Registered number: 08487496

BLACKWATER PARTNERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

BLACKWATER PARTNERS LIMITED

COMPANY INFORMATION

Director	JK Player
Company secretary	Mrs JM Player
Registered number	08487496
Registered office	Seymour House 140 Broomfield Road Chelmsford Essex CM1 1RN
Independent auditor	Barnes Roffe LLP Chartered Accountants Statutory Auditor Leytonstone House Leytonstone London E11 1GA

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021

Introduction

Blackwater Partners Limited is the non-trading parent company of four wholly owned trading subsidiaries, Seymour House Limited, L3 Property Limited, L3 Leisure Limited and The Professional Nursery Kitchen Limited. Seymour House Limited's principal activity is the provision of childcare through a chain of nursery schools. The principal activity of L3 Property Limited is residential and commercial lettings. The principal activity of L3 Leisure Limited is that of a public house. The principal activity of The Professional Nursery Kitchen Limited is that of the preparation and delivery of meals to nursery schools.

Business review

The director is pleased with the Group's performance. Consistently high occupancy levels across both subsidiaries have ensured healthy levels of revenue and profit for the period. Early trading by L3 Leisure Ltd is also encouraging.

The Group is in a strong position as at the end of the financial period.

Principal risks and uncertainties

Financial Risk

Cash flow risk is managed internally by the Group's finance function and the Group has been stress tested and it has been deemed that there is no significant exposure to interest rate risk.

Business Risk

The Group is committed to providing and maintaining safe and healthy environments. Health and Safety risk is primarily managed by the Group's Health and Safety Officer.

One of the Group's subsidiaries is registered with and approved by the Office for Standards in Education under the Children's Act 2004. That company regularly reviews and updates its policies and procedures to ensure compliance with the standards set by this body.

Financial key performance indicators

Occupancy rates are tracked as a key performance indicator as they give a clear indication of both the level of demand for the service provided by the Group and the degree to which the level of service is valued by the current customer base.

Ofsted inspection ratings provide a good indication of the performance of Seymour House Limited. Ofsted ratings have a direct impact on demand for the service provided.

This report was approved by the board on 20 December 2021 and signed on its behalf.

JK Player
Director

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The director presents his report and the financial statements for the year ended 31 March 2021.

Director's responsibilities statement

The director is responsible for preparing the Group strategic report, the Director's report and the consolidated 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,009,542 *(2020 - £1,508,659)*.

During the year the director declared a dividend of £72,000 *(2020 - £72,000)*.

Director

The director who served during the year was:

JK Player

Future developments

The Group will continue to seek and explore new opportunities as they arise.

Engagement with employees

The Directors have continuously sought the advice of advisory and regulatory bodies, to best interpret changing guidelines relating to the health and safety of staff and the wider public in conducting ongoing operations during the Covid-19 pandemic. In addition, the Directors have actively engaged with those organisations to provide feedback on changes to working practices and have been proactive in contributing to continuous improvement of welfare to our staff during the pandemic.

The engagement with employees will continue on an ongoing basis, to review risks and changes that may be required as the pandemic develops.

DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20 December 2021 and signed on its behalf.

JK Player
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACKWATER PARTNERS LIMITED

Opinion

We have audited the financial statements of Blackwater Partners Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021, which comprise the Group Statement of income and retained earnings, the Group and Company Balance sheets, the Group Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2021 and of the Group's 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACKWATER PARTNERS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The director is responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Director's report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Director's responsibilities statement set out on page 2, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

The engagement partner ensured that the engagement team collectively had the appropriate competence,

capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

We identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the relevant sector;

We focused on specific laws and regulations, which we considered may have a direct material effect on the

financial statements or the operations of the company, including the Companies Act 2006 and ISO standards;

We assessed the extent of compliance with laws and regulations identified above through making enquires of management and inspecting legal correspondence and identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

Making enquires of management as to where they considered there was susceptibility to fraud, their knowledge of actual suspected and alleged fraud; and

Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

Performed analytical procedures to identify and unusual or unexpected relationships;

Tested journal entries to identify unusual transactions;

Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and

Investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial statements, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACKWATER PARTNERS LIMITED (CONTINUED)

Material misstatements that arise due to fraud can be harder to detect that those that arise from errors as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Liggins (Senior statutory auditor)
for and on behalf of
Barnes Roffe LLP
Chartered Accountants
Statutory Auditor
Leytonstone House
Leytonstone
London
E11 1GA

