Company Registration No. 05133622 (England and Wales)

4Children (Direct) Limited

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

4Children (Direct) Limited

Company information

Directors	John Cove Gary Walker Imelda Redmond (Appointed 1 March 2015)
Secretary	Sanjay Ashar
Company number	05133622
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
Solicitors	Russell-Cooke 2 Putney Hill London SW15 6AB

4Children (Direct) Limited

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4Children (Direct) 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

The principal activities during the year continued to focus on the care of young children both pre-school and school age. Today the company:

- Provides children's nurseries. These service areas are provided across more than 30 settings, generates 90% of total revenue and provide services nationally to a diversified customer base including a number of Local Authorities and RAF bases. This is the core activity of 4Children (Direct) Limited

- Provides Out of School facilities. Through its service delivery areas for nurseries 4Children (Direct) Ltd. also provides services for school children, both pre and post school and also activities during school holidays. This is a by product of the nursery service, operates across more than 20 settings, and generates 9% of total revenue.

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.

Structure, Governance and Management

4Children (Direct) Ltd is a 100% subsidiary of the 4Children Group ('Charity'). The Trustees of the Group established a group structure to help manage the day to day work of the organisation and the company is part of that Group.

Directors are appointed from the Charity Trustees and / or Senior Management. The "Trading" subsidiary Board meets at least quarterly.

The Company operates within the broader strategic framework of the Charity. Group trustees are responsible for agreeing an overall strategy and to delegate the operational management to the Chief Executive and Executive Management Team. They also agreed the strategy for the Company with its Directors. The Group Chief Executive of 27 years, Anne Longfield left the organisation on 27th February 2015 to take up the role as Children's Commissioner for Children for England. We thank her for her contribution and wish her well in her new role. The new Chief Executive Imelda Redmond took up the post on 2nd March 2015.

All Directors give of their time freely and no remuneration was paid to them during the year. Expenses paid related solely to any out of pocket costs incurred.

As noted, the Group charity is governed by a Board of Trustees to whom ultimate decision making is reserved. During the 2013/14 financial year a new governance structure was established, whereby 4Children (Direct) Ltd as one of the principal subsidiaries operated under its own Terms of Reference and Scheme of Delegation. Operational matters regarding the business of the Company was delegated to the Board of the Company. Beneath this, the Board delegated decision making in certain areas under the Schemes of Delegation to the management. Decisions were made in accordance with the appropriate Scheme of Delegation and the powers reserved to each of the above groups and individuals and were recorded and minuted as appropriate. This same governance structure was in place during the 2014/15 financial year.

Subsequent to the financial year, following a full review of governance and legal structures commissioned by Group trustees and which made a number of recommendations, the governance and decision making arrangements were refreshed. The creation of three Group sub-committees, an Audit and Risk Committee, a Governance Committee and a Safeguarding and Quality committee were approved and their operation outlined in terms of reference.

The Audit and Risk committee is chaired by the Group Vice-chair, John Cove and focusses on finance, internal control and audit and risk related matters across the Group. The Governance Committee is Chaired by Jon McLeod and is focussed on embedding good governance across the Group. The Safeguarding and Quality Committee is being established and will be chaired by Sally Hodges and will have oversight of the Safeguarding approaches and service quality mechanisms in the Group.

In addition a new Group wide set of Delegated authorities and financial procedures were adopted to ensure a more consistent and integrated Group-wide set of control procedures.

The Executive Management Team includes the Chief Executive, the Chief Operating Officer, the Director of Operations and Quality and the Director of External Affairs and Communications. They are responsible for the overall day-to-day management of the Company. The Executive Management Team oversees the following areas:
- Operations
- Corporate Shared Services
- Business development, Communications and Policy
- People, Organisation and External Affairs.

Risk

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.	• Development of a new strategy in 2015/16, leading to new strategy framework. • Improved measurement of the impact of our work.
We don't achieve budgeted income levels, and have sufficient margin to cover our operating costs.	• 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.	• 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.	• The organisation may be inefficient and wasteful. • Quality may be compromised.	• 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. • Review and adoption of new governance and management framework.
The company may fail to comply with regulatory and other legal requirements.	• 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.	• 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.

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 4.2% from £9.98m to £10.4m the Company returned a deficit of £2.4m 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.

The £2.3m reduction in net current assets and the low £9,837 opening balance of funds means that the company has been majorly reliant on extensions of funding from parent and other group companies, together with increases in banking facilities

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 Group. Given this the Directors clearly recognise that a reduced operating profit of £854,676 was not satisfactory. To that end a robust and comprehensive recovery initiative commenced at the start of 2015/16 financial year and has 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

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Gary Walker   21|12|15
Director

....

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

Principal activities
4Children (Direct) Ltd. is a provider of childcare services.

Results and dividends
The results for the year are set out on page 11.

Directors
The following directors have held office since 1 April 2014:

Anne Longfield	(Resigned 28 February 2015)
John Cove	
Hazel Mosienko	(Resigned 1 October 2014)
Charles Ellis	(Resigned 24 March 2015)
Gary Walker	
Linda Blackman	(Appointed 19 February 2015 and resigned 11 May 2015)
Imelda Redmond	(Appointed 1 March 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.

