



Action for Children Developments Limited

Company Registration Number: 06842765

**Report and financial statements
for the year ended 31 March 2021**

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Action for Children Developments Limited

Report and financial statements for the year ended 31 March 2021

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Action for Children Developments Limited

Officers and professional advisers

Directors: Carol Ann Iddon (resigned 31 March 2021)
Navin Kaul (appointed 30 April 2020)
Markus Hardy Ruetimann
Harindra Deepal Punchihewa
Emma Jane Horne (appointed 10 December 2020)
Timothy Hugh O'Neill (appointed 3 February 2021)

Secretary: Harindra Deepal Punchihewa (appointed 30 April 2020)

Registered Office: 3 The Boulevard
Ascot Road
Watford
WD18 8AG

Auditors: Crowe UK LLP
55 Ludgate Hill
London
EC4M 7JW

Bankers: HSBC Bank plc
Watford High Street Branch
73 High Street
Watford
Herts WD17 2DS

Action for Children Developments Limited

Strategic Report

Business review

The company develops income opportunities that sit alongside the services provided by Action for Children. These include the commercial operation of a number of nurseries under the trading name of 'Spring'. The current year has been heavily affected by the coronavirus pandemic as a result of the temporary closure of nurseries and clubs due to a series of UK national lockdowns. However, the resulting reduction in income from customers has been offset to an extent by other income in the form of furlough grants.

Turnover for the current year decreased by 31% from the previous year.

Principal risks and uncertainties

By their nature, new developments are uncertain, and there is a common risk that new ideas will not grow and be profitable. This is managed by testing the business case for new ideas, and ensuring pump-priming funds are affordable and proportionate to the development.


The company is operating nurseries to generate a profit to support the charitable activities of Action for Children. This is both directly through supported nursery provision, and more widely across other services provided by the charity. Nursery provision is a competitive market, and the key challenge and risk is to ensure the nurseries are managed to make a profit combined with excellent service. This includes monitoring and managing occupancy, and ensuring staffing levels and costs are adequate and matched to each nursery's activities.

Results and Future Developments

The company made a profit of £133,840 for the year (2020: profit of £1,011,256). Any profits are paid under gift aid to Action for Children. Deeds of Covenant were setup during the current year which resulted in gift aid recognised as distributions on all distributable reserves. In prior years, gift aid was recognised as distributions only on amounts actually paid during that year.

The outbreak of the coronavirus pandemic resulted in the temporary closure of nurseries due to a number of UK national lockdowns. This in turn has resulted in a reduction in income, though this reduction has been partially offset by furlough grants received from the government. The nurseries have now reopened. The directors anticipate that the level of income will increase going forward, as the effects of the pandemic are much reduced.

Approved by the Board of Directors 7 September 2021
and signed by order of the Board 7 September 2021

DocuSigned by:

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Harindra Punchihewa
Secretary

Action for Children Developments Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2021

1 Activities

The company, limited by guarantee, is a wholly owned trading subsidiary of Action for Children, a registered charity. The company was established to facilitate commercial trading, property and other developments to support the objectives of the charity.

2 Directors

Carol Ann Iddon	(resigned 31 March 2021)
Navin Kaul	(appointed 30 April 2020)
Markus Hardy Ruetimann	
Harindra Deepal Punchihewa	
Emma Jane Horne	(resigned 18 June 2021)
Timothy Hugh O'Neill	(appointed 3 February 2021)

3 Secretary

Harindra Deepal Punchihewa (appointed 30 April 2020)

4 Directors' responsibilities statement

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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). Under company law the directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs and 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed,
- subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Action for Children Developments Limited

Directors' report (continued)

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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

5. Going concern

The impact of Covid 19 on the UK economy has affected most companies. As Action for Children Developments Limited's income comes mainly from Children's nurseries, it was impacted by the forced temporary closure of nurseries during the year to 31 March 2021 due to a series of national lockdowns. The Company has acted quickly to mitigate the risk by furloughing staff where possible.

Further to a series of national lockdowns during the year, nurseries are now fully open. It is anticipated that the level of income will increase going forward as the effects of the pandemic are much reduced. As such the Directors remain satisfied that Action for Children Developments Limited can continue to operate beyond the next 12 months from the date these financial statements are signed. Also, the Directors have obtained confirmation from the parent charity that it will not make demand in respect of any intercompany balance arising in relation to the intragroup liabilities unless Action for Children Developments Limited has confirmed in writing that it has sufficient available cash to meet such a proposed demand and all other liabilities to any creditors of Action for Children Developments Limited.

The Directors therefore consider that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Action for Children Developments Limited

Directors' report (continued)

6 Equality, diversity and inclusion

The company is committed to promoting equality, valuing diversity and championing inclusion. We include these principles in all of our behaviours and everything we do – as an employer and as a provider of services.

