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Valuation Report

Address	Rosebuds, Nook Lane, Ashton-under-Lyne, OL6 9HN
Lender	Proplend Security Limited
Lender Address	20-22 Wenlock Road, London, N1 7GU
Applicant Name	Michild Propco Limited
Date	15 August 2019
Valuation Company	Bruton Knowles
Valuer	Jennifer Gill MRICS

PROPERTY DETAILS			
Property Address:	Rosebuds, Nook Lane, Ashton-under-Lyne, OL6 9HN		
Lender:	Proplend Security Limited	Date of Valuation:	29 July 2019
Purpose of Valuation:	Loan Security	Valuation Method:	Profits



VALUATION

(please carefully read the lenders instruction letter and make sure that valuations are provided on the required basis)

Market Value	£780,000 Seven hundred and eighty thousand pounds
Market Value 2	£470,000 Four hundred and seventy thousand pounds
Market Value 3	£440,000 Four hundred and forty thousand pounds
Market Rent (MR)	£40,000 Forty thousand pounds
Insurance Reinstatement Estimate:	£1,050,000

VALUATION ISSUES:	Estimated Sales period:	Six to nine months
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LOCATION / DESCRIPTION

Location Summary:	The Property is located in a prominent position on Nook Lane fronting, Lees Road, B6194 in Ashton under Lyme a suburb in Greater Manchester.		
Description Summary:	A former public library building which comprises single storey brick elevations and has been converted to provide day nursery accommodation.		
Condition Summary:	The Property appeared to be in a good condition commensurate with its age, use and construction. The external children's play areas were particularly well presented and it was evident there has been recent investment in these areas.		
Floor Area:	Approx. net internal area of 322.4 sq. m (3,470 sq. ft)	Site Area:	Approx. 0.11 hectares (0.26 acres)

TENURE / TENANCY

Tenure:	Freehold	Tenancy:	Available with vacant possession. We have been asked to provide an investment value on the special assumption MiChild Opco Limited take a 15 year lease at the current Market Rent.
Passing Rent:	NA	Market Rent:	£40,000 per annum exclusive

SWOT ANALYSIS

<p>Strengths:</p> <ul style="list-style-type: none"> High quality external children's play areas Good profit levels on a % of turnover basis Good Ofsted rating 	<p>Weaknesses:</p> <ul style="list-style-type: none"> Internally open plan. High percentage of term time only children in attendance Strong reliance on funded places.
<p>Opportunities:</p> <ul style="list-style-type: none"> Potential to increase occupancy and move away from term time only provision Potential to create additional space to the southern boundary 	<p>Threats:</p> <ul style="list-style-type: none"> Competition

DEFECTS & SPECIALIST REPORTS

(Please identify any structural, legal or environmental issues from the drop-down lists. Please confirm the status of the defect and provide further commentary below if you have recommended that a specialist report is required)

Legal Issues	Report Required / Issue Identified	Structural Issues	Report Required / Issue Identified	Environmental Issues	Report Required / Issue Identified
Right of Way/Access	Issue Flagged	Choose an item.	Choose an item.	Mining/ Brine	Issue Flagged
Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Comments: We understand there is a right of way across the land to access the electricity sub station however we have not made any investigations in this regard and suggest this is reviewed by your solicitors.
We note the Property is in a historic mining location and if this is of concern to the lender and further verification is required, a coal mining report could be commissioned.

RECOMMENDED ACTION POINTS / SUITABILITY FOR LOAN SECURITY

<p>We would recommend the following action points:</p>	<p>In our opinion, the Property represents suitable security for loan purposes on the assumption that it will be maintained in a reasonable state of repair. The amount of such loan is at your discretion.</p> <p>It is our opinion that the estimated useful economic life of the Property should be no less than the term of the loan</p>
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	again assuming that the Property is maintained and kept in a reasonable state of repair.
Is the property suitable for loan security?	YES

Please note that this Executive Summary is merely a summary of the valuation report and should not be read in isolation to the full valuation report provided overleaf.

Valuation Report

**Rosebuds Nursery
Nook Lane
Ashton-under-Lyne
Lancashire
OL6 9HN**

Contact Details

Prepared by:

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Proplend Security Ltd
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E: info@vas-group.co.uk**Date of Inspection
and Valuation:**

29 July 2019

Date of Report:

15 August 2019

BK Reference:

524331/JG/KL

Contents

1.1	Executive Summary.....	1
2.0	Terms of Instruction.....	4
3.0	Property Report	7
3.1	Location.....	7
3.2	Description.....	7
3.3	Accommodation.....	7
3.4	Services	8
3.5	Condition.....	8
3.6	Environmental Matters.....	9
3.7	Local Authority & Statutory Enquiries	10
3.8	Tenure.....	13
3.9	Occupation.....	13
4.0	The Business.....	14
4.1	Business Overview	14
4.2	Regulation	14
4.3	Competition	15
4.4	Fees and Occupancy.....	15
4.5	Financial Information.....	16
5.0	The Valuation	18
5.1	Valuation Methodology	18
5.2	Market Conditions and Demand.....	19
5.3	Comparable Evidence	20
5.4	The Valuation.....	22
5.5	Suitability for Loan Security	24
5.6	Estimated Reinstatement Cost	24
5.7	Verification.....	24
	Appendix One.....	26
	Appendix Two	27
	Appendix Three.....	28
	Appendix Four.....	29
	Appendix Five.....	30

1.1 Executive Summary

Property	Rosebuds Nursery, Nook Lane, Ashton-under-Lyne, Lancashire, OL6 9HN (the "Property")
Client	VAS Group, The Palace Hub, 28-29 The Esplanade, Redcar, TS10 3AE (the "Client")
Vendor	Andrew Wood, Woodcare Group, Longwood Lodge, 61-63 Queens Road, Oldham, OL8 2BA (the "Vendor").
Purchaser	Joel Selvadurai, Northern Assurance Building, Albert Square, 9-21 Princess Street, Manchester, M2 4DN (the "Purchaser")
Classification and Use	Children's day nursery in owner occupation and operation
Location	The Property is located in a prominent position on Nook Lane fronting, Lees Road, B6194 in Ashton under Lyme a suburb in Greater Manchester.
Description	A former public library building which comprises single storey brick elevations and has been converted to provide day nursery accommodation.
Planning Use	D1 – Non-residential Institution
Floor Area	Approximate net internal area of 322.4 sq m (3,470 sq ft)
Site Area	0.11 hectares (0.26 acres)
Tenure	Freehold in owner occupation and operation. We understand from the Vendor that there is a right of way across the land for access to the electricity substation. We have not made any enquiries in this regard and suggest this is reviewed by your solicitors.
Condition	The Property appeared to be in a good condition commensurate with its age, use and construction.
Specialist Reports	We note that the Property appears to be within an area of past coal mining activity. Our valuation is undertaken on the basis that the Property is not affected by past coal mining activity. Property specific reports should be obtained if further verification is required in this regard.
Environmental	No obvious sign of contamination upon inspection.
Regulation	The Property is regulated by OFSTED with the last inspection completed in October 2016, at which the service was rated Good.

Limitations to the Report

There are no limitations to this valuation.

SWOT Analysis

Strengths

- High quality external children’s play areas
- Good profit levels on a % of turnover basis
- Good Ofsted rating

Weakness

- Internally open plan.
- High percentage of term time only children in attendance
- Strong reliance on funded places.

Opportunities

- Potential to increase occupancy and move away from term time only provision
- Potential to create additional space to the southern boundary

Threats

- Competition

Financial Summary

We have been provided with two years management accounts for the years ending 31 March 2018 and 2019. The accounts are contained within Appendix x and summarised below.