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 (Direct) Limited

Independent auditors' report
To the members of 4Children (Direct) Limited

We have audited the financial statements of 4Children (Direct) Limited for the year ended 31 March 2015 set out on pages 11 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 7 - 8, 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Independent auditors' report (continued)
To the members of 4Children (Direct) 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; or

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 (Direct) Limited

Profit and loss account
For the year ended 31 March 2015

	Notes	2015 £	2014 £
Turnover	**2**	10,392,823	9,980,062
Cost of sales		(9,538,147)	(8,642,894)
Gross profit		854,676	1,337,168
Administrative expenses		(3,260,837)	(1,264,839)
Operating (loss)/profit	**3**	(2,406,161)	72,329
Interest payable and similar charges	**4**	(2,183)	(16,978)
(Loss)/profit on ordinary activities before taxation		(2,408,344)	55,351
Tax on (loss)/profit on ordinary activities	**5**	-	-
(Loss)/profit for the year	**14**	(2,408,344)	55,351

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 22 form part of these financial statements.

4Children (Direct) Limited

Balance sheet
As at 31 March 2015

	Notes	£	2015 £	£	2014 £
Fixed assets					
Intangible assets	6		83,812		125,717
Tangible assets	7		212,193		296,248
Investments	8		1		1
			296,006		421,966
Current assets					
Stocks	9	205,704		476,585	
Debtors	10	318,207		714,274	
Cash at bank and in hand		18,541		20,276	
		542,452		1,211,135	
Creditors: amounts falling due within one year	11	(3,236,964)		(1,623,264)	
Net current liabilities			(2,694,512)		(412,129)
Total assets less current liabilities			(2,398,506)		9,837
Capital and reserves					
Called up share capital	13		1		1
Profit and loss account	14		(2,398,507)		9,836
Shareholders' funds	15		(2,398,506)		9,837

The notes on pages 15 to 22 form part of these financial statements.

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

....
Gary Walker
Director

Company Registration No. 05133622

4Children (Direct) Limited

Cash flow statement
For the year ended 31 March 2015

		2015		2014
	£	£	£	£
Net cash (outflow)/inflow from operating activities		(400,414)		76,223
Returns on investments and servicing of finance				
Interest paid	(2,183)		(16,978)	
Net cash outflow for returns on investments and servicing of finance		(2,183)		(16,978)
Capital expenditure				
Payments to acquire tangible assets	(68,951)		(152,469)	
Net cash outflow for capital expenditure		(68,951)		(152,469)
Net cash outflow before management of liquid resources and financing		(471,548)		(93,224)
Decrease in cash in the year		(471,548)		(93,224)

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

1	**Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities**	**2015**	**2014**
		£	**£**
	Operating (loss)/profit	(2,406,161)	72,329
	Depreciation of tangible assets	153,007	130,036
	Amortisation of intangible assets	41,905	41,906
	Loss on disposal of tangible assets	-	70,555
	Decrease in stocks	270,881	430,753
	Decrease/(increase) in debtors	396,067	(81,004)
	Increase/(decrease) in creditors within one year	1,143,887	(588,352)
	Net cash (outflow)/inflow from operating activities	(400,414)	76,223

2	**Analysis of net (debt)/funds**	**1 April 2014**	**Cash flow**	**Other non-cash changes**	**31 March 2015**
		£	**£**	**£**	**£**
	Net cash:				
	Cash at bank and in hand	20,276	(1,735)	-	18,541
	Bank overdrafts	-	(469,813)	-	(469,813)
		20,276	(471,548)	-	(451,272)
	Bank deposits	-	-	-	-
	Net funds/(debt)	20,276	(471,548)	-	(451,272)

3	**Reconciliation of net cash flow to movement in net (debt)/funds**	**2015**	**2014**
		£	**£**
	Decrease in cash in the year	(471,548)	(93,224)
	Movement in net (debt)/funds in the year	(471,548)	(93,224)
	Opening net funds	20,276	113,500
	Closing net (debt)/funds	(451,272)	20,276

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The performance of the company during the year has lead to a net balance sheet deficit of over £2million at 31 March 2015. This leaves the company wholly reliant on other members of the Group to fund its ongoing liabilities. The Group balance sheet at 31 March 2015 is also in a position of overall net deficit. [SAY SOMETHING HERE ABOUT RECOVERY PLAN AND WHY DIRECTORS BELIEVE GOING CONCERN BASIS TO BE APPROPRIATE.]

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 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.5 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:

Computer equipment	25% per annum
Fixtures, fittings & equipment	25% per annum
Sundry assets	

1.6 Investments

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

1.7 Stock and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. The work in progress policy is to write down the initial centre cost over a three year period from the time that it becomes operative. Costs incurred after a centre has opened do not form part of work in progress.

