

Company Registration No. 2433565 (England and Wales)

4Children (Trading) Limited

**Annual report and financial statements
for the year ended 31 March 2015**

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COMPANIES HOUSE

4Children (Trading) Limited

Company information

Directors

John Cove
Gary Walker
Imelda Redmond (Appointed 1 March 2015)

Secretary

Sanjay Ashar

Company number

2433565

Registered office

City Reach
5 Greenwich View Place
London
E14 9NN

Independent auditors

Saffery Champness
Lion House
Red Lion Street
London
WC1R 4GB

Bankers

HSBC Bank plc
8 Canada Square
London
E14 5HQ

4Children (Trading) Limited

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4Children (Trading) Limited

Strategic report

For the year ended 31 March 2015

The directors present their strategic report for the year ended 31 March 2015.

Review of the business

Today the company:

- Provides children's centres, youth centres, targeted services and training.

These service areas are provided across more than 100 settings, generates 72% of total revenue and provide services nationally to a diversified customer base including a number of Local Authorities.

- Develops influences and shapes national policy on all aspects of the lives of children, young people and families.

Through its service delivery areas 4Children (Trading) Ltd. has developed extensive knowledge and an evidence base on family life and interventions, which feed into the policy work in addressing the needs of vulnerable families and children that support the activities and work of its parent company the Charity 4Children.

Has an important role, indirectly, as the Government's strategic partner for early years and childcare. 4Children the Charity, has had a long-standing association with the government over its history. During the year, the Charity continued its Strategic Partnership with the Department for Education. In partnership with the National Children's Bureau it worked to co-ordinate a voluntary sector response on a number of Government initiatives. It led on early years and childcare and during the year priorities were focused on developing Childminders' Agencies, ensuring that families were aware of the early education opportunity, particularly focusing on families from disadvantaged backgrounds. 4Children internally sub contracts the service supply to 4Children (Trading) Ltd.

4Children (Trading) Ltd. revenue has increased over the past few years. Total revenue grew from £12.6m in 2013/14 to £13.6m in 2014/15 an increase of 7.7%

The Company will continue with its operations and approach going forward, however work within the broader Group has commenced to ensure greater integration, improvement in quality and economies of scale and scope.

Aims and key objectives for future periods

There are a number of key priorities identified for the coming year:

- Consolidating our services and developing our infrastructure. The organisation has grown rapidly in recent years and like many organisations in this position we have to ensure that we are fit for the future;
- a new five year strategy, working closely with families and professionals and partners to ensure we are delivering services that have the greatest impact;
- Focusing on the quality of our services, ensuring they are all the best they can be
- Publishing the results of an in-depth inquiry into the lives of families in the UK today and building our influencing strategy from this
- Ensuring that we are cost effective and provide excellent value for money; and
- Commissioning a review of our governance arrangements and legal structures

4Children (Trading) Limited

Strategic report (continued)

For the year ended 31 March 2015

Our risk management framework helps to ensure that we identify and manage key risks which could affect our ability to deliver our objectives, and achieve our aims. This reduces uncertainty, and allows the company to be innovative and to manage change effectively. Management of risk is embedded into our day to day business activities, and well established processes and policies are in place to manage them. All of our employees have a role in reducing risk through our internal control framework.

Risks are recorded in a risk register and are evaluated in terms of impact and likelihood under the following classifications: Reputation, Market, Financial, Operational, Project, Infrastructure, and Governance & Compliance.