	YE 31 March 2018		YE 31 March 2019	
Turnover	400,614		371,328	
Wages	264,119	65.9%	248,781	67.0%
Other Costs	85,241	14.5%	94,257	25.4%
Net Profit	78,254	19.5%	28,290	7.6%
EBITDA	192,619	48.1%	164,948	44.4%

Fair Maintainable Trade

We detail below our opinion of Fair Maintainable Trade in the hands of the Reasonably Efficient Operator in the table overleaf:

Bruton Knowles FMT		
Turnover	401,115	%
Wages	195,000	48.6%
Other Costs	70,000	17.5%
Net Profit	136,115	33.9%
EBITDA	136,115	33.9%

Valuations

We detail in the below table, our opinion of the Market Values (as defined herein) of the subject Property in its existing use and present condition, having regard to trading potential as at the valuation date in the below table:

Market Value	£780,000	Seven Hundred and Eighty Thousand Pounds
MV2	£470,000	Four Hundred and Seventy Thousand Pounds
MV3	£440,000	Four Hundred and Forty Thousand Pounds
Market Rent	£40,000	Forty Thousand Pounds per annum exclusive

Comment

Our valuation is undertaken during a period of uncertainty regarding Brexit. Values are often susceptible to market forces and political unpredictability. Values may be adversely affected if the UK enters a period of further protracted Brexit negotiations and political turmoil.

Note

The above is merely a summary of the valuation Report and reference should be made to the remainder of the document for a more detailed Report of the Property .

Important Notice

This Report has been prepared to allow the mortgage lender to assess the suitability of the Property as security; it has not been prepared for the benefit of the Mortgage Applicant who is not entitled to rely on the Report. The services have not been tested and a detailed survey has not been carried out and thus defects could exist which are not mentioned in the Report. The Valuer is entitled to make certain assumptions which during subsequent legal or other investigations may prove to be inaccurate. Applicants acquiring Property interests are strongly advised to obtain their own detailed advice from suitably qualified professionals before exchanging contracts.

2.0 Terms of Instruction

- 2.1 In accordance with your letter of instruction dated 31 July 2019 (copy at Appendix Three), the agreed scope and details of which are set out in our letter of confirmation dated 5 August 2019 (copy at Appendix Four), we have inspected the Property in order to advise you of our opinion of the Market Value of the freehold interest in the Property for secured lending purposes.
- 2.2 The Property was inspected by and this Report is prepared by Jennifer Gill MRICS, Associate of Bruton Knowles LLP who has sufficient current local and regional knowledge of the particular market and the skills and understanding to undertake this valuation competently.
- 2.3 The Valuation Date is 29 July 2019, being the date of inspection.
- 2.4 We confirm that this valuation is prepared in accordance with the RICS Valuation – Global Standards 2017, which incorporates the International Valuation Standards, published by the Royal Institution of Chartered Surveyors and we are acting as external valuers as defined therein.
- 2.5 We confirm that, to the best of our knowledge and belief, we have had no material involvement with the subject Property or the borrower. We therefore consider that we do not have any conflict of interest in providing this Report.
- 2.6 You have also requested that we provide additional valuations on the following Special Assumptions:
- 2.6.1 Market Value – in its current use and condition as an operational entity, having regard to trading potential;
 - 2.6.2 Market Value 2 – on the special assumption a lease has been granted to the MiChild Operating Company, the Client’s Customer’s operating company, at the current Market Rent on standard lease terms;
 - 2.6.3 Market Value 3 – subject to vacant possession;
 - 2.6.4 Market Rent;
- 2.7 We confirm the basis of value as Market Value which is defined by the RICS Valuation – Global Standards 2017 as:
- The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*
- 2.8 We confirm the definition of Market Rent, as defined by the RICS Valuation – Global Standards 2017 as:

The estimated amount for which an interest in real Property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion

- 2.9 A Special Assumption is defined by the RICS Valuation – Global Standards 2017 as:

An assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date

- 2.10 We highlight the definition of Market Value with regard to trading potential as:

The estimated amount for which a Property with trading potential, which may include assets other than land or buildings, should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

- 2.11 VPGA4 within RICS Valuation – Global Standards January 2017 forms an integral part of this definition.

- 2.12 The definition of Market Value, Market Rent and Special Assumptions should be construed in the context of the 2017 International Valuation Standards Framework.

- 2.13 We have considered the aforementioned special assumptions in accordance with Valuation Technical & Performance Standard 4 of the RICS Valuation – Global Standards 2017 and consider that they can reasonably be regarded as realistic, relevant and valid in connection with the particular circumstances of the valuation.

- 2.14 We have valued the Property using information provided to us by the Purchaser and the Vendor, including trading information, trading accounts, sales information and other operating information. If any of the information upon which we have relied is subsequently found to be incorrect, this may affect the valuation figure, which would need to be reconsidered.

- 2.15 Our letter confirming instructions, including our Standard Terms and Conditions of Engagement, forms an integral part of this valuation Report. They should be read in full as they contain important caveats and conditions relevant to this valuation including limits of liability, non-publication restrictions, condition and contamination. Full definitions of the basis of valuation are also included.

- 2.16 Where we are providing one or more valuations of a property or properties ("the Property"), in circumstances where you have already made a loan secured (whether wholly or partially) against the Property, and you make further loan or loans secured on the Property in reliance of our valuation(s), our liability to you for any loss that you incur arising from our valuation(s) will be limited to the lesser of: (1) the further sum (if any) that you lend in reliance of our valuation(s); or (2) the difference between our valuation(s) and the true value of the

Property at the date of our valuation(s). This limitation of liability applies irrespective of whether, in making a loan based on our valuation(s), you have released the original charge and executed a new charge, or lent additional sums against the original charge. We will not be liable for any loss arising from the original loan (including any extensions to that loan prior to our valuation(s)) that you made, secured by the Property, unless: (1) We carried out the original valuation(s) of the Property; (2) You made the original loan in reliance of our valuation(s); and (3) Our original valuation(s) was negligent

- 2.17 This Report and Valuation has been prepared on the basis that there has been full disclosure of all relevant information and facts which may affect the valuation. It is provided for the stated purposes and only for the use of the party whom it is addressed. It is confidential to Proplend Security Ltd and may not be disclosed to any other third party without our prior written consent. In breach of this condition, no responsibility can be accepted to third parties for the comments or advice contained in this Report.
- 2.18 Any transferee, successor or assignee relying upon the Report shall be deemed to be bound by the terms of our engagement letter and our liability shall be no greater in either amount or duration as a result of extending reliance to those third parties. The number of assignments shall be no more than two.

3.0 Property Report

3.1 Location

- 3.1.1 The Property is located in Ashton-under-Lyne which forms part of the Greater Manchester conurbation and is located approximately six miles east of the city centre.
- 3.1.2 The area benefits from strong road connections with junction 23 of M60 motorway circa one mile west of the Property and the A627 providing access to Oldham approximately five miles north. The Property is located on Nook Lane, at the junction of Hurst Cross which is on the west side of Lees Road at the junction with Queen's Street and King's Road.
- 3.1.3 The local area generally comprises residential dwellings and tertiary retail properties along with some commercial and industrial units. Ashton United Football Club is situated within close proximity of the Property, as is The Royal Oak public house and a petrol station. The Property has good roadside frontage and benefits from off-road parking to the rear.
- 3.1.4 A Location Plan and a site plan extract are attached at Appendix One. Our understanding of the extent of the Property is outlined in red on the extract which is provided for identification purposes only.

