

Acorndrive Limited

Annual Report and Unaudited

Financial Statements

Year Ended

31 December 2019

Company Number 04167362



Acorndrive Limited

Company Information

Directors E Boland
J Casagrande
G Fee
R Marshall

Company secretary S Kramer

Registered number 04167362

Registered office 2 Crown Way
Rushden
England
NN10 6BS

Accountants BDO LLP
Arcadia House
Maritime Walk
Ocean Village
Southampton
SO14 3TL

Acorndrive Limited

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Acorndrive Limited

Strategic Report For the Year Ended 31 December 2019

The directors present their Strategic Report together with the unaudited financial statements for the year ended 31 December 2019.

Business review

The company is a member of Bright Horizons Group.

Developments

During the year the Group acquired the share capital and reserves of My Family Care Limited.

The results of these are reported in the BHFS One Limited group consolidated accounts.

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the business. The KPIs of the group are discussed in the BHFS One Limited group accounts.

This report was approved by the board on Nov 27, 2020

and signed on its behalf.


Gary Fee (Nov 27, 2020 15:02 GMT)

G Fee
Director

Acorndrive Limited

Directors' Report For the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

The principal activity of the company is that of a holding company.

Results and dividends

The profit for the year, after taxation, amounted to £3,334,000 (2018 - £2,976,000).

The directors do not propose the payment of a final dividend (2018 - £Nil).

Directors

The directors who served during the year were:

E Boland
S Dreier (resigned 13 April 2020)
D Lissy (resigned 13 April 2020)
J Tugendhat (resigned 13 April 2020)
J Casagrande (appointed 16 April 2020)
G Fee (appointed 16 April 2020)
R Marshall (appointed 16 April 2020)

Post balance sheet events

In March 2020, the Bright Horizons Group began to experience the impact of the COVID-19 pandemic on its operations in the UK, as required business and school closures government mandates in response to the pandemic resulted in the temporary closure of a significant portion of the Group's child care centres.

At the date of signing the financial statements, the majority of nurseries have re-opened and all open centres are operating with special COVID-19 protocols in place in order to protect the health and safety of the children and staff.

Audit exemption

Under Section 497C of the Companies Act 2006 the Directors have taken the exemption from an audit for the year ended 31 December 2019 for these statutory accounts. The ultimate parent company, BHFS One Limited (company registration number 03943330) has guaranteed all outstanding liabilities to which the company is subject at 31 December 2019 until they are satisfied in full.

This report was approved by the board on Nov 27, 2020 and signed on its behalf.


Gary Fee (Nov 27, 2020 15:02 GMT)

G Fee
Director

Acorndrive Limited

Chartered Accountants' Report to the Board of Directors on the Unaudited Financial Statements of Acorndrive Limited

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Acorndrive Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>

It is your duty to ensure that Acorndrive Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of Acorndrive Limited. You consider that Acorndrive Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Acorndrive Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the board of directors of Acorndrive Limited, as a body, in accordance with the terms of our engagement letter dated 27 January 2020. Our work has been undertaken solely to prepare for your approval the accounts of Acorndrive Limited and state those matters that we have agreed to state to the board of directors of Acorndrive Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Acorndrive Limited and its board of directors as a body for our work or for this report.



BDO LLP

Southampton

United Kingdom

29 November 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Acorndrive Limited

Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £000	2018 £000
Interest receivable and similar income	6	3,333	2,976
Profit for the financial year		3,333	2,976
Total comprehensive income for the year		3,333	2,976

The notes on pages 7 to 15 form part of these financial statements.

Acorndrive Limited
Registered number:04167362

Statement of Financial Position
As at 31 December 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Fixed Asset Investments	8		2,000		2,000
Current assets					
Debtors: amounts falling due within one year	9	31,114		44,801	
Creditors: amounts falling due within one year	10	(67,900)		(84,920)	
Net current liabilities			(36,786)		(40,119)
Net liabilities			(34,786)		(38,119)
Capital and reserves					
Called up share capital	11		1,950		1,950
Profit and loss account	12		(36,736)		(40,069)
			(34,786)		(38,119)

The directors considers that the company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
Nov 27, 2020

Gary Fee
Gary Fee (Nov 27, 2020 15:02 GMT)

G Fee
Director

The notes on pages 7 to 15 form part of these financial statements.

Acorndrive Limited

Statement of Changes in Equity For the Year Ended 31 December 2019

	Share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2019	1,950	(40,069)	(38,119)
Comprehensive income for the year			
Profit for the year	-	3,333	3,333
Total comprehensive income for the year	-	3,333	3,333
At 31 December 2019	1,950	(36,736)	(34,786)

Statement of Changes in Equity For the Year Ended 31 December 2018

	Share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2018	1,950	(43,045)	(41,095)
Comprehensive income for the year			
Profit for the year	-	2,976	2,976
Total comprehensive income for the year	-	2,976	2,976
At 31 December 2018	1,950	(40,069)	(38,119)

The notes on pages 7 to 15 form part of these financial statements.

Acorndrive Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

Acorndrive Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the company's operations and its principal activities is stated in the Directors' Report.

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 management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of BHFS One Limited as at 31 December 2019 and these financial statements may be obtained from The Secretary, 2 Crown Way, Rushden, Northamptonshire, NN10 6BS.