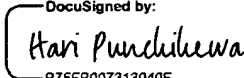
The company asks people to treat each other with mutual respect, regardless of age, disability, gender, relationship status, gender reassignment, race, religion and belief, or sexual orientation. Our staff go above and beyond, promoting equality through a variety of networks including 'Inspire' which covers disability, carers and illness.

7 Statement of engagement with employees

Action for Children, the parent charity, provides engagement forums to ensure that the opinions of employees are heard. A team of ambassadors work together with the teams, the Chief Executive and Executive Leadership team to feed back where they think they can positively impact Action for Children. Each quarter a small group of representatives from each forum meets in a "Core Forum" to focus in on and agree action plans to help make Action for Children an even better place to work.

Note: items such as 'Future Developments' have not been included in the Directors' Report because they have been already been included in the Strategic Report

Approved by the Board of Directors 7 September 2021
and signed by order of the Board 7 September 2021

DocuSigned by:

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Harindra Punchihewa
Secretary

Independent Auditor's Report to the Members of Action for Children Developments Limited

Opinion

We have audited the financial statements of Action for Children Developments Limited for the year ended 31 March 2021 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Action for Children Developments Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept by the company; or
- the company 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report to the Members of Action for Children Developments Limited (continued)

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and financial reporting standards. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company for fraud. The laws and regulations we considered in this context for the UK operations was taxation legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, legal counsel and the Board of Directors about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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

N Hashemi

Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 23 September 2021

Action for Children Developments Limited**Statement of income and retained earnings for the year ended 31 March 2021**

	Note	2021 £	2020 £
Turnover	5	11,047,617	15,996,939
Other Income - government job retention scheme		2,344,913	-
Cost of sales		(12,147,498)	(13,985,974)
Gross profit		1,245,032	2,010,965
Operating expenses		(1,111,192)	(999,709)
Profit on ordinary activities before interest and tax	7	133,840	1,011,256
Tax on result on ordinary activities	8	-	-
Profit on ordinary activities after taxation		133,840	1,011,256
Retained earnings / (losses)		308,267	(702,989)
Donations under the gift aid scheme		(442,107)	-
Retained earnings carried forward		-	308,267

All income and expenditure derive from continuing operations. There are no recognised gains or losses in the current financial year or the preceding financial year other than as shown in the statement of income and retained earnings. There are no movements in shareholders' funds in the current financial year or the preceding financial year other than as shown in the statement of income and retained earnings.

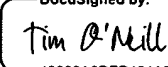
The notes on pages 11 to 14 form part of these financial statements

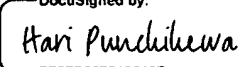
Action for Children Developments Limited**Statement of Financial Position as at 31 March 2021**

	Note	2021 £	2020 £
Current assets			
Trade receivables		330,658	357,657
Accrued income		42,446	190,715
Other debtors		2,322	7,130
Amounts due from Action for Children Services Limited		841,089	933,639
		<u>1,216,515</u>	<u>1,489,141</u>
Creditors: amounts falling due within one year			
Bank overdraft		14,657	-
Trade payables		9,600	19,037
Taxation and social security		137,535	142,212
Other creditors		-	11,151
Amounts due to Action for Children		102,441	634,304
Amounts due to Action for Children Trading Limited		-	76,583
Amounts due to Out of School Scotland Limited		463,161	-
Accruals		485,322	205,383
Deferred income		3,799	92,204
		<u>1,216,515</u>	<u>1,180,874</u>
Net current assets / (liabilities)		<u>-</u>	<u>308,267</u>
Profit and loss account		<u>-</u>	<u>308,267</u>
Equity shareholder's funds		<u>-</u>	<u>308,267</u>

The notes on pages 11 to 14 form part of these financial statements

Approved by the Board of Directors on 7 September 2021
Signed on behalf of the Board of Directors 7 September 2021

DocuSigned by:

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Dr Timothy O'Neill

DocuSigned by:

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Harindra Punchihewa

Company registration number: 06842765

Action for Children Developments Limited

Notes to the financial statements for the year ended 31 March 2021

1 Company information

Action for Children Developments Limited is a company limited by guarantee incorporated in the UK and its registered office address is:

3 The Boulevard
Ascot Road
Watford
WD18 8AG

2 Basis of preparation

(a) These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)' and with the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

(b) The financial statements are presented in Pounds Sterling.

(c) Action for Children Developments Limited has also adopted the following disclosure exemptions:

the requirement to present a statement of cash flows and related notes
financial instrument disclosures, including:
categories of financial instruments,
items of income, expenses, gains or losses relating to financial instruments, and
exposure to and management of financial risks.