3.2 Description

- 3.2.1 The Property comprises a single storey, former local authority library building, of brick elevations surmounted by a pitched interlocking concrete tiled roof. The fenestration and rainwater goods are UPVC.
- 3.2.2 The detached Property is enclosed by a metal mesh wire fence to all boundaries which does not incorporate the off-road parking. Externally the Property is well-presented and benefits from two children's gardens one of which has recently been refurbished by the vendor. The second garden was refurbished approximately two years ago and, again, provides a good quality children's play area.
- 3.2.3 There is an area of unused land to the side of the Property which currently houses a shipping container for storage; however, there is the potential for an additional children's room to be built in this area, subject to planning permission. At the moment there is informal car parking at this location also.
- 3.2.4 To the rear of the property there are approximately six parking spaces which are used by parents for dropping off and picking up children as opposed to parking for staff.
- 3.2.5 At the northern boundary is an enclosed electricity sub-station which is separate to the Property and is held under separate ownership, however, we understand there is a right of access across the land to the west of the Property for access to the sub-station.

3.3 Accommodation

- 3.3.1 Internally the Property provides an open-plan children's day nursery with low level picket fencing for separation between age groups.

- 3.3.2 The picket fencing separates in to four main areas providing a baby area, quiet room, creative area and sensory area. The children which are over the baby room age group have free flow between the three other areas. The open plan nursery space provides direct access to both external play areas.
- 3.3.3 In addition to the children’s areas there are children’s toilet facilities which provide for six low level toilets and wash hand basins along with two baby change areas, a reception area, manager’s office, kitchen, laundry room and staff room and staff toilet.
- 3.3.4 The Property is well-presented internally with modern décor and good quality fixtures and fittings. The majority of the play equipment and low level picket fences are Community Playthings.
- 3.3.5 Images of the external elevations and example accommodation are attached at Appendix Two.
- 3.3.6 We took internal measurements of the Property at the time of our and can therefore report the following approximate net internal area calculated in accordance with the RICS’ Code of Measuring Practice (6th Edition)

N.I.A.
322.4 sq m
3,470 sq ft

- 3.3.7 Using Landinsight software we have calculated that the site extends to approximately 0.11 hectares (0.26 acres).
- 3.3.8 We have been requested to provide an apportionment between residential and commercial uses to assist your own review of whether the proposed loan is regulated for FCA purposes. For the avoidance of doubt, we make no judgement as to the potential status of occupants for regulatory purposes. There is no residential accommodation associated with the Property.

3.4 Services

- 3.4.1 We understand from the vendor that the Property is connected to all mains services – gas, electricity, drainage and water - but have not carried out any tests in this regard.

3.5 Condition

- 3.5.1 Your attention is directed to our Standard Terms and Conditions of Engagement contained at Appendix Four. We confirm that we have not carried out a building condition survey.
- 3.5.2 During the course of our inspection we noted that the Property generally appeared to have been well maintained having regard to its age, use and construction.

- 3.5.3 The Property was well-presented, and it is apparent that the vendor has taken great care in the maintenance of the Property over the course of the last 12 months. The internal areas are freshly painted, with good quality fixtures and fittings and good quality floor coverings.
- 3.5.4 Particular attention should be paid to the external areas which are of a high standard for a nursery of this size. The vendor has spent approximately £30,000 completing works to one of the garden areas.
- 3.5.5 We have not been provided with any structural or M&E reports relating to relevant elements of the property. We have assumed within our valuation that there are no structural, mechanical or electrical defects which are likely to adversely affect our opinions of value. We reserve the right to amend our valuation accordingly should information be provided to us at a later date to cause us to alter our assumption.
- 3.5.6 We have not carried out a building survey or tested services, nor have we inspected those parts of the property which are covered, unexposed or inaccessible. As such all such parts have been assumed to be in good repair and condition. We cannot express an opinion about, or advise upon, the condition of uninspected parts and our report should not be taken as making any implied representation or statement about such parts.
- 3.5.7 We have not arranged for any investigations to be carried out to determine whether any deleterious or hazardous materials have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of our valuation we have assumed that such investigation would not disclose the presence of any such materials to any significant extent.

3.6 Environmental Matters

- 3.6.1 Your attention is directed to our Standard Terms and Conditions of Engagement contained in Appendix Four.

Contamination

- 3.6.2 We noted no obvious signs of contamination during our inspection, but we are not qualified to give assurances on environmental issues. Our valuation has been undertaken on the basis that the Property is not contaminated. Should it be established subsequently that contamination exists on the subject Property or any neighbouring land, this might reduce the values now reported.
- 3.6.3 To the best of our knowledge, the previous use of the Property was a Public Library.

Flooding

- 3.6.4 We have referred to the Environment Agency flood maps and note that the Property does not appear to be within an area affected by flooding.

Radon

- 3.6.5 The Ionising Radiation Regulations 1999, require employers to take action when radon is present above a defined level in the workplace. Advice may be obtained from your local

Health and Safety Executive Area Office or The Environmental Health Department of your local Authority.

- 3.6.6 We did not notice any radon detectors at the Property during our inspection for valuation purposes and therefore assume that the Property is not affected. We have made enquires of Public Health England and their UK maps of radon and note that the Property is in an area with a maximum radon potential of less than 1%. We have valued on the basis that the Property is not affected. This should be confirmed by your solicitors.

Made up Ground

- 3.6.7 During the course of our inspection we noted that the land appeared at natural ground level and there were no obvious signs that the Property may have been constructed on made up ground; however, we are not qualified to give assurances on this matter. Property-specific reports should be obtained if further verification is required in this regard. We have valued on this basis.

Coal Mining

- 3.6.8 We have referred to the Coal Authority's interactive map systems and note that the Property appears to be within an area of past coal mining activity. This does not necessarily indicate the Property is affected by past coal mining uses however it is used as a guide to see if further verification is required. Our valuation is undertaken on the basis that the Property is not affected by past coal mining activity. A Coal Mining Search should be obtained if further verification is required in this regard. This should be confirmed by your solicitors.

Invasive Species

- 3.6.9 Japanese Knotweed can block footpaths and damage concrete, tarmac, flood defences and the stability of river banks and Giant Hogweed can cause harm to human health. Injurious weeds are native species, which cause problems for farming as they are harmful to livestock and must not be allowed to spread to agricultural land.
- 3.6.10 During the course of our inspection in August 2019 we did not note the presence of any invasive vegetation, however we are not qualified to give such assurances and cannot guarantee that the land is entirely free from the same. For the purpose of this report, we are valuing on the basis that there is no invasive vegetation present including Japanese Knotweed.

Archaeological Remains

- 3.6.11 We are unaware of the presence, or likely presence, of any archaeological remains on or adjacent to the subject Property and have assumed there are none in arriving at our opinion of value.

3.7 Local Authority & Statutory Enquiries

- 3.7.1 Your attention is directed to our Standard Terms and Conditions of Engagement contained at Appendix Four.
- 3.7.2 We have assumed that the Property and its value are unaffected by any matters which would be revealed by a Local Search and replies to the usual enquiries or statutory notice and that

neither the Property, nor its condition, nor its use, nor its intended use is or will be unlawful. It is recommended that verification is obtained from acting solicitors that

- The position is correctly stated in this Report;
- The Property is not adversely affected by any other decisions made or conditions prescribed by local authorities; and
- That there are no outstanding statutory notices
- The valuation is prepared on the basis that the premises comply with all statutory regulations.

Planning

3.7.3 We have reviewed the Local Planning Authority's website regarding town planning matters that may affect the valuation. The Property lies within the planning jurisdiction of Tameside Metropolitan Borough Council where planning decisions are governed by the Unitary Development Plan, adopted in 2004.

