

**ASQUITH NURSERIES
DEVELOPMENTS LIMITED**

**Annual report and financial statements
for the year ended 28 February 2013**

Registered number **04430375**

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ASQUITH NURSERIES DEVELOPMENTS LIMITED

Annual report and financial statements for the year ending 28 February 2013

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ASQUITH NURSERIES DEVELOPMENTS LIMITED

Director and Advisers

Director

A T Morris

Company secretary and registered office

A Sage
Asquith House
34 Germain Street
Chesham
Buckinghamshire
HP5 1LH

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
10 Bricket Road
St Albans
Hertfordshire
AL1 3JX

ASQUITH NURSERIES DEVELOPMENTS LIMITED

Registered number 04430375

Director's report for the year ended 28 February 2013

The director presents his report and the audited financial statements of the company for the year ended 28 February 2013

Principal activities

The principal activity of the company is the operation of private day nurseries

Review of business

The profit for the financial year, before taxation, amounted to £828k (2012 £940k) The director does not propose a dividend in respect of the year (2012 £nil)

Turnover for the year has decreased to £2,912k (2012 £3,007k) Occupancy levels have dropped in 2013 compared to the previous year although this was confined to one nursery setting in particular which, since the end of the financial year, has recovered its occupancy situation

The company continues to operate day nurseries for children below the age of five under the Asquith Day Nurseries brand The company's principal strategy is to provide the highest quality day care for children in excellent nursery settings Each nursery has developed a product offering that reflects the needs of its local market underpinned by efficient and effective support services The Asquith Day Nurseries brand name provides reassurance to customers that the level of care and facilities offered are of the highest quality and that investment in our settings, resources, staff and security of children in our care will continue

The nursery market provides an essential service to working families which allows them to continue their careers after becoming parents The UK day care market remains relatively resilient during the continuing poor economic conditions, however the number of nurseries and places available has contracted over the past twelve months as under-performing settings have exited the marketplace

Future strategy

The company's strategy for the future is to continue to focus on maximising the utilisation of existing nurseries by increasing occupancy and improving the quality of childcare delivered in our settings Further investment in the physical infrastructure, staff and learning resources will underpin the value proposition with the aim of meeting or surpassing the expectations of customers

Key performance indicators ("KPIs")

The business uses a number of KPIs to identify and measure its performance The main areas of focus are income generation, cost control, regulatory compliance and profitability The core KPIs used by management include occupancy, average fee, conversion rates, staff turnover, OFSTED inspection ratings and earnings before interest, tax, depreciation and amortisation (EBITDA) Information is gathered in real time and decisions made using up to date information Structured reporting takes place on a weekly and monthly basis and is constantly reviewed to ensure that it is relevant and useful

Risk management

The management of the business and the execution of the group's strategy are subject to a number of risks The key business risks and uncertainties affecting the group relate to reputation protection, compliance with regulations and retention of senior management These risks are actively managed through the implementation of appropriate strategy, policy and procedures This includes a dedicated risk management team considering health and safety issues and operational and other functional support teams who focus on children's welfare and development

ASQUITH NURSERIES DEVELOPMENTS LIMITED

Registered number 04430375

Director's report for the year ended 28 February 2013 (continued)

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of credit risk and liquidity risk. Given the size of the company, the director has not delegated the managing of financial risks to a sub-committee of the board.

Credit risk

Where debt finance and associated financial instruments are utilised this is subject to pre-approval by the board or directors. If external borrowing is required from an unrelated party this is limited to financial institutions with a strong credit rating.

Liquidity risk

Nursery fees are billed and received monthly in advance with cash flows being generally consistent and predictable.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training and support is provided.

It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole.

Communication with all employees continues through the in-house newsletters, cluster meetings and conferences.

Director

The director who held office during the year and up to the date of the approval of the financial statements, is set out below.

A T Morns

Qualifying third party indemnity provisions

At the time the report is approved there is a qualifying third party indemnity provision in place for the benefit of the director under a policy taken out by the parent company, Conchord Limited.

ASQUITH NURSERIES DEVELOPMENTS LIMITED

Registered number 04430375

Director's report for the year ended 28 February 2013 (continued)

Statement of director's responsibilities

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Disclosure of information to Auditors

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



A T Morris
Director

42 September 2013

ASQUITH NURSERIES DEVELOPMENTS LIMITED

Independent auditors' report to the members of Asquith Nurseries Developments Limited

We have audited the financial statements of Asquith Nurseries Developments Limited for the year ended 28 February 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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)

Respective responsibilities of director and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 4 the director is 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 and of 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

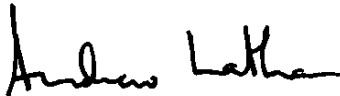
ASQUITH NURSERIES DEVELOPMENTS LIMITED

Independent auditors' report to the members of Asquith Nurseries Developments Limited

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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Andrew Latham (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
4th September 2013