We consider the following to be the main risks facing the company:

| Risk | Impact | Mitigation |
|---|--|---|
| We may not make substantial progress to our vision. | We will not help as many families and children as we would like. | <ul style="list-style-type: none"> • Development of a new strategy in 2015/16, leading to new strategy framework. |
| We don't achieve budgeted income levels, and have sufficient margin to cover our operating costs. | <ul style="list-style-type: none"> • The company will be less financially sustainable. • The company will have less resource to spend on services. • There will be less ability to invest in the future. | <ul style="list-style-type: none"> • Improved measurement of the impact of our work. • Consideration of alternative income streams. • Effective marketing and business development strategies. • Improving commercial/pricing and due diligence processes. |
| The company may fail to maintain efficient and effective systems and processes. | <ul style="list-style-type: none"> • The organisation may be inefficient and wasteful. • Quality may be compromised. | <ul style="list-style-type: none"> • Review of and reengineering of process and controls to ensure that systems are effective and maintain appropriate levels of control, but are also user friendly and cost efficient. |
| The company may fail to comply with regulatory and other legal requirements. | <ul style="list-style-type: none"> • Reputational damage. • We may not keep children and young people or our staff safe from harm. • Financial and legal consequences which could impact upon our ability to operate. | <ul style="list-style-type: none"> • Review and adoption of new governance and management framework. • Revised / improved operational risk management approaches in key areas such as Safeguarding, Health & Safety, and Data Security. • Review of service delivery standards / processes to ensure that service provision meets all the required standards. • Improved internal assurance through inspection and audit. |

4Children (Trading) Limited

Strategic report (continued) For the year ended 31 March 2015

Financial Review

As noted at the introduction to the start of this report, the financial performance of the Company for the year was not satisfactory. Despite revenue growth of 7.7% from £12.6m to £13.6m the Company returned a reduced profit of £29,550 for the year. This reduction was mainly due to not realising efficiencies and necessary savings required off the back of rapid growth in the past few years.

Given our performance for the year and the £29,450 deficit opening balance of funds, the shareholders funds are now £100. The £238,500 reduction in net current assets is more than offset by the £298,568 reduction in long term liabilities.

As noted below, subsequent to year-end, robust and comprehensive action has been taken by the Board to improve the financial performance, and specifically achieve cost reduction. The intention is that the Company continues to generate surpluses and provide funds to the Group to help cover central costs and the achievement of charitable aims and objectives.

Economic conditions continue to be difficult and we have not responded as well as we would have liked to that environment, particularly by not making the savings expected in delivering and supporting our services to enable us to continue and develop our work for children and young people and families.

We know going forward that there will be continuing pressure on local authorities' funds and a possible reduction in our income. To that end we are already well progressed with a implementing a comprehensive business review looking at effective ways of working, and controlling overheads. This is already enabling us to provide all our services to children and young people with lower support costs, helping achieve an operational surplus.

The organisation currently receives a substantial amount of funding from a range of sectors, most notably central government, local government and commercial. Most of our service contracts are multi-year contracts. We actively manage the key relationships on these contracts. In the last year our main specific sources of funding have been:

- Essex County Council
- Gloucestershire County Council
- Wiltshire County Council
- Plymouth City Council
- Worcestershire County Council
- Hampshire County Council
- Department for Education and Skills
- RAF Benevolent Fund

Finally, given its materiality, an area of accounting treatment worth noting is that of Work in Progress and Development Expenditure. Amounts relating to the development of the children's centres have been treated within the accounts as either Work in Progress or Development Expenditure. Accounting policies in relation to these amounts have been agreed with our auditors and comply with accepted accounting practices.

The Company has entered into a gift aid arrangement under which its taxable profit in any accounting period is donated to the parent charity.

During the year under review, the Company's policy was maximise its profitability to contribute to the

4Children (Trading) Limited

Strategic report (continued) For the year ended 31 March 2015

Group. Given this the Directors clearly recognise that a reduced operating profit of £377k was not satisfactory. To that end a robust and comprehensive recovery initiative commenced at the start of 2015/16 financial year and had already resulted in significant savings and efficiencies. This includes significant management and staffing restructure and consolidation of suppliers. Forecasts at the time of preparation of this report indicate a decent surplus for the 2015/16 financial year.

The Board of directors have considered the financial plans for the budget year of 2015/16 and the following two financial years, which cover a period of 27 months from the signing of these financial statements. The plans are built on a robust foundation of contract income, alongside a realistic assumption of business development and significant control of costs. Where there are any residual risks, there is the capacity to manage such exposures as may arise through flexing the cost base as well as planning, monitoring and managing cash flows accordingly. Although the general economic climate remains uncertain the trustees believe that the company is well placed to continue its operations appropriately. Elsewhere in this report we set out the company's risk management approach as well as the key risks faced.