23 December 2021

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	*2020* *£*
Turnover	4	**8,206,905**	*8,935,892*
Cost of sales		**(5,568,981)**	*(5,434,452)*
Gross profit		**2,637,924**	*3,501,440*
Distribution costs		**(95,196)**	*(113,377)*
Administrative expenses		**(1,754,092)**	*(1,546,038)*
Other operating income	5	**574,391**	*101,153*
Operating profit	6	**1,363,027**	*1,943,178*
Interest receivable and similar income	10	**313**	*-*
Interest payable and similar expenses	11	**(86,628)**	*(122,806)*
Profit before tax		**1,276,712**	*1,820,372*
Tax on profit	12	**(267,170)**	*(311,713)*
Profit after tax		**1,009,542**	*1,508,659*
Retained earnings at the beginning of the year		**5,939,067**	*4,502,408*
Profit for the year attributable to the owners of the parent		**1,009,542**	*1,508,659*
Dividends declared and paid		**(72,000)**	*(72,000)*
Retained earnings at the end of the year		**6,876,609**	*5,939,067*

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated statement of income and retained earnings.

The notes on pages 15 to 34 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2021 £	*2020 £*	*2020 £*
Fixed assets					
Intangible assets	15		**750,000**		*1,000,000*
Tangible assets	16		**10,396,763**		*9,692,427*
			11,146,763		*10,692,427*
Current assets					
Stocks	18	**30,352**		-	
Debtors: amounts falling due within one year	19	**267,209**		*314,060*	
Cash at bank and in hand	20	**1,914,076**		*1,425,460*	
		2,211,637		*1,739,520*	
Creditors: amounts falling due within one year	21	**(3,389,337)**		*(3,484,956)*	
Net current liabilities			**(1,177,700)**		*(1,745,436)*
Total assets less current liabilities			**9,969,063**		*8,946,991*
Creditors: amounts falling due after more than one year	22		**(2,951,566)**		*(2,867,036)*
Provisions for liabilities					
Net assets			**7,017,497**		*6,079,955*
Capital and reserves					
Called up share capital	24		**200**		*200*
Merger reserve	25		**140,688**		*140,688*
Profit and loss account	25		**6,876,609**		*5,939,067*
Equity attributable to owners of the parent Company			**7,017,497**		*6,079,955*
			7,017,497		*6,079,955*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 December 2021.

JK Player
Director

The notes on pages 15 to 34 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2021 £	*2020 £*	*2020 £*
Fixed assets					
Investments	17		**400**		*300*
			400		*300*
Current assets					
Debtors: amounts falling due within one year	19	**504,000**		*432,000*	
		504,000		*432,000*	
Creditors: amounts falling due within one year	21	**(504,200)**		*(432,100)*	
Net current liabilities			**(200)**		*(100)*
Total assets less current liabilities			**200**		*200*
Net assets			**200**		*200*
Capital and reserves					
Called up share capital	24		**200**		*200*
			200		*200*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 December 2021.

JK Player
Director

The notes on pages 15 to 34 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	**1,009,542**	*1,508,659*
Adjustments for:		
Amortisation of intangible assets	**250,000**	*250,000*
Depreciation of tangible assets	**30,767**	*32,127*
Loss on disposal of tangible assets	**7,994**	-
Government grants	**(574,391)**	*(101,153)*
Interest paid	**86,628**	*122,806*
Interest received	**(313)**	-
Taxation charge	**267,170**	*311,713*
(Increase)/decrease in stocks	**(30,352)**	-
Decrease/(increase) in debtors	**46,851**	*(200,413)*
Increase/(decrease) in creditors	**252,407**	*(86,971)*
Corporation tax (paid)	**(304,720)**	*(204,313)*
Net cash generated from operating activities	**1,041,583**	*1,632,455*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(746,180)**	*(422,204)*
Sale of tangible fixed assets	**3,083**	-
Government grants received	**574,391**	*101,153*
Interest received	**313**	-
Net cash from investing activities	**(168,393)**	*(321,051)*
Cash flows from financing activities		
New secured loans	**745,000**	*1,621,660*
Repayment of loans	**(359,909)**	*(2,643,629)*
Dividends paid	**(72,000)**	*(72,000)*
Interest paid	**(86,628)**	*(122,806)*
Net cash used in financing activities	**226,463**	*(1,216,775)*
Net increase in cash and cash equivalents	**1,099,653**	*94,629*
Cash and cash equivalents at beginning of year	**772,044**	*677,415*
Cash and cash equivalents at the end of year	**1,871,697**	*772,044*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,914,076**	*1,425,460*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Bank overdrafts	(42,379)	(653,416)
	1,871,697	772,044

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2021

	At 1 April 2020	Cash flows	At 31 March 2021
	£	£	£
Cash at bank and in hand	1,425,460	488,616	1,914,076
Bank overdrafts	(653,416)	611,037	(42,379)
Debt due after 1 year	(2,867,036)	(84,530)	(2,951,566)
Debt due within 1 year	(931,476)	(204,561)	(1,136,037)
	(3,026,468)	810,562	(2,215,906)

The notes on pages 15 to 34 form part of these financial statements.