2.3 Going concern

In the light of the coronavirus pandemic and the subsequent lock down in the UK, the directors have reviewed the current financial performance and the liquidity of the business.

The UK group is 100% owned by Bright Horizons Family Solutions Inc., a Company incorporated in the USA and listed on New York Stock Exchange. The parent company has declared its ability and willingness to support the UK business as it continues its recovery from the COVID-19 pandemic, by providing liquidity where required.

The directors, having reviewed current performance and forecasts, and the factors listed above, have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, they have continued to adopt the going concern basis in preparing the financial statements.

Acorndrive Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Acorndrive Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.5 Financial instruments

The company 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 Statement of Comprehensive Income.

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 company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

2.6 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Acorndrive Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.7 Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rate and laws that have been enacted or substantially enacted by the statement of financial position date.

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

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted.

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

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the company's fixed asset investments and amounts owed by group undertakings. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Key assumptions include:

Discount rates

The discount rate is a pre tax adjusted discount rate of 4.72% and reflects management's estimate of the company's weighted average cost of capital.

Long-term growth rates

The management forecasts are extrapolated using growth of 3% and assumptions relevant for the business sector and are based on industry research.

4. Employees

The Company has no employees.

Acorndrive Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

5. Directors' remuneration

No director received any emoluments during the current year (2018 - £Nil).

There were no directors in the company's defined contribution pension scheme during the year (2018 - £Nil).

Directors' costs are borne by Bright Horizons Family Solutions Limited and Bright Horizons Family Solutions Inc.

6. Interest receivable and similar income

	2019 £000	2018 £000
Other interest receivable	<u>3,333</u>	<u>2,976</u>

Acorndrive Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

7. Taxation

	2019 £000	2018 £000
Current tax on profits for the year	-	-
Total current tax	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	<u>3,333</u>	<u>2,976</u>
Effects of:		
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The UK corporation tax rate was 19% in the year to 31 December 2019 and this rate has been used for the purposes of preparing the tax disclosures. The tax rate was due to reduce to 17% on 1 April 2020, however, the Government announced in the March 2020 Budget that the rate would remain at 19% and not reduce to 17% as previously expected. As the 19% rate was not substantively enacted until 17 March 2020, the deferred tax balances have been calculated at 17%, this being the rate substantively enacted at the date of the Statement of Financial Position. The impact of the change in rate on deferred tax assets and liabilities will therefore be reflected in the 2020 financial statements.

Acorndrive Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

8. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2019	2,000
At 31 December 2019	<u>2,000</u>
Net book value	
At 31 December 2019	<u>2,000</u>
At 31 December 2018	<u>2,000</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Principal activity	Class of shares	Holding
Acorndrift Limited	Holding company	Ordinary	100%

Acorndrive Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

9. Debtors

	2019 £000	2018 £000
Amounts owed by group undertakings	-	17,021
Other loans owed by group undertakings	31,114	27,780
	<u>31,114</u>	<u>44,801</u>

All amounts owed by group undertakings are unsecured and not subject to any fixed repayment date. The debt is repayable on demand and therefore classified as due within one year.

Discounted bond

A zero coupon unsecured bond with a nominal value of £46,285,288 was issued by Acorndrive Limited on 10 May 2001 for a price of £18,650,000. The bond was redeemable at certain values on or before 31 August 2010 calculated so as to give a compounded rate of return of 10.25% per annum on the outstanding balance of the bond.

This bond has now matured and is currently attracting default interest at an annual rate of 12% compounded monthly until settlement.

As at 31 December 2019, the capital value of the bond outstanding was £4,150,000 (2018 - £4,150,000) with accrued interest, (including default interest) of £26,964,031 (2018 - £23,630,385). The bond is unsecured.

Other than described above amounts owed from group companies are unsecured, interest free and have no fixed terms of repayment.

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

10. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Amounts owed to group undertakings	<u>67,900</u>	<u>84,920</u>

All amounts owed to group undertakings are unsecured and not subject to any fixed repayment date. The debt is repayable on demand and therefore classified as due within one year.

Acorndrive Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

11. Share capital

	2019 £000	2018 £000
Authorised		
2,000,000 (2018 - 2,000,000) Ordinary shares of £1.00 each	2,000	2,000
Allotted, called up and fully paid		
1,950,003 (2018 - 1,950,003) Ordinary shares of £1.00 each	1,950	1,950

12. Reserves

The company's capital and reserves are as follows:

Share capital

Called up share capital reserve represents the nominal value of the shares issued.

Profit and loss account

Profit and loss account represents cumulative profits and losses net of dividends, paid and other adjustments.

13. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

14. Ultimate parent company and controlling party

The company's immediate parent undertaking is Chestnutbay Limited, a company incorporated in England and Wales. The ultimate controlling party is Bright Horizons Family Solutions Inc., which is the ultimate parent company incorporated in the United States of America.

The largest group in which the results are consolidated is that headed by Bright Horizons Family Solutions Inc., incorporated in the United States of America. The smallest group in which they are consolidated is that headed by BHFS One Limited, incorporated in England and Wales. The consolidated accounts are available to the public and may be obtained from The Secretary, BHFS One Limited, 2 Crown Court, Rushden, Northamptonshire, NN10 6BS.