Taking all of the above into account, the trustees have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future. Accordingly, they believe that the going concern basis remains the appropriate basis on which to prepare the annual report and financial statements.

On behalf of the board



.....
Gary Walker
Director
.....

21/12/15

4Children (Trading) Limited

Directors' report

For the year ended 31 March 2015

The directors present their report and financial statements for the year ended 31 March 2015.

Results and dividends

The results for the year are set out on page 10.

Directors

The following directors have held office since 1 April 2014:

John Cove

Hazel Mosienko

(Resigned 1 October 2014)

Anne Longfield

(Resigned 28 February 2015)

Charles Ellis

(Resigned 24 March 2015)

Gary Walker

Imelda Redmond

(Appointed 1 March 2015)

Linda Blackman

(Appointed 19 February 2015 and resigned 11 May 2015)

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.

Disabled persons

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

Auditors

Saffery Champness have expressed their willingness to remain in office as auditors of the company.

4Children (Trading) Limited

Directors' report (continued)

For the year ended 31 March 2015

Statement of directors' responsibilities

The directors are responsible for preparing 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

On behalf of the board



.....
Gary Walker
Director
.....

21/12/15

4Children (Trading) Limited

Independent auditors' report

To the members of 4Children (Trading) Limited

We have audited the financial statements of 4Children (Trading) Limited for the year ended 31 March 2015 set out on pages 10 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 6 - 7, 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 Ethical Standards for Auditors.

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 directors; 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 31 March 2015 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

4Children (Trading) Limited

Independent auditors' report (continued)
To the members of 4Children (Trading) 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Saffery Champness

Cara Turtington (Senior Statutory Auditor)
for and on behalf of Saffery Champness

.....

Chartered Accountants
Statutory Auditors

11 January 2016

Lion House
Red Lion Street
London
WC1R 4GB

4Children (Trading) Limited**Profit and loss account
For the year ended 31 March 2015**

| | Notes | 2015 £ | 2014 £ |
|--|-------|--------------------|--------------------|
| Turnover | 2 | 13,586,079 | 12,617,347 |
| Cost of sales | | <u>(9,645,465)</u> | <u>(8,218,419)</u> |
| Gross profit | | 3,940,614 | 4,398,928 |
| Administrative expenses | | <u>(3,563,520)</u> | <u>(2,017,527)</u> |
| Operating profit | 3 | 377,094 | 2,381,401 |
| Gift aid payable | | <u>(302,579)</u> | <u>(2,401,016)</u> |
| Profit/(loss) on ordinary activities before interest | | 74,515 | (19,615) |
| Interest payable and similar charges | 4 | <u>(34,489)</u> | <u>(9,534)</u> |
| Profit/(loss) on ordinary activities before taxation | | 40,026 | (29,149) |
| Tax on profit/(loss) on ordinary activities | 5 | <u>(10,476)</u> | <u>-</u> |
| Profit/(loss) for the year | 14 | <u>29,550</u> | <u>(29,149)</u> |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 15 to 24 form part of these financial statements.


4Children (Trading) Limited

**Balance sheet
As at 31 March 2015**

| | Notes | £ | 2015 £ | £ | 2014 £ |
|--|-------|--------------------|------------------|--------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 6 | | 56,289 | | 86,807 |
| Investments | 7 | | 2 | | 2 |
| | | | <u>56,291</u> | | <u>86,809</u> |
| Current assets | | | | | |
| Stocks | 8 | 377,166 | | 1,223,328 | |
| Debtors | 9 | 4,962,003 | | 697,998 | |
| Cash at bank and in hand | | 26,924 | | 68,237 | |
| | | <u>5,366,093</u> | | <u>1,989,563</u> | |
| Creditors: amounts falling due within one year | 10 | <u>(5,280,026)</u> | | <u>(1,664,996)</u> | |
| Net current assets | | | <u>86,067</u> | | <u>324,567</u> |
| Total assets less current liabilities | | | <u>142,358</u> | | <u>411,376</u> |
| Creditors: amounts falling due after more than one year | 11 | | <u>(142,258)</u> | | <u>(440,826)</u> |
| | | | <u>100</u> | | <u>(29,450)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 13 | | 100 | | 100 |
| Profit and loss account | 14 | | - | | (29,550) |
| Shareholders' funds | 15 | | <u>100</u> | | <u>(29,450)</u> |