1. General information

Blackwater Partners Limited (the "Company") is a company limited by shares, incorporated in England and Wales. Its registered office is Seymour House, 140 Broomfield Road, Chelmsford, Essex, CM1 1RN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of income and retained earnings in these financial statements.

The principal accounting policies applied in the preparation of these Group and Company financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2014.

2.3 Exemptions for qualifying entities under FRS 102

FRS 102 section 1.12 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and there being no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemption:

(i) From preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

2. Accounting policies (continued)

2.4 Going concern

The director has considered the impact of COVID-19 on the ability of the Group to continue as a Going Concern. In making his assessment the director had prepared and critically reviewed the Group's cash flow forecast for the next 12 months and ensured that this forecast is modelled on a suitably cautious basis bearing in mind the unpredictable nature of the pandemic and its possible impact on the Company and the wider economy. As well as considering cash flow, the director has also taken into account the immediate and future impact on Profit and Loss and Balance Sheet of COVID-19.

Based on these assessments the directors have concluded that the Group has adequate resources to continue in existence for the forseeable future as a Going Concern and accordingly these financial statements have been prepared on that basis.

2.5 Revenue

The Group has the following main sources of revenue:

Blackwater Partners Limited

The Company receives dividend income. This is accounted for when received. The Company has no other forms of revenue.

Seymour House Limited

The main revenue stream of this company is from childcare through a chain of nursery schools. Revenue for this service is derived from two sources 1) directly charging the parents per child for attendance on an hourly basis and 2) Free Entitlement to Nursery Education (previously Nursery Education Grant) from the Council (where certain criteria are met) paid directly to the company. Parents are invoiced monthly in advance based on future anticipated attendance by the child. Income paid in advance of the service provided is deferred and released once the revenue recognition criteria are met. Certain children are entitled to a Free Entitlement to Nursery Education grant based on pre-determined Government criteria. This income is accounted for in the period to which it relates. Included in Group turnover is £1,317,377 *(2020 - £1, 048,195)* representing Free Entitlement to Nursery Education.

The company also receives bank interest, which is accounted for when received.

L3 Property Limited

This company receives rental income from assets leased under operating leases and this is charged to the statement of comprehensive income on a straight line basis over the lease term.

The Professional Nursery Kitchen Limited

This company receives income from the provision of nursery food and cleaning services. Revenue arising from these services is recognised in the period the services were provided. The company invoices their customers on a monthly basis therefore no accrued income or deferred income exist.

L3 Leisure Limited

This company receives income from the provision of public house services. Revenue arising from these services is recognised in the period the services were provided.

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of income and retained earnings in the same period as the related expenditure.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.12 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2. Accounting policies (continued)

2.13 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Related party transactions

The Group and Company discloses transactions with related parties which are not wholly within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the director, separate disclosure is necessary to understand the effect of the transaction on the Group financial statements.

2. Accounting policies (continued)

2.16 Intangible assets and goodwill

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years. Intangible assets that are not yet brought into use are not amortised. The Directors will assess the useful economic life of such intangibles when they are brought into use.

Acquired goodwill is capitalised and amortised over its useful economic life, currently 10 years. The Directors would consider the useful economic life for any future additions based on their knowledge and experience of the sector and with due regard to prevailing accounting standards.

All goodwill is reviewed for impairment at the end of its first full financial year following acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

2.17 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

The freehold and long term leasehold properties are maintained to a high standard and are used in the principal activities of the Group. As such no depreciation is charged on the properties. This treatment is contrary to the Companies Act 2006 which states fixed assets should be depreciated but is, in the director's opinion, necessary in order to give a true and fair view of the financial position of the group.

Certain tangible fixed assets comprise investment properties and are included in the balance sheet at their open market value and are not depreciated as they are maintained to a high standard and are used in the principal activities of the Group. This treatment is contrary to the Companies Act 2006 which states fixed assets should be depreciated but is, in the director's opinion, necessary in order to give a true and fair view of the financial position of the Group. Investment properties are assessed annually by the director for signs of impairment. Any impairment is recognised in the statement of comprehensive income.

