

Company Registration No. SC192599 (Scotland)



BERTRAM NURSERIES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
28 FEBRUARY 2017



BERTRAM 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	Newfield House 1 New Street Musselburgh East Lothian EH21 6HY
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

STRATEGIC REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2017

The directors present the strategic report for the year ended 28 February 2017.

Fair review of the business

The company had a loss for the year of £2,196,067 before tax. This is after crediting interest receivable of £1,315 and charging interest payable of £7,444, amortisation of £148,686, depreciation of £492,651 and a management charge from our parent company of £3,811,194 giving Operational Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) £2,262,593 for the year.

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

	2017	% Change	2016
Turnover	15,708,738	3%	15,203,408
Operating profit before management charge and restructuring costs	1,621,256	9%	1,491,907
Operating EBITDA before restructuring costs	2,262,593	9%	2,068,138

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

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 has net current liabilities of £4,457,911 (2016: £2,599,058) and the Directors have prepared detailed cash flow projections which show that the group is wholly reliant on the continued support of the group's funders.

As a result of this the directors have sought and received confirmation of the indicative support of both major funders and hence 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.

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

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 company'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

STRATEGIC REPORT (CONTINUED)

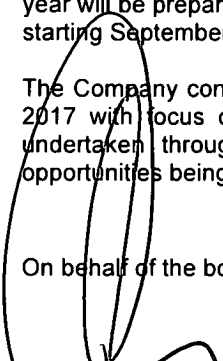
FOR THE YEAR ENDED 28 FEBRUARY 2017

Development and performance

Aside from normal inflationary increases, the entire sector continues to face challenges with 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 Company makes every effort to balance fee increases with commercial pressures in a competitive market place to ensure that the Company delivers a value service. Aside from the National Living Wage increase, the main challenge facing the Company in the coming year will be preparing to service the increased availability of funded hours in England, from 15 hours to 30 hours, starting September 2017, which could see a corresponding increase in demand for nursery places.

The Company continues to operate children's nurseries, building on the performance initiatives implemented in 2017 with focus on cost optimisation and occupancy levels. A rolling investment program in the estate is undertaken throughout the year through specific upgrading and refurbishment projects, with acquisition opportunities being considered on their own merits as they arise.

On behalf of the board



.....
Mr G J Scott

Director

11/12/17

BERTRAM NURSERIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2017

The directors present their annual report and financial statements for the year ended 28 February 2017.

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

(Resigned 20 March 2016)

(Appointed 15 April 2016)

Results and dividends

The results for the year are set out on page 7.

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 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.

Future developments

The company 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.

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.

BERTRAM NURSERIES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

On behalf of the board

.....
Mr G J Scott

Director

11/12/17

BERTRAM NURSERIES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2017

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

Opinion on financial statements

We have audited the financial statements on pages 7 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".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2017 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.

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 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 and, based on the work undertaken in the course of our audit, 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 company and its 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 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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 5, 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.

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.

RSM UK Audit LLP

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
11/12/17

BERTRAM NURSERIES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	2017 £	2016 £
Revenue	3	15,708,738	15,203,408
Cost of sales		(9,562,764)	(9,437,683)
Gross profit		6,145,974	5,765,725
Management fees		(3,811,194)	(2,934,863)
Administrative expenses		(4,565,060)	(4,398,884)
Other operating income		40,342	125,066
Restructuring costs		-	(69,489)
Operating loss	5	(2,189,938)	(1,512,445)
Investment income	6	1,315	3,241
Finance costs	7	(7,444)	(9,741)
Loss before taxation		(2,196,067)	(1,518,945)
Taxation	8	(100,694)	28,961
Loss for the financial year	21	(2,296,761)	(1,489,984)
Retained earnings brought forward		(935,455)	554,529
Retained earnings carried forward		(3,232,216)	(935,455)

BERTRAM NURSERIES LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 28 FEBRUARY 2017**

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Goodwill	9		390,799		587,086
Negative goodwill	9		(48,097)		(96,193)
Net goodwill			342,702		490,893
Other intangible assets	9		1,237		-
Total intangible assets			343,939		490,893
Property, plant and equipment	10		983,142		1,314,174
			1,327,081		1,805,067
Current assets					
Inventories	11	26,293		25,025	
Trade and other receivables	12	925,852		1,171,495	
Cash at bank and in hand		108,572		76,326	
		1,060,717		1,272,846	
Current liabilities	13	(5,518,628)		(3,871,904)	
Net current liabilities			(4,457,911)		(2,599,058)
Total assets less current liabilities			(3,130,830)		(793,991)
Non-current liabilities	14		(1,525)		(11,620)
Provisions for liabilities	16		(49,861)		(79,844)
Net liabilities			(3,182,216)		(885,455)
Equity					
Called up share capital	19		50,000		50,000
Retained earnings	21		(3,232,216)		(935,455)
Total equity			(3,182,216)		(885,455)

The financial statements were approved by the board of directors and authorised for issue on 1/12/17 and are signed on its behalf by:

Mr G J Scott
Director

BERTRAM NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

1 Accounting policies

Company information

Bertram Nurseries Limited is a private company limited by shares incorporated in Scotland. The registered office is Newfield House, 1 New Street, Musselburgh, East Lothian, EH21 6HY.