(d) Going concern

The impact of Covid 19 on the UK economy has affected most companies. As Action for Children Developments Limited's income comes mainly from Children's nurseries, it was impacted by the forced temporary closure of nurseries during the year to 31 March 2021 due to a series of national lockdowns. The Company has acted quickly to mitigate the risk by furloughing staff where possible.

As at 31 March 2021 the company had a balance sheet showing net assets of £455,977.

Further to a series of national lockdowns during the year, nurseries are now fully open. It is anticipated that the level of income will increase going forward as the effects of the pandemic are much reduced. As such the Directors remain satisfied that Action for Children Developments Limited can continue to operate beyond the next 12 months from the date these financial statements are signed.

The Directors therefore consider that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Action for Children Developments Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

3 Accounting policies

Turnover

All incoming resources are included in the Statement of Income and Retained Earnings when the company is legally entitled to the income, there is a high degree of probability of receipt of the income, and the amount can be quantified with reasonable accuracy.

Government grants

Government grants are recognised on the accruals basis, when there is reasonable assurance that the charity will comply with the conditions attaching to the grant and the grant will be received. The grant in connection to the job retention scheme, has been recognised in the period to which the underlying furloughed staff costs relate to.

Operating expenses

This is accounted for on an accruals basis and is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they are allocated to activities on a basis consistent with the use of resources.

Retirement benefits

The company contributes to a variety of pension arrangements on behalf of staff. Most benefits are provided by the Action for Children Pension Fund, which includes the relevant defined contribution elements.

Pension costs for the defined contribution part of the Fund are charged to the accounts on an accruals basis in the period in which they occur.

Cash equivalents

Cash equivalents are represented by cash balances held on a short term basis.

Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid net of any trade discounts due

Creditors and provisions

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amounts after allowing for trade discounts due.

4 Judgements in applying accounting policies and key sources of estimation uncertainty

Where income cannot be accurately measured, it is estimated according to professional judgement. Whilst these estimations are as accurate as possible, future subsequent events may prove otherwise and may therefore have an effect on future results. There are no other material judgements or estimates in the preparation of these financial statements.

Action for Children Developments Limited**Notes to the financial statements for the year ended 31 March 2021 (continued)****5 Turnover**

Turnover is comprised of the following sources

	2021	2020
	£	£
Nursery Fees	4,729,022	8,434,558
Local Authorities	5,404,428	6,236,567
Other	914,167	1,325,814
	11,047,617	15,996,939

6 Staff costs

Staff costs comprise:

	2021	2020
	£	£
Wages and salaries	9,588,965	10,905,068
Statutory redundancy costs	284,066	35,171
Temporary staff costs	61,756	319,148
Social security costs	592,239	642,179
Apprenticeship levy	48,107	49,893
Action for Children Pension Fund - defined contribution cost	511,156	531,777
Local Government Pension Schemes	73,699	125,729
	11,159,988	12,608,964

The average number of employees during the year was:

	2021	2020
	No.	No.
Nurseries and After Schools Clubs	618	680
Support services	10	16
	628	696
Number of full time equivalents at year end	398	549

No director received any emoluments in respect of services to the company in either year.

7 Profit / (Loss) on ordinary activities before taxation

Result on ordinary activities before taxation is after charging:
Auditor's remuneration-audit fees

	2021	2020
	£	£
	6,750	3,502
	6,750	3,502

Action for Children Developments Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

8 Tax on result on ordinary activities

	2021 £	2020 £
Current Tax:		
UK Corporation Tax at 19% (PY: 19%)	-	-
Tax on profit on ordinary activities	-	-

Reconciliation of tax charge:

Profit on ordinary activities before tax	133,840	1,011,256
Tax on profit on ordinary activities at standard CT rate of 19.00% (PY: 19%)	25,430	192,139
Effects of:		
Tax losses carried forward	-	-
Utilisation of brought forward losses	-	(133,568)
Deferred Tax not recognised	-	2,505
Qualifying charitable donation to be made within 9 mths of year end	(25,430)	(61,076)
Tax charged / (credit) for the period	-	-

9 Ultimate parent undertaking

The ultimate parent and controlling party is Action for Children, a charity registered in England and Wales, registration number 1097940, and Scotland, registration number SC038092. Action for Children is the smallest and largest group for which consolidated accounts are prepared. Copies of the group financial statements can be obtained from Action for Children, 3 The Boulevard, Ascot Road, Watford, WD18 8AG. Action for Children is a company limited by guarantee and its registration number is 04764232.

10 Related party transactions

The company has taken advantage of the exemption which is conferred by FRS 102 that allows it not to disclose transactions with group undertakings that are eliminated on consolidation. There were no other related party transactions.