The notes on pages 15 to 24 form part of these financial statements.

Approved by the Board and authorised for issue on 21/12/15


 Gary Walker
 Director

Company Registration No. 2433565

4Children (Trading) Limited

Cash flow statement

For the year ended 31 March 2015

| | £ | 2015 £ | £ | 2014 £ |
|--|-----------|--------------------|-----------|----------------|
| Net cash (outflow)/inflow from operating activities | | (646,655) | | 115,761 |
| Returns on investments and servicing of finance | | | | |
| Interest paid | (34,489) | | (9,534) | |
| Net cash outflow for returns on investments and servicing of finance | | (34,489) | | (9,534) |
| Capital expenditure | | | | |
| Payments to acquire tangible assets | (26,239) | | (28,728) | |
| Net cash outflow for capital expenditure | | (26,239) | | (28,728) |
| Net cash (outflow)/inflow before management of liquid resources and financing | | (707,383) | | 77,499 |
| Financing | | | | |
| New long term bank loan | - | | 280,000 | |
| Other new long term loans | - | | 63,718 | |
| Other new short term loans | - | | 171,859 | |
| Repayment of long term bank loan | (230,903) | | (240,151) | |
| Repayment of other long term loans | (63,718) | | - | |
| Repayment of other short term loans | (122,771) | | - | |
| Capital element of finance lease contracts | 43,690 | | 105,429 | |
| Net cash (outflow)/inflow from financing | | (373,702) | | 380,855 |
| (Decrease)/increase in cash in the year | | <u>(1,081,085)</u> | | <u>458,354</u> |

4Children (Trading) Limited

Notes to the cash flow statement For the year ended 31 March 2015

| 1 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities | | 2015 | 2014 |
|--|--|------------------|----------------|
| | | £ | £ |
| Operating profit | | 377,094 | 2,381,401 |
| Depreciation of tangible assets | | 47,228 | 53,823 |
| Loss on disposal of tangible assets | | - | 1,991 |
| Decrease in stocks | | 846,162 | 256,136 |
| (Increase)/decrease in debtors | | (4,264,005) | 795,825 |
| Increase/(decrease) in creditors within one year | | 2,346,866 | (3,373,415) |
| Net cash (outflow)/inflow from operating activities | | (646,655) | 115,761 |

| 2 Analysis of net debt | 1 April 2014 | Cash flow | Other non-cash changes | 31 March 2015 |
|-----------------------------------|---------------------|--------------------|-------------------------------|----------------------|
| | £ | £ | £ | £ |
| Net cash: | | | | |
| Cash at bank and in hand | 68,237 | (41,313) | - | 26,924 |
| Bank overdrafts | - | (1,039,772) | - | (1,039,772) |
| | <u>68,237</u> | <u>(1,081,085)</u> | <u>-</u> | <u>(1,012,848)</u> |
| Bank deposits | - | - | - | - |
| Debt: | | | | |
| Finance leases | (105,429) | (34,161) | - | (139,590) |
| Debts falling due within one year | (353,677) | 122,771 | - | (230,906) |
| Debts falling due after one year | (376,295) | 294,621 | - | (81,674) |
| | <u>(835,401)</u> | <u>383,231</u> | <u>-</u> | <u>(452,170)</u> |
| Net debt | (767,164) | (697,854) | - | (1,465,018) |

| 3 Reconciliation of net cash flow to movement in net debt | | 2015 | 2014 |
|--|--|--------------------|------------------|
| | | £ | £ |
| (Decrease)/increase in cash in the year | | (1,081,085) | 458,354 |
| Cash outflow/(inflow) from decrease/(increase) in debt and lease financing | | 383,231 | (380,856) |
| Movement in net debt in the year | | (697,854) | 77,498 |
| Opening net debt | | (767,164) | (844,662) |
| Closing net debt | | (1,465,018) | (767,164) |