1 Accounting policies (continued)

1.8 Pensions

The company matched employee contributions into a defined contribution stakeholder pension scheme to a maximum of 6% of salary. The nominated scheme is held separately. Contributions to the scheme are charged to the Profit and Loss Account.

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.

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 (loss)/profit

	2015	2014
	£	£
Operating (loss)/profit is stated after charging:		
Amortisation of intangible assets	41,905	41,906
Depreciation of tangible assets	153,007	130,036
Loss on disposal of tangible assets	-	70,555
Auditors' remuneration (including expenses and benefits in kind)	12,350	12,000

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

4 Interest payable

	2015	2014
	£	£
On bank loans and overdrafts	2,183	16,978

5 Taxation

	2015	2014
Total current tax	-	-
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	(2,408,344)	55,351
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2014 - 23.00%)	(481,669)	12,731
Effects of:		
Depreciation add back	30,601	29,909
Capital allowances	-	(45,173)
Other tax adjustments	451,068	2,533
	481,669	(12,731)
Current tax charge for the year	-	-

6 Intangible fixed assets

	Development Costs £
Cost	
At 1 April 2014 & at 31 March 2015	125,717
Amortisation	
At 1 April 2014	-
Charge for the year	41,905
At 31 March 2015	41,905
Net book value	
At 31 March 2015	83,812
At 31 March 2014	125,717

7 Tangible fixed assets

	Computer equipment	Fixtures, fittings & equipment	Sundry assets	Total
	£	£	£	£
Cost				
At 1 April 2014	82,535	114,845	469,819	667,199
Additions	8,512	11,609	48,833	68,954
At 31 March 2015	91,047	126,454	518,652	736,153
Depreciation				
At 1 April 2014	52,938	78,392	239,621	370,951
Charge for the year	14,201	19,737	119,071	153,009
At 31 March 2015	67,139	98,129	358,692	523,960
Net book value				
At 31 March 2015	23,908	28,325	159,960	212,193
At 31 March 2014	29,597	36,453	230,198	296,248

8 Fixed asset investments

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

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	Shares held Class	%
Subsidiary undertakings			
4Children (Gloucestershire) 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:

	Principal activity	Capital and reserves 2015 £	Profit/(loss) for the year 2015 £
4Children (Gloucestershire) Limited	Children's Centres	(331,253)	(319,022)

In addition the company has a joint venture with National Children's Bureau the The Children's Partnership Limited. The company does not have a share capital and is limited by the guarantees of its members, 4Children (Direct) Limited and National Children's Bureau. Both members have equal voting rights.

9 Work in progress

	2015	2014
	£	£
Work in progress	205,704	476,585

The ongoing expenditure relating to the Children's Nurseries is charged to Work in Progress. £364,038 (2014: £587,543) was written off during the year. This is an ongoing project with Nurseries phased to write down the costs over a three year period, funded over a ten year period.

10 Debtors

	2015	2014
	£	£
Trade debtors	304,238	312,508
Other debtors	1,516	150,164
Prepayments and accrued income	12,453	251,602
	318,207	714,274

11 Creditors: amounts falling due within one year

	2015	2014
	£	£
Bank loans and overdrafts	469,813	-
Trade creditors	316,950	589,401
Amounts owed to parent and fellow subsidiary undertakings	1,866,347	521,937
Amounts owed to subsidiary undertakings	-	117,568
Other creditors	154,765	143,530
Accruals and deferred income	429,089	250,828
	3,236,964	1,623,264

12 Pension and other post-retirement benefit commitments

Defined contribution

	2015	2014
	£	£
Contributions payable by the company for the year	87,323	51,346

13 Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
1 Ordinary share of £1 each	1	1

14 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 April 2014	9,837
Loss for the year	(2,408,344)
Balance at 31 March 2015	(2,398,507)

15 Reconciliation of movements in shareholders' funds

	2015	2014
	£	£
(Loss)/Profit for the financial year	(2,408,344)	55,351
Opening shareholders' funds	9,837	(45,514)
Closing shareholders' funds	(2,398,506)	9,837

16 Contingent liabilities

4Children (Direct) Limited is party to a first fixed and floating charge over all assets in favour of HSBC bank dated 3 August 2012.

On 9 October 2014 a charge was registered with Companies House in order to guarantee a loan made by FSE Social Impact Accelerator Limited to 4Children, the ultimate controlling party. This gives the chargor and fixed and floatng over all assets of 4Children (Direct) Limited.

17 Employees

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

	2015 Number	2014 Number
Child care	598	612

Employment costs	2015 £	2014 £
Wages and salaries	7,691,693	6,274,882
Social security costs	369,127	340,786
Other pension costs	87,323	51,346
	8,148,143	6,667,014

18 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) Limites (Registered company No. 2433565) which owns 100% of the issued share capital of 4Children (Direct) Limited. 4Children and 4Children 9Trading) Ltd will continue to support 4Children (Direct) Limited and will not demand repayment of the loan account which represents £380,059 of the company's creditors, until a surplus becomes available.

19 Related party 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. Group Accounts can be obtained from the registered office.