3.7.4 We were unable to obtain any planning history for the Property from the Council's website. However, we assume that the property is occupied within a lawful planning use.

3.7.5 We have undertaken a search on the website of Historic England which is the public body that manages and looks after England's historical environment and National Heritage List. From our enquiries we understand that the Property is not currently listed.

3.7.6 We have not made specific enquiries to verify this information, which is assumed to be correct. We do not accept liability for either incorrect information or for material omissions in the information obtained, including statutory notices or contraventions of statutory requirements.

Highways

3.7.7 Given the nature and surfacing of Nook Lane we have assumed that it is a highway adopted and maintainable at public expense. Your solicitors should confirm in the normal way.

Fire Safety Order & Fire Risk Assessment

3.7.8 The Fire Safety Order applies to owners, occupiers, landlords, employers and anyone else with control of the premises, e.g. a facilities manager, building manager and managing agent of a business or other non-domestic premises.

3.7.9 We have been provided with a copy of the Fire Risk Assessment which we have reviewed and note that a Fire Risk Assessment was undertaken in February 2019 and was completed by Tameside Fire Protection. As such we have valued on the assumption that all necessary measures are in place and that no additional costs would be incurred in order to comply.

3.7.10 We recommend that your solicitor checks that the responsible party has fulfilled their obligations, including:

- carry out a fire risk assessment of the premises and review it regularly;
- tell staff or their representatives about the risks you've identified;

- put in place, and maintain, appropriate fire safety measures;
- plan for an emergency;
- provide staff information, fire safety instruction and training

Equality Act 2010

- 3.7.11 The Equality Act encompasses the previous Disability Discrimination Act which deals with accessibility of premises and the workplace and seeks to limit discrimination in the terms of race, religion or physical ability. The Act seeks to ensure that disabled persons can access and acquire premises and that they are suitably adapted if for public workplace access. The Act places a Duty of Care on owners and physical changes to premises may be required for compliance purposes.
- 3.7.12 Whilst not experts in this field, we consider that the premises appear to comply with the above Act – we thus make no provision within our valuation calculation for non-compliance.

Control of Asbestos at Work Act

- 3.7.13 We have been provided with a Type 1 survey for asbestos containing materials, which was completed in March 2010 by an external company. The report notes that no asbestos was detected; however, should major works or demolition be undertaken a further survey may be required. We have valued on the basis that there are no outstanding costs in this regard.

Energy Performance Certificates (EPC)

- 3.7.14 The Energy Act 2011 provides for EPC minimum standards such that from 1 April 2018 it became unlawful to let residential or business premises that do not meet minimum energy efficiency standards. The minimum threshold is an EPC rating in Band E (i.e. it is unlawful to let premises with an F or G rating).
- 3.7.15 From April 2020 privately rented residential properties will be affected (including where a lease is already in place and the Property is occupied by a tenant) and from April 2023 all commercial properties let on existing leases will be similarly affected, subject to a number of exemptions.
- 3.7.16 We have consulted the online Non-Domestic Energy Performance Register and obtained a copy of the EPC, reference no. 0020-9930-0347-5980-7014, dated 3 February 2013. The certificate records an energy efficiency rating of 'C – 60', which is satisfactory.

Sustainability

- 3.7.17 As the Property market adjusts to new legislative requirements and the drive for more sustainable Property assets, it is possible, in the future, that there will be an increasing divergence of values between those buildings which are considered to be compliant or "sustainable" and those which are not. Property investors and occupiers are becoming increasingly sensitive to a building's environmental and sustainability performance.
- 3.7.18 At present, however, there is little consensus in market evidence or meaningful analysis of investment performance to enable any firm conclusions on to be drawn from the impact on capital and rental values of the various legislative initiatives and "sustainability" generally, but this may change.

Business Rates

3.7.19 Our enquiries with <https://www.tax.service.gov.uk/view-my-valuation/search> confirm that, as at the date of this report, the subject Property has the following 2017 list entry:-

Address	Description	Rateable Value
Rosebuds Childcare, Nook Lane, Ashton under Lyne OL6 9HN	Day nursery and premises	£20,500

3.7.20 In England the standard Uniform Business Rate (UBR) for the rating year 2019/2020 is 50.4 pence per £1.00 of rateable value and 49.1 pence per £1.00 for smaller businesses.

3.7.21 The actual rating liability may be subject to upwards/downwards transitional adjustment in accordance with regulations, which are made from time to time. We have not investigated the amount actually payable in respect of the subject Property . In addition, some properties may benefit from a lower rate in the Pound if they are in receipt or are eligible for additional rates relief.

3.8 Tenure

3.8.1 We have not been provided with any Title documentation. We understand from the Vendor that the Property is owned freehold and we have assumed that the Title is unencumbered and free from any unusual or especially onerous or restrictive covenants, easements, restrictions, encumbrances, outgoing or rights of way which could affect value. This should be verified by your solicitors.

3.9 Occupation

3.9.1 We are valuing on the basis of vacant possession and can confirm that there was no indication of any part of the subject Property being let out to a third party.

4.0 The Business

4.1 Business Overview

- 4.1.1 The business was initially established in a nearby property and in 2014, the former library building was purchased, re-furbished and the cohort of nursery pupils moved to the current Property. The then operator made plans to retire and the Vendor purchased the Property in 2018.
- 4.1.2 The Vendor has another business operating care homes and the purchase of Rosebuds Nursery was to diversify business interests. However, the opportunity to purchase a group of care homes, doubling their portfolio has arisen, and as such Rosebuds Nursery has been offered for sale to assist in raising finance.
- 4.1.3 On both occasions the Property has been offered for sale by Redwoods Dowling Kerr. The Property was subject to an eight week confidential marketing campaign which resulted in two viewings and one offer, made by the Purchaser.
- 4.1.4 The business operates with a maximum capacity of 65 although Ofsted Registration allows for a maximum capacity of 79.
- 4.1.5 Unusually the business has a high percentage of children attending the nursery on a term time only basis (38 weeks of the year) and as such a number of the staff are contracted to work 38 weeks of the year with stretched salary structures.
- 4.1.6 The nursery is open plan in configuration which can be difficult to operate with due to noise issues. We would generally recommend that at least a baby room is partitioned off to create a separate, quieter area.

4.2 Regulation

- 4.2.1 The Nursery is regulated by Ofsted and the most recent inspection took place on 11 October 2016. The overall rating was Good and the main findings are as follows:
- Effective systems for performance management are in place. The manager completes regular supervision sessions to ensure staff are well supported and training needs are identified. These have a positive impact on children's progress.
 - Children grow their own vegetables which they regularly add to their lunch and snack time menu. This helps children develop an excellent understanding of the importance of a healthy diet and lifestyle.
 - Children's behaviour is exceptionally good. Staff support children effectively and engage children in purposeful, well-rehearsed routines. This helps children to demonstrate high levels of independence, and they take turns and share with ease.
 - Tracking and accurate assessment systems have been developed to identify any gaps in children's learning. These help to ensure individual children are making good progress towards the early learning goals.

- Robust recruitment and supervision procedures are implemented which include systems for checking the ongoing suitability of staff.

4.3 Competition

4.3.1 We have reviewed the competition within a one mile radius which is summarised in the table below.

4.3.2 There is strong competition locally, with several large nurseries within one mile of the Property. Just two of the below are operated by group operators. All provide nursery care for 51 weeks of the year with varying opening times and ages catered for.