2. Accounting policies (continued)

2.17 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as mentioned below.

Depreciation is provided on the following basis:

Freehold property	- Not depreciated
Long term leasehold property	- Not depreciated
Fixtures, fittings & equipment	- 25% reducing balance
Motor vehicles	- 25% reducing balance
Office equipment	- 25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.18 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.19 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.20 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.21 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2. Accounting policies (continued)

2.22 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.23 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

2.24 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually applied and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgments in applying the entity's accounting policies

No critical accounting judgments have had to be made by management in preparing these financial statements.

Critical accounting estimates and assumptions

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in estimated useful economic lives. The policy for depreciating assets is reviewed on an annual basis. Carrying values will be amended where necessary to reflect current estimates. See note 16 for the carrying value of property, plant and equipment and note 2.17 for the depreciation policy for each class of assets.

It is the opinion of the director that freehold and leasehold properties should not be depreciated. The properties are instead held at their open market value at the balance sheet date. The properties are maintained at a high standard and used in the principal activites of the Group. Impairment reviews on the properties are carried out on an annual basis, with any impairments recognised in the proift or loss.

(ii) Useful economic lives of intangible assets

Goodwill recognised is the difference between the amounts paid on the acquisition of a business and the fair value of identifiable assets and liabilities. The annual amortisation charge is sensitive to the estimated useful economic life of the goodwill. Goodwill is reviewed by the director on an annual basis and any impairments recognised in the profit or loss. See note 15 for the carrying value of goodwill, and note 2.16 for the estimated economic life.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Trading income	**8,161,905**	*8,890,892*
Rent receivable	**45,000**	*45,000*
	8,206,905	*8,935,892*

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £	2020 £
Government grants/CJRS receivable	**574,391**	*101,153*
	574,391	*101,153*

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation on tangible fixed assets	**30,767**	*32,127*
Loss on disposal of tangible fixed assets	**7,994**	-
Other operating lease rentals	**23,331**	*33,710*
Amortisation on intangible fixed assets	**250,000**	*250,000*

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**18,000**	*18,000*

Fees payable to the Group's auditor and its associates in respect of:

	2021 £	2020 £
All other services	**9,827**	*872*
	9,827	*872*

8. Employees

Staff costs, including director's remuneration, were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	4,844,256	4,351,807	-	-
Social security costs	300,716	289,040	-	-
Cost of defined contribution scheme	85,992	78,799	-	-
	5,230,964	4,719,646	-	-

The average monthly number of employees, including the director, during the year was as follows:

	2021 No.	2020 No.
Management staff	21	18
Central office staff	8	8
Nursery staff	305	236
Kitchen staff	32	18
	366	280

The director received total remuneration of £20,785 *(2020 - £20,885)* for services provided to the group and was paid by a subsidiary of the group.

9. Director's remuneration

During the year retirement benefits were accruing to 1 director *(2020 - 1)* in respect of defined contribution pension schemes.

10. Interest receivable

	2021 £	2020 £
Other interest receivable	313	-

11. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	86,628	122,806

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	270,234	327,359
Adjustments in respect of previous periods	(3,064)	(15,646)
Total current tax	267,170	311,713

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2020 - lower than)* the standard rate of corporation tax in the UK of 19% *(2020 - 19%)*. The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	1,276,712	1,820,372
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	242,575	345,871
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	47,500	47,500
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(15,010)	(4,918)
Capital allowances for year in excess of depreciation	(7,895)	(61,094)
Adjustments to tax charge in respect of prior periods	-	(15,646)
Total tax charge for the year	267,170	311,713

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Dividends

	2021 £	*2020* *£*
Dividends	**72,000**	*72,000*

14. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of income and retained earnings in these financial statements. The profit after tax of the parent Company for the year was £72,000 *(2020 - £72,000)*.

15. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 April 2020	**2,500,000**
At 31 March 2021	**2,500,000**
Amortisation	
At 1 April 2020	**1,500,000**
Charge for the year on owned assets	**250,000**
At 31 March 2021	**1,750,000**
Net book value	
At 31 March 2021	**750,000**
At 31 March 2020	*1,000,000*

16. Tangible fixed assets

Group

	Property	Fixtures, fittings & equipment	Motor vehicles	Office equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2020	9,593,415	235,735	27,250	10,091	9,866,491
Additions	669,880	76,300	-	-	746,180
Disposals	-	-	(27,250)	-	(27,250)
At 31 March 2021	10,263,295	312,035	-	10,091	10,585,421
Depreciation					
At 1 April 2020	-	152,892	15,435	5,737	174,064
Charge for the year on owned assets	-	28,941	738	1,088	30,767
Disposals	-	-	(16,173)	-	(16,173)
At 31 March 2021	-	181,833	-	6,825	188,658
Net book value					
At 31 March 2021	10,263,295	130,202	-	3,266	10,396,763
At 31 March 2020	*9,593,415*	*82,843*	*11,815*	*4,354*	*9,692,427*

Tangible fixed assets with a carrying value of £797,220 *(2020 - £797,220)* are used in operating leases. The Group received rental income in relation to these operating leases amounting to £45,000 *(2020 - £43,825)*.