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.

Reduced Disclosures

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
- 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

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, Newfield House, 1 New Street, Musselburgh, East Lothian, EH21 6HY.

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 has net current liabilities of £4,457,911 (2016: £2,599,058) and the Directors have prepared detailed cash flow projections which show that the group is wholly reliant on the continued support of the group's funders.

As a result of this the directors have sought and received confirmation of the indicative support of both major funders and hence 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.

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

BERTRAM NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

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.

Revenue

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

Investment 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 is amortised over the estimated useful life of the non-monetary assets acquired.

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 if the fair value can be measured reliably.

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

Software	25% straight line
----------	-------------------

BERTRAM NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

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 the lower of replacement cost and 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.

BERTRAM NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

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 publicly 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

1 Accounting policies (Continued)

Basic financial liabilities

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

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.

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.

BERTRAM NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

1 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.

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.

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.

3 Turnover

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

	2017 £	2016 £
Turnover analysed by class of business		
Operation of children's nurseries	15,708,738	15,203,408

BERTRAM NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

3 Turnover (Continued)

Revenue analysed by geographical market

	2017 £	2016 £
UK	15,708,738	15,203,408

4 Employees

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

	2017 Number	2016 Number
Operational	737	739

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	8,192,966	7,897,119
Social security costs	394,347	378,861
Pension costs	48,264	41,813
	8,635,577	8,317,793

5 Operating loss

	2017 £	2016 £
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	7,875	7,500
Depreciation of owned property, plant and equipment	471,604	407,869
Depreciation of property, plant and equipment held under finance leases	21,047	19,217
Amortisation of intangible assets	148,686	149,145
Operating lease charges	1,825,265	1,789,794

6 Investment income

	2017 £	2016 £
Interest income		
Interest on bank deposits	1,315	3,241

BERTRAM NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

7 Finance costs

	2017	2016
	£	£
Interest on bank overdrafts and loans	34	1,283
Interest on finance leases and hire purchase contracts	5,991	7,953
Other interest	1,419	505
	<u>7,444</u>	<u>9,741</u>

8 Taxation

	2017	2016
	£	£
Current tax		
Adjustments in respect of prior periods	(936)	-
Deferred tax		
Origination and reversal of timing differences	105,141	(28,961)
Changes in tax rates	(3,511)	-
Total deferred tax	<u>101,630</u>	<u>(28,961)</u>
Total tax charge/(credit)	<u>100,694</u>	<u>(28,961)</u>

The total tax charge/(credit) 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:

	2017	2016
	£	£
Loss before taxation	<u>(2,196,067)</u>	<u>(1,518,945)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.08%)	(439,213)	(305,004)
Tax effect of expenses that are not deductible in determining taxable profit	759	13,985
Change in unrecognised deferred tax assets	278,000	-
Effect of change in corporation tax rate	-	5,922
Group relief	261,930	133,485
Under/(over) provided in prior years	(936)	-
Deferred tax adjustments in respect of prior years	(74,289)	5,251
Fixed asset differences	47,823	117,400
Other tax adjustments	3,896	-
Deferred tax adjustment to average rate	22,724	-
Taxation for the year	<u>100,694</u>	<u>(28,961)</u>

BERTRAM NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

9 Intangible fixed assets

	Goodwill	Negative goodwill	Software	Total
	£	£	£	£
Cost				
At 29 February 2016	2,234,595	(192,385)	-	2,042,210
Transfer	-	-	6,756	6,756
At 28 February 2017	2,234,595	(192,385)	6,756	2,048,966
Amortisation and impairment				
At 29 February 2016	1,647,509	(96,192)	-	1,551,317
Amortisation charged for the year	196,287	(48,096)	495	148,686
Transfer	-	-	5,024	5,024
At 28 February 2017	1,843,796	(144,288)	5,519	1,705,027
Carrying amount				
At 28 February 2017	390,799	(48,097)	1,237	343,939
At 28 February 2016	587,086	(96,193)	-	490,893