Property	Distance	Places	Ownership	Age	51 / 38 Weeks
Little Giggles	0.4 miles	136	Private	2 mths - 11 yrs	51 weeks
Abacus Day Nursery	0.8 miles	71	Private	3 mths – 4 yrs 11 mths	51 weeks
Clockwork Day Nursery	0.9 miles	90	Private	3 mths to 5 yrs	51 weeks
Charlestown Day Nursery	0.9 miles	140	Private	3 mths to 11 years	51 weeks
Quakers Kids Day Nursery @ Ridge Hill	0.9 miles	56	Private	3 mths to 5 yrs	51 weeks
Little Red Day Nursery	0.9 miles	130	Private	3 mths to 5 years	51 weeks

4.4 Fees and Occupancy

4.4.1 The business operates on a 51 week per year basis, however a high percentage of children attending the nursery do so on a term time only basis (38 weeks). This is unusual with the majority of nurseries either operating on a 51 week basis or a 38 week basis.

4.4.2 At present there are 70 children on roll, 45 of whom attend on a 38 week basis and 25 of whom attend on a 51 week basis. This equates to 58.5 children on roll on a 51 week basis. This naturally skews the occupancy information, as for 13 weeks of the year the occupancy is significantly lower. From the fee and occupancy information provided we have calculated the current occupancy against a registration of 65 to be 37.32%.

4.4.3 The business heavily relies on Local Authority funding for either 15 hours or 30 hours per week, with those attending on a 51 week per year basis generally stretching their funding to either 11.8 hours per week or 22.35 hours per week. In addition to 15 and 30 hours funding the nursery also has children who attend and received two year old funding and four children who receive SEN funding.

4.4.4 The total weekly Local Authority income is approximately £3,727 at present and this equates to an average income of £4.85 per hour for funded children.

- 4.4.5 There are very few children who attend on a solely private fee basis.
- 4.4.6 On the current FTE occupancy basis of 37.32% the current average weekly fee achieved is £254. This is higher than we would expect, however it is skewed by strong sessional attendance rather than full time attendance which generally attracts discounts.

4.5 Financial Information

- 4.5.1 We have been provided with two years management accounts for the years ending 31 March 2018 and 2019 The accounts are contained within Appendix x and summarised below.

	YE 31 March 2018		YE 31 March 2019	
Turnover	400,614		371,328	
Wages	264,119	65.9%	248,781	67.0%
Other Costs	85,241	14.5%	94,257	25.4%
Net Profit	78,254	19.5%	28,290	7.6%
EBITDA	192,619	48.1%	164,948	44.4%

- 4.5.2 From the accounting information provided the turnover is generally consistent. For the YE 31 March 2019 this was based on occupancy of 43.99% and an average fee of £254.
- 4.5.3 The wages appear high in the two years' accounts however the wages include approximately £90,000 of directors remuneration, which has been added back to arrive at the EBITDA. Without this cost the wages are generally 42% of turnover, which is in line with industry expectations. This is despite the unusual operational style and is supported by a number of staff members being contracted to work term time only.
- 4.5.4 Other costs are generally in line with our expectations.
- 4.5.5 We have made an adjustment to the net profit to allow for an intercompany rent, capex cost, depreciation and the aforementioned directors remuneration. This presents a strong EBITDA of over 40% for both years. This level of EBITDA is above industry standards of between 35-30% for single site operators and is usually only achieved by corporate providers.
- 4.5.6 We detail below our opinion of the Fair Maintainable Turnover (FMT) and Fair Maintainable Operating Profit (FMOP), in the hands of the Reasonably Efficient Operator in the below overleaf.

Bruton Knowles FMT		
Turnover	401,115	
Wages	195,000	48.6%
Other Costs	70,000	17.5%
Net Profit	136,115	33.9%
EBITDA	136,115	33.9%

- 4.5.7 We have arrived at our turnover on the basis of an average fee of £220 per week and an average occupancy of 55%. This is on the basis that the majority of children attend on a 38 week basis. Should the Purchaser look to move more towards a 51 week basis, the occupancy and turnover should improve.
- 4.5.8 Our wages are slightly ahead of the historic information to reflect the most recent up-lift in National Living Wage.
- 4.5.9 We have adopted an EBITDA which is in line with expectations and reflects the slight increase in wage costs.

5.0 The Valuation

5.1 Valuation Methodology

- 5.1.1 The accepted methodology for the valuation of properties reliant on the inherent business is the Profits Method of Valuation- the Market Value having regard to Trading Potential. We have had regard to Valuation Practice Guidance – Application 4 (VPGA 4) which outlines the principles of this method of valuation.
- 5.1.2 Section 1.3 of VPGA 4 states: Some properties are normally bought and sold on the basis of their trading potential. Examples include hotels, pubs and bars, restaurants, nightclubs, fuel stations, care homes, casinos, cinemas and theatres, and various other forms of leisure property. The essential characteristic of this type of property is that it has been designed or adapted for a specific use, and the resulting lack of flexibility usually means that the value of the property interest is intrinsically linked to the returns that an owner can generate from that use. The value therefore reflects the trading potential of the property. It can be contrasted with generic property that can be occupied by a range of different business types, such as standard office, industrial or retail property .
- 5.1.3 Using this Method, the valuer analyses the trading accounts of the business to determine the Fair Maintainable Turnover (FMT) and Fair Maintainable Profit (FMOP) which should be achievable in the hands of the Reasonably Efficient Operator (REO) and may not concur with the published accounts. The FMOP may also be expressed as EBITDA (earnings before interest, taxation, depreciation and amortisation).
- 5.1.4 To assess the market value of the property the FMOP is capitalised at an appropriate rate of return, reflecting the risk and rewards of the property and its trading potential. Evidence of relevant comparable market transactions are analysed and applied.
- 5.1.5 We have also had regard to the Comparable Method of Valuation.
- 5.1.6 The Comparable Method is used to value the most common types of property, such as houses, shops, offices and warehouses and can be used to value vacant trade related properties. This method focuses on collating multiple comparable transactions, which are then analysed to compare like with like. The evidence allows the Valuer to assess the cost of the property, sold on the open market at a given date. Comparable evidence is applicable for all types of land and buildings asset is compared with the property subject to valuation.
- 5.1.7 No allowance has been made for costs of acquisition or realisation of the property, nor for any liability for taxation which may arise on disposal whether actual or notional, e.g. VAT, Inheritance Tax of Capital Gains Tax. Unless stated to the contrary it is assumed that where there is an imposition or otherwise of VAT on the rent that the lessee will be able to fully reclaim the VAT paid.