4Children (Trading) Limited

Notes to the financial statements For the year ended 31 March 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

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

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|--------------------------------|---------------|
| Leasehold improvements | 33% per annum |
| Sundry assets | 33% per annum |
| Computer equipment | 25% per annum |
| Fixtures, fittings & equipment | 25% per annum |

1.5 Leasing

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

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.8 Pensions

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.

1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

4Children (Trading) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2015

2 Turnover

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

| 3 | Operating profit | 2015 £ | 2014 £ |
|---|--|-------------------|-------------------|
| | Operating profit is stated after charging: | | |
| | Depreciation of tangible assets | 47,228 | 53,823 |
| | Loss on disposal of tangible assets | - | 1,991 |
| | Operating lease rentals | | |
| | - Plant and machinery | 58,439 | 58,972 |
| | Auditors' remuneration (including expenses and benefits in kind) | 1,114 | 39,500 |
| | | <u> </u> | <u> </u> |

No director received any remuneration during the year (2014 : Nil)

| 4 | Interest payable | 2015 £ | 2014 £ |
|---|------------------------------|---------------|--------------|
| | On bank loans and overdrafts | <u>34,489</u> | <u>9,534</u> |

4Children (Trading) Limited**Notes to the financial statements (continued)****For the year ended 31 March 2015**

| 5 | Taxation | 2015 | 2014 |
|----------|---|---------------|-------------|
| | | £ | £ |
| | Domestic current year tax | | |
| | U.K. corporation tax | 10,476 | - |
| | | <hr/> | <hr/> |
| | Total current tax | 10,476 | - |
| | | <hr/> <hr/> | <hr/> <hr/> |
| | Factors affecting the tax charge for the year | | |
| | Profit/(loss) on ordinary activities before taxation | 40,026 | (29,149) |
| | | <hr/> | <hr/> |
| | Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2014 - 23.00%) | 8,005 | (6,704) |
| | | <hr/> | <hr/> |
| | Effects of: | | |
| | Depreciation add back | 11,351 | 12,379 |
| | Capital allowances | (9,422) | (10,254) |
| | Other tax adjustments | 542 | 4,579 |
| | | <hr/> | <hr/> |
| | | 2,471 | 6,704 |
| | | <hr/> | <hr/> |
| | Current tax charge for the year | 10,476 | - |
| | | <hr/> <hr/> | <hr/> <hr/> |

4Children (Trading) Limited**Notes to the financial statements (continued)**
For the year ended 31 March 2015**6 Tangible fixed assets**

| | Leasehold improvements £ | Sundry assets £ | Fixtures, fittings & equipment £ | Total £ |
|-----------------------|--------------------------------|-----------------------|---|----------------|
| Cost | | | | |
| At 1 April 2014 | 9,919 | 398,397 | 280,473 | 688,789 |
| Additions | 1,620 | 10,261 | 14,358 | 26,239 |
| | <u>11,539</u> | <u>408,658</u> | <u>294,831</u> | <u>715,028</u> |
| At 31 March 2015 | | | | |
| Depreciation | | | | |
| At 1 April 2014 | 8,543 | 344,013 | 249,426 | 601,982 |
| Charge for the year | 1,783 | 31,577 | 23,397 | 56,757 |
| | <u>10,326</u> | <u>375,590</u> | <u>272,823</u> | <u>658,739</u> |
| At 31 March 2015 | | | | |
| Net book value | | | | |
| At 31 March 2015 | <u>1,213</u> | <u>33,068</u> | <u>22,008</u> | <u>56,289</u> |
| At 31 March 2014 | <u>1,376</u> | <u>54,384</u> | <u>31,047</u> | <u>86,807</u> |