ASQUITH NURSERIES DEVELOPMENTS LIMITED

Profit and loss account for the year ended 28 February 2013

	Note	28 February 2013 £	29 February 2012 £
Turnover	2	2,912,229	3,007,062
Staff costs	3	(1,231,895)	(1,280,373)
Administrative expenses		<u>(852,210)</u>	<u>(787,137)</u>
Operating profit	4	828,124	939,552
Tax on profit on ordinary activities	5	(203,276)	-
Profit for the financial year	11	<u><u>624,848</u></u>	<u><u>939,552</u></u>

The above results relate to continuing operations

The company has no recognised gains and losses other than the profits above, therefore no separate statement of total recognised gains and losses has been presented

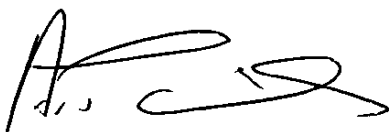
There is no difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

ASQUITH NURSERIES DEVELOPMENTS LIMITED

Balance sheet as at 28 February 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	6	<u>153,695</u>	<u>156,987</u>
		<u>153,695</u>	<u>156,987</u>
Current assets			
Debtors	7		
Falling due after more than one year		4,735,497	3,928,203
Falling due within one year		15,380	17,193
Cash at bank and in hand		800	800
		<u>4,751,677</u>	<u>3,946,196</u>
Creditors amounts falling due within one year	8	<u>(338,483)</u>	<u>(161,143)</u>
Net current assets		<u>4,413,194</u>	<u>3,785,053</u>
Total assets less current liabilities		4,566,889	3,942,040
Creditors amounts falling due after one year	9	<u>(126,926)</u>	<u>(126,926)</u>
Net assets		<u>4,439,963</u>	<u>3,815,114</u>
Capital and reserves			
Called up share capital	10	97,000	97,000
Profit and loss account	11	4,342,963	3,718,115
Total shareholders' funds	12	<u>4,439,963</u>	<u>3,815,115</u>

The financial statements on pages 7 to 14 were approved and signed by the director on 4th September 2013



A T Morris
Director

Registered number 04430375

ASQUITH NURSERIES DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 28 February 2013

1 Principal accounting policies

The financial statements have been prepared on a going concern basis in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 2006. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting and going concern

The financial statements are prepared in accordance with the historical cost convention.

The director has obtained confirmation from the directors of the companies with whom inter-company creditors balances are held that these amounts will not be payable for a period of at least 12 months from approval of these financial statements. Accordingly the director has determined that the going concern basis is appropriate.

Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Conchord Limited and is included in the consolidated financial statements of Conchord Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Conchord Limited group or investees of the Conchord Limited group.

Government grants

Grant income is recognised in the period in which the service is provided or expense incurred.

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 right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the 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.

Tangible fixed assets

The cost of tangible fixed assets is their purchase costs, together with any incidental costs of acquisition.

Depreciation is calculated so as to write-off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold improvements	Over term of lease
Fixtures, fittings and equipment	10% to 33% per annum on cost

ASQUITH NURSERIES DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 28 February 2013

2 Turnover

Turnover represents fees receivable for the provision of nursery day care and associated goods and services and is recognised when the provision occurs. Fees paid in advance are carried forward as deferred income.

All turnover is derived from goods and services provided in the United Kingdom.

3 Staff costs

	Year ended 28 February 2013 £	Year ended 29 February 2012 £
Employee costs during the year amounted to		
Wages and salaries	1,159,729	1,200,448
Social security costs	72,166	79,925
Total staff costs	<u>1,231,895</u>	<u>1,280,373</u>

The average monthly number of persons employed during the year was follows

	Year ended 28 February 2013 Number	Year ended 29 February 2012 Number
Nursery staff	<u>97</u>	<u>107</u>
	<u>97</u>	<u>107</u>

Director's remuneration has been borne by a fellow group company.

4 Operating profit

Operating profit is stated after charging

	Year ended 28 February 2013 £	Year ended 29 February 2012 £
Staff costs (note 3)	1,231,895	1,280,373
Depreciation - owned assets (note 6)	65,496	60,729
Operating lease rentals - land and buildings	<u>289,882</u>	<u>269,719</u>

Auditors' remuneration has been borne by a fellow group company. The auditors received no remuneration in respect of non audit services (2012 £nil).

ASQUITH NURSERIES DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 28 February 2013

5 Tax on profit on ordinary activities

	Year ended 28 February 2013 £	Year ended 29 February 2012 £
Analysis of charge in year	-	-
Current tax		
United Kingdom corporation tax at 24% (2012 26%)	203,276	-
Deferred tax	-	-
Tax on profit on ordinary activities	<u>203,276</u>	<u>-</u>

The tax assessed for the year is different to the standard rate of UK corporation tax of 24% (2012 26%)
The differences are explained below

	Year ended 28 February 2013 £	Year ended 29 February 2012 £
Profit on ordinary activities before tax	<u>828,124</u>	<u>939,552</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK	200,075	244,284
<i>Effects of</i>		
Group relief received for nil payment	-	(245,026)
Expenses not deductible for tax purposes	-	-
Accelerated capital allowances and other timing differences	3,201	742
Current tax charge for the year	<u>203,276</u>	<u>-</u>

The standard rate of corporation tax in the UK has changed from 26% to 24% on 1 April 2012. Further reductions are proposed to reduce the tax rate to 22% from 1 April 2014.