5.2 Market Conditions and Demand

- 5.2.1 The provision of day care and nursery accommodation is of political importance, with the Government incentivising childcare to enable parents to return to work. In addition, formal childcare provision is valued at in excess of £5.5 billion to the UK economy.
- 5.2.2 The number of childcare places and total number of nurseries across the UK continues to rise with an estimated 23,500 nurseries, 9,600 pre-school providers, 59,500 childminders and 15,000 out of school providers. It is estimated that day nurseries provide in the region of 200,000 jobs and 1,000,000 childcare places.
- 5.2.3 In England, as in many other countries, central government limits the number of children each member of staff in the nursery can look after through mandatory staff/child ratios. However, ratios in England are lower than comparable European countries. For instance English nurseries can look after up to four two year olds for every member of staff, compared to six two year olds per member of staff in the Netherlands and Ireland, and eight two year olds in France.
- 5.2.4 England's relatively tight staffing rules drive higher costs for parents and lower pay for staff. The Government has stated that low pay undermines the attractiveness of the profession to potential applicants. This was highlighted in their recent publication "More Great Childcare – Raising quality and giving parents more choice". It is proposed that those nurseries with high quality staff will be allowed to have greater flexibility in terms of child ratios. The Government is suggesting that they will free high quality providers to offer more places, thus allowing extra income to pay staff a more desirable wage. These ratios will be maximum legal limits – no nursery will be obliged to use higher ratios..
- 5.2.5 The UK Childcare sector is very fragmented with over 80% of day nurseries being owned by independent operators and while few sizeable portfolio transactions have occurred in recent years there has been considerable activity involving regional groups, alongside single asset transactions.
- 5.2.6 The UK's two largest groups, Busy Bees and Bright Horizons, continue to seek overseas opportunities and overseas operators are increasingly looking at the UK in a bid to identify and acquire a suitable platform to enter the market. Private equity interest also remains strong particularly where businesses are led by long established and experienced management teams.
- 5.2.7 The most notable and potentially far-reaching recent change in the market has been the introduction of the National Living Wage. The market is also engaging with the implementation of 30 hours free childcare. In the spring term of 2019, circa 325,000 children were in 30 hours funded places across England. With regards to the National Living Wage, some providers have passed on these costs to parents through higher fees and others are seeking to employ more younger staff or apprentices. The current rates for NLW are £8.21 for 25 + year olds, £7.70 for 21 to 24 year olds, £6.15 for 18-20 year olds and £4.35 for 16 & 17 year olds.

- 5.2.8 Despite the changing regulatory and funding environment, demand from buyers and confidence amongst banks and investors in the sector remains strong. The drive from Government to encourage parents back into employment is providing some operators with the confidence to predict future capacity issues.
- 5.2.9 The success of a nursery is directly related to its location and reputation, the latter factor given first credence via the Ofsted report. Demand and values of trading nurseries are governed by their income and profit, with multiples of profit being the over-riding method of valuation by operators, valuers and lenders. We note that the capacity of a children's day nursery can have a substantial effect on the profitability of the setting. Most operators are now seeking opportunities which have the capacity for in excess of 60 childcare places to achieve effective economies of scale.
- 5.2.10 Our valuation is undertaken during a period of uncertainty regarding Brexit. Values are often susceptible to market forces and political unpredictability. Values may be adversely affected if the UK enters a period of further protracted Brexit negotiations and political turmoil.

5.3 Comparable Evidence

- 5.3.1 In our capacity as national property valuers we have access to various internet platforms, and we are able to reflect on recent transactions to help us assess value. We have carried out research of sales of properties similar to the Property, being operational day nurseries in the region.
- 5.3.2 We have also carried out research of sales of non-operational nursery properties, in order to support our valuation of the Property assuming vacant possession.
- 5.3.3 Comparable sales and letting evidence of nursery property transactions is generally limited due to the confidential nature of such sales, as well as the low volume of such properties on the market in general. It is therefore unlikely in most cases that direct comparable evidence will be available for the purposes of the comparable method of valuation, and there will be more variation in the evidence provided than there might be for other property types.

Trading Comparable Evidence

- 5.3.4 **1 Jelly Babies Day Nursery, Bolton** was sold on a freehold basis in March 2019 to an established group childcare provider. The property, which is in a densely populated village near Bolton, had an operating capacity at sale of 89. Turnover of the business at sale was £705,000 per annum. The nursery achieved a sale price of £1,650,000 with an EBITDA of £210,000, reflecting a YP of 7.86.
- 5.3.5 **2 Gaskells Day Nursery, Bolton** was sold on a freehold basis in 2018 to an established north-west nursery group. The property comprises a purpose built nursery, with parking and outdoor facilities. At sale the nursery had an operating capacity of 129, and an annual turnover of £555,000. The sale was agreed at £1,450,000, against an EBITDA of £210,000. The sale reflects a YP of 6.90.

- 5.3.6 **3. Educare, Nottingham** sold in 2018 to an individual operator. The business had a maximum capacity of 81 places and operated on an open-plan configuration like the subject. This nursery operated on a term time only basis at the time of sale. The property achieved an EBITDA of £200,000 and sold for £1,125,000 on a freehold basis, achieving a 5.62 YP.
- 5.3.7 **4 Little Brook Children's Day Nursery, Great Harwood** was sold on a leasehold basis in 2018 to an established national nursery group. The property has a large outdoor play area comprising approximately 0.75 acres. At sale the nursery had an operating capacity of 60, with an undisclosed annual turnover. Desktop research suggests the property was initially available for £345,000, sale was agreed at £250,000, with an EBITDA of £89,000, reflecting a YP of 2.81.
- 5.3.8 **5 Stonehouse Day Nursery, Leyland** was sold on a leasehold basis in February 2019 to an established nursery group based in the north-west. The property comprises a detached, two storey former school property, with a substantial outdoors space for the children's activities including a fruit and vegetable patch. The nursery achieved a sale price of £425,000 and is subject to a rent of £47,500. The turnover of the business at sale has been reported as £589,602, reflecting an EBITDA of £160,000. The achieved sale price reflects a YP of 2.66.
- 5.3.9 Yield Evidence**
- 5.3.10 **1 32 Ulverley Green, Solihull** a children's day nursery operated on a leasehold basis by a private individual. The property commanded an annual rent of £24,000 (£15.63 per sq ft). The ten year FRI lease commenced in July 2016 and in September 2018 the freehold interest was sold for £332,000. This equated to a gross yield of 7.23%.
- 5.3.11 **2 30-34 Westgate, Hull** a privately operated children's day nursery with owners' residential areas. The annual rent received was £18,000 per annum (£8.33 per sq ft). Held on a five year lease commencing in March 2016, the freehold interest sold at auction for £200,000 in July 2017. This sale equated to a gross yield of 9.00%.

Closed Comparable Evidence

- 5.3.12 **1 Former Gisburn Nursery, Barnoldswick** was sold on a freehold basis, non-operational at sale. The former nursery building comprises 1,711 sq ft and sold July 2019 for £80,000. Photographs of the property suggest that at sale it was in a very basic shell condition, of an inferior quality to the subject Property. This sale achieved a capital value per sq. m of £503.27 (£46.76 per sq. ft).
- 5.3.13 **2 Former Ticktocks Nursery, Thornton Cleveleys** was sold freehold and comprises a two storey 2,430 sq ft building with an enclosed outside play area. Marketing particulars stipulate that the property stopped trading as a nursery in May 2016 and was marketed as a retail opportunity at £275,000. Sale was agreed at £270,000 in January 2017. We understand that the purchaser was another nursery operator. The sale equates to a capital value of £1,196.01 per sq. m (£111.11 per sq. ft).

5.3.14 Market Rental Evidence

- 5.3.15 **1 Former Oscar Bears Nursery, Darwen** – This former nursery is currently on the market to let at an asking rent of £2,000 per calendar month, equating to £24,000 per annum. The property comprises a traditional stone build detached property, arranged over two floors, with a conservatory and garden to the rear, and comprising approximately 1,910 sq. ft internally. The property has good road connections, being situated beside both the A666 Blackburn Road and the M65 motorway. The asking rent equates to a rent per sq ft of £12.57.
- 5.3.16 **2 Stone House Nursery School, Preston** – This nursery was let on 1 February 2019 at an annual rent of £42,750. The nursery benefits from 109 places and extends to a NIA of 638 sq. m (6,687 sq. ft). This is the equivalent of £67.01 per sq. m (£6.23 per sq. ft). This also equates to £392 per registration. No trading information was made available to us. We consider this location inferior to the Subject and the rent overall appears low for a setting of this size.
- 5.3.17 **3 New Rainbow House Kindergarten, Thornton Cleveleys** – This business is being acquired for £210,000 with an EBITDAR of £120,000. It is subject to a lease with a rent of £26,000 per annum.