4Children (Trading) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2015

7 Fixed asset investments

| | Shares in subsidiary undertakings £ |
|------------------------------------|--|
| Cost | |
| At 1 April 2014 & at 31 March 2015 | 2 |
| Net book value | |
| At 31 March 2015 | 2 |
| At 31 March 2014 | 2 |

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

| Company | Country of registration or incorporation | Class | Shares held % |
|------------------------------------|--|----------|---------------|
| Subsidiary undertakings | | | |
| 4 Children (Plymouth) Limited | England and Wales | Ordinary | 100.00 |
| 4Children (Direct) Limited | England and Wales | Ordinary | 100.00 |
| 4Children (Worcestershire) Limited | England and Wales | Ordinary | 100.00 |

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

| | | Capital and reserves 2015 £ | Profit/(loss) for the year 2015 £ |
|------------------------------------|---|-----------------------------------|--|
| 4 Children (Plymouth) Limited | Principal activity Provide services to children's centre | (342,262) | (443,263) |
| 4Children (Direct) Limited | Provision of childcare | (2,440,726) | (2,450,563) |
| 4Children (Worcestershire) Limited | Provide services to children's centre | (161,120) | 95,879 |

4Children (Plymouth) Limited was incorporated on 6 August 2014.

4Children (Worcestershire) Limited was incorporated on 22 January 2014.

4Children (Trading) Limited

Notes to the financial statements (continued) For the year ended 31 March 2015

| 8 | Stocks and work in progress | 2015 | 2014 |
|----------|-------------------------------------|----------------|------------------|
| | | £ | £ |
| | Work in progress | 371,134 | 1,217,296 |
| | Finished goods and goods for resale | 6,032 | 6,032 |
| | | <u>377,166</u> | <u>1,223,328</u> |

The expenditure relating to the Children's Centres is charged to work in progress £78,311 (2014: £504,494). £639,806 (2014: £712,561) was written off during the year. This is an ongoing project with the centres phased to write down the cost over a three year period from the time they become operative.

| 9 | Debtors | 2015 | 2014 |
|----------|---|------------------|----------------|
| | | £ | £ |
| | Trade debtors | 862,933 | 215,957 |
| | Amounts owed by parent and fellow subsidiary undertakings | 3,531,588 | - |
| | Other debtors | 17,819 | 196,790 |
| | Prepayments and accrued income | 549,663 | 285,251 |
| | | <u>4,962,003</u> | <u>697,998</u> |

| 10 | Creditors: amounts falling due within one year | 2015 | 2014 |
|-----------|---|------------------|------------------|
| | | £ | £ |
| | Bank loans and overdrafts | 1,270,678 | 321,818 |
| | Net obligations under finance leases | 79,006 | 40,898 |
| | Trade creditors | 751,367 | 515,904 |
| | Amounts owed to parent and fellow subsidiary undertakings | 1,216,454 | - |
| | Corporation tax | 10,476 | - |
| | Other taxes and social security costs | 787,932 | 490,307 |
| | Other creditors | 145,793 | 88,466 |
| | Accruals and deferred income | 1,018,320 | 207,603 |
| | | <u>5,280,026</u> | <u>1,664,996</u> |

4Children (Trading) Limited

Notes to the financial statements (continued) For the year ended 31 March 2015

| 11 Creditors: amounts falling due after more than one year | 2015 £ | 2014 £ |
|--|-----------------|----------------|
| Bank loans | 81,674 | 312,577 |
| Other loans | - | 63,718 |
| Net obligations under finance leases | 60,584 | 64,531 |
| | <u>142,258</u> | <u>440,826</u> |
| Analysis of loans | | |
| Wholly repayable within five years | 312,580 | 729,972 |
| | <u>312,580</u> | <u>729,972</u> |
| Included in current liabilities | (230,906) | (353,677) |
| | <u>81,674</u> | <u>376,295</u> |
| Loan maturity analysis | | |
| In more than one year but not more than two years | 81,666 | 230,909 |
| In more than two years but not more than five years | - | 81,666 |
| | <u>-</u> | <u>81,666</u> |
| Net obligations under finance leases | | |
| Repayable between one and five years | - | 64,531 |
| | <u>-</u> | <u>64,531</u> |
| Included in liabilities falling due within one year | (79,006) | (40,898) |
| | <u>(79,006)</u> | <u>23,633</u> |