There is no material difference between the capital allowances and depreciation charge and therefore no deferred tax has been recognised in respect of the losses carried forward of £22,000 (2012 £16,918), due to the level of uncertainty associated with the timing of their reversal.

ASQUITH NURSERIES DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 28 February 2013

6 Tangible fixed assets

	Leasehold Land and Buildings £	Fixtures, Fittings and Equipment £	Total £
Cost			
At 1 March 2012	167,640	226,295	393,935
Additions	49,966	12,237	62,203
Disposals	-	-	-
At 28 February 2013	<u>217,606</u>	<u>238,532</u>	<u>456,138</u>
Depreciation			
At 1 March 2012	79,404	157,544	236,948
Charge for the period	32,070	33,426	65,496
Disposals	-	-	-
At 28 February 2013	<u>111,474</u>	<u>190,970</u>	<u>302,444</u>
Net book value			
At 28 February 2013	<u>106,132</u>	<u>47,562</u>	<u>153,695</u>
At 29 February 2012	<u>88,236</u>	<u>68,751</u>	<u>156,987</u>

7 Debtors

	28 February 2013 £	29 February 2012 £
Amounts falling due within one year		
Trade debtors	942	996
Prepayments and accrued income	<u>14,438</u>	<u>16,197</u>
	<u>15,380</u>	<u>17,193</u>
Amounts falling due after more than one year		
Amount owed by group undertakings	<u>4,735,497</u>	<u>3,928,203</u>
	<u>4,735,497</u>	<u>3,928,203</u>

Amounts owed by group undertakings are interest free and have no fixed terms of repayment

The director of the company has provided confirmation to the companies with whom inter-company debtors are held, that these amounts will be not be payable for a period of at least 12 months from approval of these financial statements

ASQUITH NURSERIES DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 28 February 2013

8 Creditors amounts falling due within one year

	28 February 2013 £	29 February 2012 £
Accruals and deferred income	135,207	161,143
Corporation Tax	<u>203,276</u>	-
	<u><u>338,483</u></u>	<u><u>161,143</u></u>

Included within creditors are grants received not yet utilised. These may be repayable if they remain unutilised. These amount to £23,796 (2012 £53,179)

9 Creditors amounts falling after one year

	28 February 2013 £	29 February 2012 £
Amounts owed to group undertakings	<u><u>126,926</u></u>	<u><u>126,926</u></u>

Amounts owed to group companies are unsecured, interest free and have no fixed term of repayment

The company has received confirmation from the directors of the companies with whom inter-company creditors balances are held that these amounts will not be payable for a period of at least 12 months from approval of these financial statements

10 Called up share capital

	28 February 2013 £	29 February 2012 £
Authorised, allotted and fully paid		
48,500 'A' ordinary shares at £1 each	48,500	48,500
48,500 'B' ordinary shares at £1 each	48,500	48,500
	<u><u>97,000</u></u>	<u><u>97,000</u></u>

11 Profit and loss account

	£
At 1 March 2012	3,718,115
Profit for the year	624,848
At 28 February 2013	<u><u>4,342,963</u></u>

ASQUITH NURSERIES DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 28 February 2013

12 Reconciliation of movements in shareholders' funds

	28 February 2013 £	29 February 2012 £
Profit for the financial year	<u>624,848</u>	<u>939,552</u>
Opening shareholders' funds	<u>3,815,115</u>	<u>2,875,563</u>
Closing shareholders' funds	<u><u>4,439,963</u></u>	<u><u>3,815,115</u></u>

13 Financial commitments

At 28 February 2013, the company had the following commitments under non-cancellable operating leases

	28 February 2013 £	29 February 2012 £
Expiring after more than 5 years	<u>300,368</u>	<u>269,719</u>
	<u><u>300,368</u></u>	<u><u>269,719</u></u>

14 Ultimate and immediate parent undertaking

The immediate parent company is Asquith Nurseries Limited

Conchord Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 28 February 2013. Chestnutbay AcquisitionCo Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 28 February 2013. Copies of the consolidated financial statements of Conchord Limited and Chestnutbay AcquisitionCo Limited may be obtained from the secretary at the company's registered office, Asquith House, 34 Germain Street, Chesham, Buckinghamshire, HP5 1LH. Following the acquisition by Conchord Limited the company's ultimate parent undertaking and controlling party is now Kaupthing hf, a company incorporated in Iceland.

15 Contingent liabilities

As 28 February 2013, a composite guarantee by each of the group companies existed in favour of Kaupthing as security for the group's loans of £45.5 million (2012: £46.5 million).