5.4 The Valuation

5.4.1 We detail below our opinion of Market Value including the calculation for arriving at this value. The Market Value of the Freehold Property, as at the date of valuation, having regard to trading potential and considering the contents and comments within this Report is as follows:

Market Value	
Fair Maintainable Turnover	£401,115
Fair Maintainable Operating Profit	£136,115
YP	5.75
Subtotal	£782,661
Market Value say	£780,000
	<i>Seven Hundred and Eighty Thousand Pounds</i>

- 5.4.2 The comparable evidence provides a tone for the market however evidence for nurseries operating on a mixed term time and full-time basis are limited, as are those which successfully operate with an open-plan configuration. As such we have adopted a lower multiple to reflect these matters, particularly the requirement to build up occupancy across 51 weeks of the year.
- 5.4.3 We detail below our opinion of Market Value 2 including the calculation for arriving at this value. The Market Value 2 of the Freehold Property, as at the date of valuation, subject to the special assumptions detailed herein, and considering the contents and comments within this Report is as follows:

Market Value 2	
Market Rent	£40,000
Yield 8.5%	11.76
Subtotal	£470,400
Market Value 2 say	£470,000 <i>Four Hundred and Seventy Thousand Pounds</i>

5.4.4 We have based this valuation on the Market Rent which considers a lease term of no less than 15 years, on a full repairing and insuring basis with rent free incentives. Nursery investment transactions for small group or individual private covenants are particularly limited however, the yield used is in line with the evidence available to us.

5.4.5 We detail below our opinion of Market Value 3 including the calculation for arriving at this value. The Market Value 3 of the Freehold Property, as at the date of valuation, subject to the special assumptions detailed herein and considering the contents and comments within this Report is as follows:

Market Value 3	
Fair Maintainable Operating Profit	£136,115
Factor	2.25
Subtotal	£306,259
F&F	£32,500
Subtotal	£338,759
Market Value Less Subtotal	£441,241
Market Value say	£440,000 <i>Four Hundred and Forty Thousand Pounds</i>

5.4.6 We are of the opinion it would take an operator between two and two and a half years to achieve the current trading levels demonstrated in the FMOP. On this basis we have discounted the Market Value along with a discount for F&F to arrive at our Market Value 3. This represents 56% of Market Value as a trading entity.

5.4.7 Our opinion of the Market Rent as at the date of valuation, having regard to trading potential and considering the contents and comments of this Report is as follows:

Market Rent	
Market Rent say	£40,000 per annum <i>Forty Thousand Pounds</i>

5.4.8 We have allowed for a rent cover of 30% in line with industry norms. This equates to just over £11 per sq. ft which again is supported by the tone of evidence detailed.

Suitability for Loan Security

- 5.4.9 In our opinion, the Property represents suitable security for loan purposes on the assumption that it will be maintained in a reasonable state of repair. The amount of such loan is at your discretion.
- 5.4.10 It is our opinion that the estimated useful economic life of the Property should be no less than the term of the loan again assuming that the Property is maintained and kept in a reasonable state of repair.

5.5 Estimated Reinstatement Cost

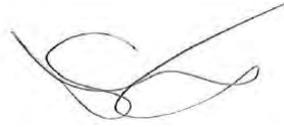
- 5.5.1 Your attention is drawn to our letter containing our Standard Terms and Conditions of Engagement contained at Appendix Four in this regard.
- 5.5.2 Our informal estimate of the current reinstatement cost of the subject Property is some £1,050,000.
- 5.5.3 You should not rely on this figure for insurance purposes and we strongly recommend that the Bank obtains a formal assessment by a Building Surveyor. We can provide a formal assessment if required.

5.6 Verification

- 5.6.1 This Report has been based, to some extent, on information provided verbally which should be checked by your solicitors. Their searches may also reveal whether any historical use of the Property is likely to have resulted in contamination or whether there are any encumbrances or other third-party rights affecting the title or use of the Property . If any assumption we have made proves incorrect the matter should be referred back to us as it may have an impact on the value of the Property .
- 5.6.2 We trust that this report is satisfactory for your immediate purposes but, should any matter require further clarification, we shall be pleased to hear from you. We would reiterate that neither the whole nor any part of this Valuation Report may be included in any published document, circular or statement, nor published in any way without our written approval of the form and context in which it may appear.

Valuer:

**Jennifer Gill BSc (Hons) MSc MRICS
Associate
RICS Registered Valuer
For and on behalf of
Bruton Knowles LLP**

Approving Officer:

**Eric C Spencer MRICS
Senior Associate
RICS Registered Valuer
For and on behalf of
Bruton Knowles LLP**

Appendix One

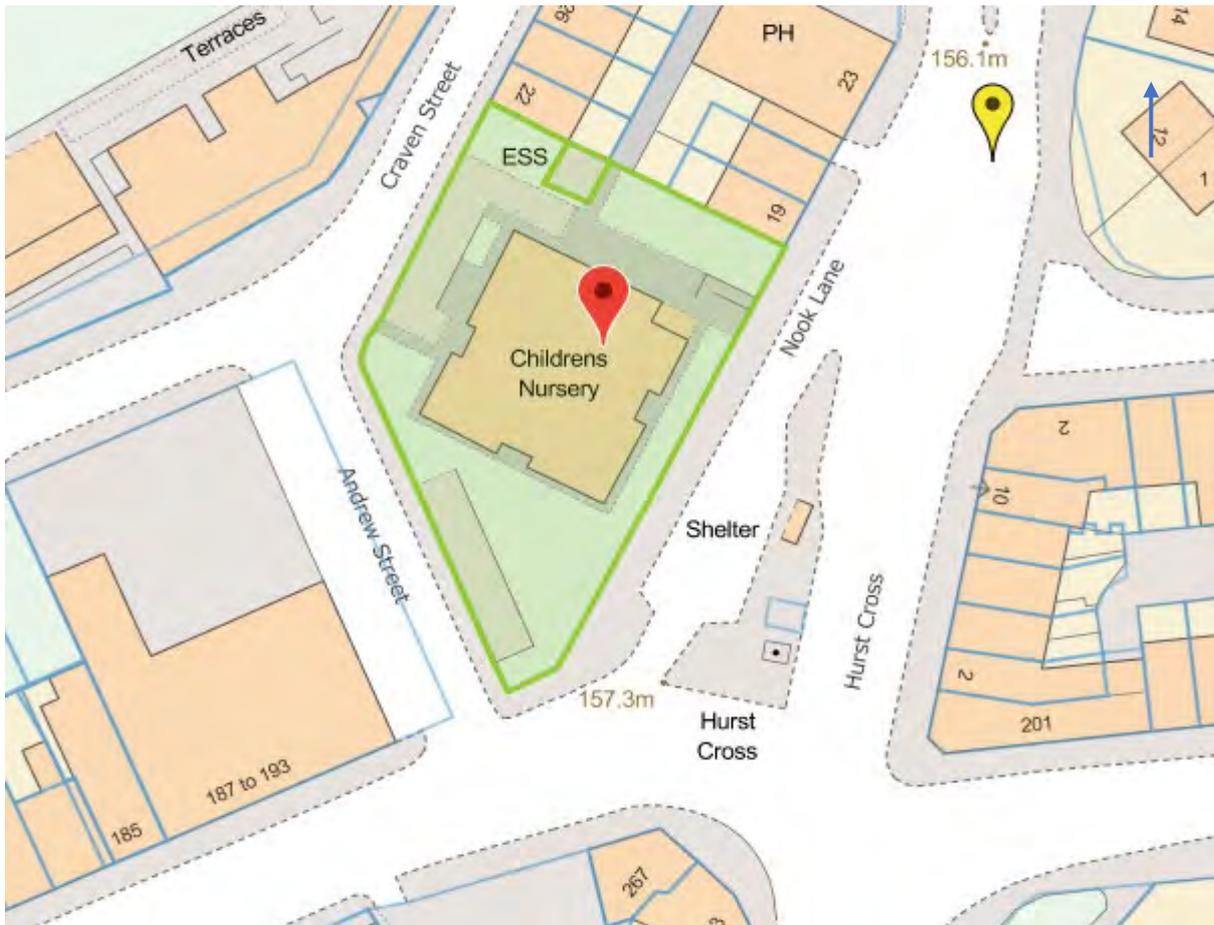
Location and Site Plans



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Prepared by Bruton Knowles,
for Identification Purposes Only



Not to scale for identification purposes only

These are the notes referred to on the following official copy

The electronic official copy of the title plan follows this message.