10 Property, plant and equipment

	Tenants improvements	Fixtures, fittings and equipment	Total
	£	£	£
Cost			
At 29 February 2016	1,501,226	1,865,059	3,366,285
Additions	89,277	74,074	163,351
Transfers	-	(6,756)	(6,756)
At 28 February 2017	1,590,503	1,932,377	3,522,880
Depreciation and impairment			
At 29 February 2016	1,024,986	1,027,125	2,052,111
Depreciation charged in the year	160,282	332,369	492,651
Transfers	-	(5,024)	(5,024)
At 28 February 2017	1,185,268	1,354,470	2,539,738
Carrying amount			
At 28 February 2017	405,235	577,907	983,142
At 28 February 2016	476,240	837,934	1,314,174

BERTRAM NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

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:

	2017 £	2016 £
Fixtures, fittings and equipment	36,522	56,959
Depreciation charge for the year in respect of leased assets	21,047	19,217

11 Inventories

	2017 £	2016 £
Raw materials and consumables	26,293	25,025

12 Trade and other receivables

	2017 £	2016 £
Amounts falling due within one year:		
Trade receivables	718,646	639,714
Corporation tax recoverable	936	-
Other receivables	194	162,714
Prepayments and accrued income	206,076	237,454
	925,852	1,039,882
Deferred tax asset (note 17)	-	131,613
	925,852	1,171,495

13 Current liabilities

	Notes	2017 £	2016 £
Obligations under finance leases	15	11,979	25,361
Trade payables		1,105,144	1,119,735
Amounts due to group undertakings		3,946,844	2,292,024
Other taxation and social security		78,432	72,620
Other payables		12,035	185
Accruals and deferred income		364,194	361,979
		5,518,628	3,871,904

BERTRAM NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

14 Non-current liabilities

	Notes	2017 £	2016 £
Obligations under finance leases	15	1,525	11,620

15 Finance lease obligations

	2017 £	2016 £
Future minimum lease payments due under finance leases:		
Less than one year	11,979	25,361
Between one and five years	1,525	11,620
	<u>13,504</u>	<u>36,981</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 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	17	49,861	79,844
		<u>49,861</u>	<u>79,844</u>

17 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:

	Liabilities 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
Balances:				
Decelerated capital allowances	49,861	79,844	-	-
Tax losses	-	-	-	91,010
Short term timing differences	-	-	-	40,603
	<u>49,861</u>	<u>79,844</u>	<u>-</u>	<u>131,613</u>

BERTRAM NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

17 Deferred taxation (Continued)

	2017 £
Movements in the year:	
Liability/(Asset) at 29 February 2016	(51,769)
Charge to profit or loss	101,630
	<u>49,861</u>
Liability at 28 February 2017	<u>49,861</u>

The deferred tax liability set out above relates to accelerated capital allowances, of which £29,983 is expected to reverse within 12 months.

18 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	48,264	41,813
	<u>48,264</u>	<u>41,813</u>

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.

Contributions totalling £6,268 (2016: £15,759) were payable to the fund at the year end and are included in creditors.

19 Share capital

	2017 £	2016 £
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.

BERTRAM NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

20 Acquisition of a business

On 31 March 2016 the company acquired the trade and assets of Buoys and Gulls Limited, for cash consideration of £25,736. This has been accounted for under the acquisition method.

	Book Value £	Fair Value £
Property, plant and equipment	20,023	20,023
Inventories	1,268	1,268
Trade and other receivables	21,018	21,018
Cash and cash equivalents	5,319	5,319
Trade and other payables	(21,892)	(21,892)
		25,736
Goodwill		-
Total consideration		25,736
Satisfied by:		£
Cash		25,736
Contribution by the acquired business for the reporting period since acquisition:		£
Revenue		304,663
Profit after tax		43,497

21 Reserves

Retained earnings

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

BERTRAM NURSERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

22 Operating lease commitments

Lessee

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

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:

	2017 £	2016 £
Within one year	1,598,297	1,643,293
Between one and five years	5,907,011	6,368,889
In over five years	24,299,737	25,965,480
	<u>31,805,045</u>	<u>33,977,662</u>

23 Related party transactions

During the year, a company under common ownership provided staff training services of £14,839 (2016: £12,943) to Bertram Nurseries Limited and Bertram Nurseries Limited collected sales income of £nil (2016: £120,450) on behalf of the company. Bertram Nurseries Limited also provided the company with funding of £nil (2016: £259,060) during the year. At the year end, a balance of £nil (2016: £160,354) was due from the company and is included in other debtors.

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 £15,402,936 (2016: £14,645,688).

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.