The loans comprise of three amounts, two from HSBC Bank, one taken out in September 2012 for £500,000, and a further loan of £420,000 taken out in October 2013. These loans have been specifically made to the company for the investment in current and future Childcare Centres. Each loan is for a period of three years with a capital repayment period of thirty three months which end in September 2015 and October 2016 respectively. These loans are secured by a debenture charged over the total assets of 4Children (Trading) Limited. The interest rate for both of these loans is 4.5%. The third loan being from Lombard for an amount of £118,290 which is repayable in monthly instalments over a period of 36 months from October 2013 and is unsecured.

4Children (Trading) Limited

Notes to the financial statements (continued) For the year ended 31 March 2015

12 Pension and other post-retirement benefit commitments

Defined contribution

| | 2015 £ | 2014 £ |
|---|----------------|----------------|
| Contributions payable by the company for the year | <u>141,929</u> | <u>141,439</u> |

13 Share capital

Allotted, called up and fully paid 100 Ordinary shares of £1 each

| | 2015 £ | 2014 £ |
|--|------------|------------|
| | <u>100</u> | <u>100</u> |

14 Statement of movements on profit and loss account

| | Profit and loss account £ |
|--------------------------|------------------------------------|
| Balance at 1 April 2014 | (29,550) |
| Profit for the year | <u>29,550</u> |
| Balance at 31 March 2015 | <u>-</u> |

15 Reconciliation of movements in shareholders' funds

| | 2015 £ | 2014 £ |
|--------------------------------------|-----------------|-----------------|
| Profit/(Loss) for the financial year | 29,550 | (29,149) |
| Opening shareholders' funds | <u>(29,450)</u> | <u>(301)</u> |
| Closing shareholders' funds | <u>100</u> | <u>(29,450)</u> |

16 Contingent liabilities

The bank overdraft facility is secured by a debenture charged over the total assets of 4Children (Trading) Limited, and also this secured by a cross guarantee over the assets of the ultimate holding company 4Children and its subsidiary company 4Children (Direct) Limited.

4Children (Trading) Limited**Notes to the financial statements (continued)**
For the year ended 31 March 2015**17 Financial commitments**

At 31 March 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2016:

| | Other 2015 £ | 2014 £ |
|--------------------------------|--------------------|----------------|
| Operating leases which expire: | | |
| Within one year | 119,931 | - |
| Within two to five years | - | 119,931 |
| | <u>119,931</u> | <u>119,931</u> |

18 Employees**Number of employees**

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

| | 2015 Number | 2014 Number |
|--------------------------|----------------|----------------|
| Conferences and seminars | 4 | 3 |
| Consultancy | 5 | 4 |
| Publications | 2 | 2 |
| Training and development | 443 | 437 |
| Fundraising and support | 2 | - |
| | <u>456</u> | <u>446</u> |

Employment costs

| | 2015 £ | 2014 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 6,556,580 | 6,467,021 |
| Social security costs | 522,545 | 523,275 |
| Other pension costs | 141,929 | 141,439 |
| | <u>7,221,054</u> | <u>7,131,735</u> |

4Children (Trading) Limited

Notes to the financial statements (continued) For the year ended 31 March 2015

19 Control

The ultimate parent undertaking is 4Children, a charitable company registered in England and Wales (Registered Company No. 1789253). 4Children owns 100% of the issued share capital of 4Children (Trading) Limited (Registered Company No. 2433565). 4Children will continue to support 4Children (Trading) Limited.

Group accounts may be obtained from:

4Children
City Reach
5 Greenwich View Place
London
E14 9NN

20 Related party relationships and transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.