Included within freehold and long term leasehold property above are investment properties. Investment properties are stated at open market value by the director, after making suitable enquiries with qualified external consultants. The historic cost of investment properties is £797,220 *(2020 - £797,220)*.

17. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2020	**474,300**
Additions	**1,000,100**
At 31 March 2021	**1,474,400**
Impairment	
At 1 April 2020	**474,000**
Charge for the period	**1,000,000**
At 31 March 2021	**1,474,000**
Net book value	
At 31 March 2021	**400**
At 31 March 2020	*300*

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
L3 Property Limited	Ordinary	100 %
Seymour House Limited	Ordinary	100 %
The Professional Nursery Kitchen Limited	Ordinary	100 %
L3 Leisure Limited	Ordinary	100 %

18. Stocks

	Group 2021 £	*Group 2020 £*	Company 2021 £	*Company 2020 £*
Raw materials and consumables	**30,352**	-	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

19. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	157,919	148,180	-	-
Amounts owed by group undertakings	-	-	504,000	432,000
Other debtors	38,965	36,098	-	-
Prepayments and accrued income	70,325	129,782	-	-
	267,209	314,060	504,000	432,000

20. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	1,914,076	1,425,460	-	-
Less: bank overdrafts	(42,379)	(653,416)	-	-
	1,871,697	772,044	-	-

21. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank overdrafts	42,379	653,416	-	-
Bank loans	570,801	270,240	-	-
Trade creditors	192,661	256,035	-	-
Corporation tax	214,003	251,553	-	-
Other taxation and social security	157,690	103,529	-	-
Other creditors	1,709,755	1,704,831	504,200	432,100
Accruals and deferred income	502,048	245,352	-	-
	3,389,337	3,484,956	504,200	432,100

22. Creditors: Amounts falling due after more than one year

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Bank loans	**2,951,566**	*2,867,036*	-	-

23. Loans

Security on bank borrowings have been provided by way of charge against the Group's freehold properties and a cross guarantee between the Company and its subsidiaries.

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Amounts falling due within one year				
Bank loans	**570,801**	*270,240*	-	-
Amounts falling due 1-2 years				
Bank loans	**350,627**	*492,020*	-	-
Amounts falling due 2-5 years				
Bank loans	**2,600,939**	*2,375,016*	-	-
	3,522,367	*3,137,276*	-	-

24. Share capital

	2021	*2020*
	£	*£*
Authorised, allotted, called up and fully paid		
200 *(2020 - 200)* Ordinary shares of £1.00 each	**200**	*200*

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

25. Reserves

Other reserves

The other reserves represent a merger reserve and is a non-distributable reserve created by the merger of a previous acquisition.

Profit and loss account

The Profit and loss account consists of distributable reserves arising from cumulative historical profits and losses less any distributions made.

26. Contingent liabilities

The Company has entered into a cross guarantee debenture with its subsidiaries in respect of bank borrowings. The potential liability at the balance sheet date is £3,564,746 *(2020 - £3,790,692)*.

27. Pension commitments

The Group makes contributions to the personal pension plans of certain employees. The pension cost charge represents contributions payable by the Group and amounted to £85,992 (*2020 - £78,799*). Contributions totaling £22,405 (*2020 - £13,281*) were payable to the fund at the balance sheet date and are included in other creditors.

28. Commitments under operating leases

At 31 March 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	*Group 2020 £*
Not later than 1 year	**42,600**	*42,600*
Later than 1 year and not later than 5 years	**170,400**	*170,400*
Later than 5 years	**170,400**	*213,000*
	383,400	*426,000*

29. Related party transactions

The Group has taken advantage of the exemption, under FRS 102 paragraph 1.12 and paragraph 33.1A, from disclosing transactions with key management and from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

Included within other creditors as at the year end are balances owed to JK Player and Mrs JM Player of £532,133 (*2020 - £544,133)* and £537,103 (*2020 - £549,103)* respectively. The amounts are unsecured and interest free.