,797
Additions	488,922	536,566	1,025,488
At 28 February 2016	1,501,226	1,865,059	3,366,285
Depreciation and impairment			
At 1 March 2015	892,867	732,158	1,625,025
Depreciation charged in the year	132,119	294,967	427,086
At 28 February 2016	1,024,986	1,027,125	2,052,111
Carrying amount			
At 28 February 2016	476,240	837,934	1,314,174
At 28 February 2015	119,437	596,335	715,772

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

10 Property, plant and equipment (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2016 £	2015 £
Fixtures, fittings and equipment	56,959	59,386
Depreciation charge for the year in respect of leased assets	19,217	9,371

11 Inventories

	2016 £	2015 £
Raw materials and consumables	25,025	25,025

12 Trade and other receivables

	2016 £	2015 £
Amounts falling due within one year:		
Trade receivables	639,714	415,365
Amounts due from fellow group undertakings	-	412,204
Other receivables	162,714	29,512
Prepayments and accrued income	237,454	52,803
	1,039,882	909,884
Deferred tax asset (note 16)	51,769	22,808
	1,091,651	932,692

13 Current liabilities

	Notes	2016 £	2015 £
Obligations under finance leases	15	25,361	22,433
Trade payables		1,119,735	746,893
Amounts due to group undertakings		2,292,024	792,652
Other taxation and social security		72,620	76,546
Other payables		185	1,971
Accruals and deferred income		361,979	249,433
		3,871,904	1,889,928

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

14 Non-current liabilities

	Notes	2016 £	2015 £
Obligations under finance leases	15	11,620	28,134

15 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Less than one year	25,361	22,433
Between one and five years	11,620	28,134
	<u>36,981</u>	<u>50,567</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2016 £	Assets 2015 £
Balances:		
Decelerated capital allowances	<u>51,769</u>	<u>22,808</u>
Movements in the year:		2016 £
Liability/(Asset) at 1 March 2015		(22,808)
Credit to profit and loss		<u>(28,961)</u>
Liability/(Asset) at 28 February 2016		<u>(51,769)</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to decelerated capital allowances that are expected to mature within the same period.

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

17 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £41,813 (2015 - £47,448).

Contributions totalling £nil (2015: £21,000) were payable to the fund at the year end and are included in creditors.

18 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

The company has one class of ordinary shares which carry no right to fixed income.

19 Reserves

Retained earnings

Cumulative profit and loss net of distributions to owners.

20 Acquisition of a business

On 29 May 2015 the company acquired the trade and assets of Corner House Nursery (Edinburgh) Limited, for cash consideration of £750,000 plus acquisition costs of £49,253. This has been accounted for under the acquisition method.

	Book Value £	Fair Value £
Tangible assets	134	20,000
Goodwill	320,000	779,253
		<u>799,253</u>
Total consideration		<u>799,253</u>
Satisfied by:		£
Cash		799,253
		<u>799,253</u>

21 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company in respect of some of its properties.

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

21 Operating lease commitments (Continued)

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

	2016 £	2015 £
Within one year	1,643,293	1,527,774
Between two and five years	6,368,889	5,758,213
In over five years	25,965,480	24,121,235
	<u>33,977,662</u>	<u>31,407,222</u>

22 Events after the reporting date

On 31 March 2016 the net assets of Buoy and Gulls Nursery Limited, a fellow subsidiary of Bertram Nursery Group Limited, were hived up into Bertram Nurseries Limited. The net assets had a book value of £397,644.

23 Related party transactions

During the year, Bertram Nurseries Limited met costs on behalf of another company under common ownership of £7,560 (2015: £428,202). In addition, the company provided staff training services of £12,943 (2015: £3,570) to Bertram Nurseries Limited and Bertram Nurseries Limited collected sales income of £120,450 (2015: £460,313) on behalf of the company. Bertram Nurseries Limited also provided the company with funding of £251,500 (2015: £nil) during the year. At the year end, a balance of £160,354 (2015: £5,541 due to) was due from the company and is included in other debtors (2015: other creditors).

24 Controlling party

The entire share capital of Bertram Nurseries Limited is owned by Bertram Nursery Group Limited.

Bertram Nursery Group Limited is the immediate parent. The consolidated accounts of Bertram Group Limited are available from the Registrar of Companies at Companies House.

25 Mortgages and charges

The company has granted its bankers, Santander, a bond and floating charge over the whole assets of the company. Rockpool also have a floating charge over the whole assets of the company which is second in rank after Santander.

Each member of the Bertram Nursery Group and BNG Training Limited, a company with common ownership, has a cross-guarantee over the liabilities of the Bertram Nursery Group and BNG Training Limited. At the balance sheet date the total secured finance of the entities amounted to £14,966,746 (2015: £13,460,751).

No defaults have occurred on the secured liabilities and so it is impracticable to disclose amounts or timings of any outflows of resources in settlement of the obligations. In the event of default there would be no possibility of reimbursement from another party.

BERTRAM NURSERIES LIMITED (FORMERLY TRADING AS HAPPITOTS DAY NURSERIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

26 Reconciliations on adoption of FRS 102

Reconciliation of equity

	Notes	1 March 2014 £	28 February 2015 £
Equity as reported under previous UK GAAP		732,792	746,652
Adjustments arising from transition to FRS 102:			
Holiday pay accrual	A	(45,000)	(49,000)
Amortisation of negative goodwill	B	-	(93,123)
Equity reported under FRS 102		<u>687,792</u>	<u>604,529</u>

Reconciliation of profit/ (loss)

	Notes	2015 £
Profit/ (loss) as reported under previous UK GAAP		13,860
Adjustments arising from transition to FRS 102:		
Holiday pay accrual	A	(4,000)
Amortisation of negative goodwill	B	(93,123)
Profit/ (loss) reported under FRS 102		<u>(83,263)</u>

Notes to reconciliations on adoption of FRS 102

A - Holiday pay accrual

Under previous UK GAAP, there was not a specific requirement to make provision or accrue for holiday pay, where employees have an entitlement to future compensated absences. Under FRS 102, entities must accrue for holiday pay. Therefore, at transition an accrual of £45,000 was recognised in respect of holiday pay and then in the year ended 28 February 2015 an accrual of £49,000.

B - Amortisation of goodwill

Under previous UK GAAP, deferred tax in respect of revalued property was not recognised in the accounts. Under FRS102 the deferred tax is recognised in the accounts and as such this has reduced the value of negative goodwill acquired in a business combination. The value of negative goodwill was decreased by £372,492 on transition resulting in a decrease in the amortisation charge.