Please note that this is the only official copy we will issue. We will not issue a paper official copy.

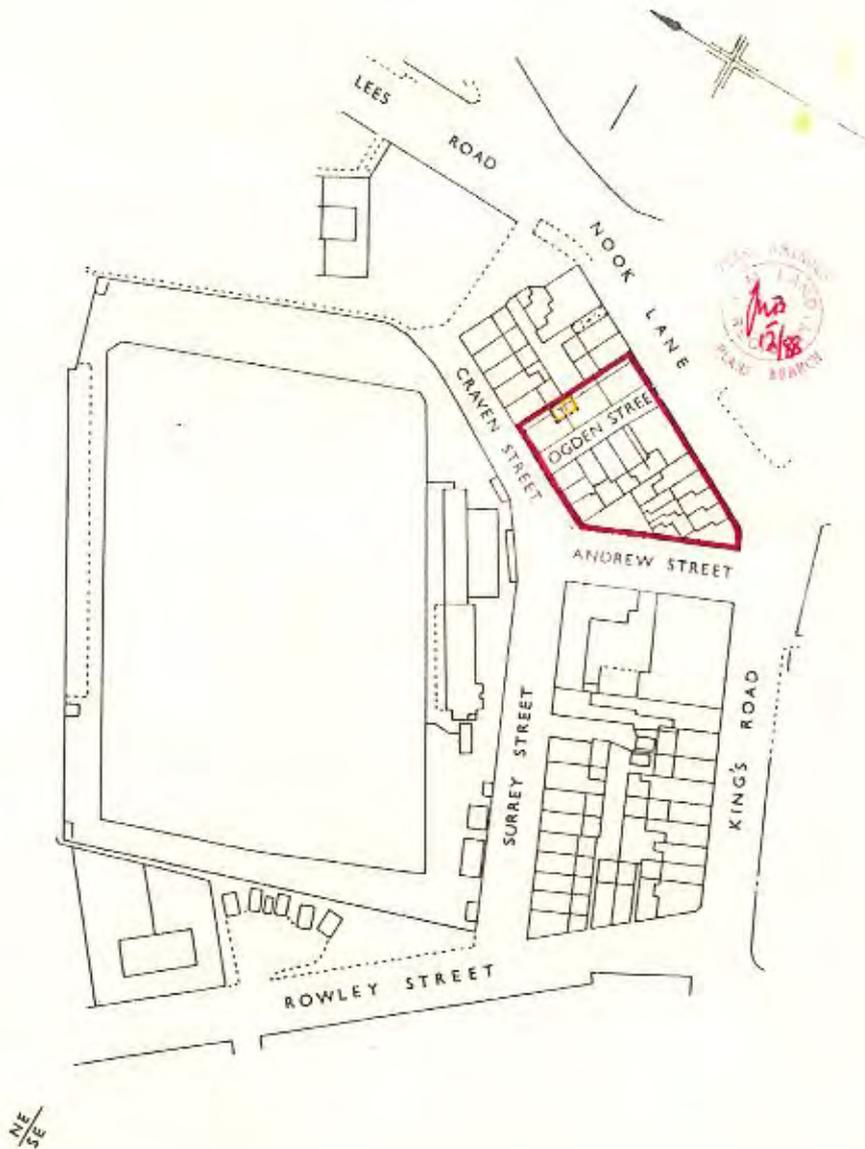
This official copy was delivered electronically and when printed will not be to scale. You can obtain a paper official copy by ordering one from HM Land Registry.

This official copy is issued on 24 July 2019 shows the state of this title plan on 24 July 2019 at 09:22:13. It is admissible in evidence to the same extent as the original (s.67 Land Registration Act 2002). This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground. This title is dealt with by the HM Land Registry, Fylde Office .

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H. M. LAND REGISTRY

NATIONAL GRID PLAN SD 9400 SECTION V
GREATER MANCHESTER
TAMESIDE DISTRICT
Scale 1:1250



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TITLE No. GM 390650



Appendix Two

Photographs

PHOTOGRAPHS

Rosebuds Nursery, Nook Lane, Ashton-Under-Lyne, OL6 9HN

Street scene and view of entrance



Entrance point



Land to south which could be re-developed subject to planning approval



External play area

PHOTOGRAPHS

Rosebuds Nursery, Nook Lane, Ashton-Under-Lyne, OL6 9HN

Newly renovated garden



Electricity sub-station



Internal area



Internal area

PHOTOGRAPHS

Rosebuds Nursery, Nook Lane, Ashton-Under-Lyne, OL6 9HN

Internal area



Internal area



Kitchen



Low level toilets

Appendix Three

Instruction Letter

****PLEASE SEND ALL REPORTS TO VAS PANEL****

Following our recent communications, please take this as our formal instruction to carry out a valuation of the property detailed below on behalf of:

Proplend Security Limited

Please note that our client's requirements are attached. Please make sure all Lender requirements are adhered to, including their basis of valuation.

***IMPORTANT* - Please append the VAS Executive Summary to the front of your Valuation Report (Not as a separate document as this will be rejected at Audit Stage) – As agreed in our Panel Agreement**

Please ensure that a minimum of 10 photographs of the property - including internal photographs are taken at the time of the inspection

The Service Level Agreement (SLA) for this instruction is: **10 days** from date of inspection

Should there be any reason that the SLA cannot be adhered to, VAS Panel should be notified immediately in order to keep our client informed of the delay in issuing the Report.

Your Report should be submitted electronically to info@vas-group.co.uk no later than 12pm on the Report return date.

THE INSPECTION DATE MUST BE COMMUNICATED TO VAS PANEL WITHIN 24 HOURS OF INSTRUCTION

Property Address:

Rosebuds Nursery, Nook Lane
Ashton-under-Lyne
Lancashire
OL6 9HN

Estimated Value:

£0

Property Description:

Child care nursery EV unknown

Property Type:

Day Nurseries

Type of Report Requested:

Red Book & VAS Panel Executive Summary

Valuation Requirements:

AS IS

Additional Information:

N/A

Report to be carried out on behalf of:

Proplend Security Limited
20-22 Wenlock Road, London, N1 7GU

Applicant Name:

Michild Propco Limited (TBR)
Mr Joel Selvadurai

Access Arranged Through:

Mr Joel Selvadurai

Access Contact Details:

joel.selvadurai@michild.group
07588 578 478

NB: Copies of the Report are NOT to be distributed to any third party, including Brokers or the Applicant, without full consent of VAS Panel. Valuation figures are also not to be disclosed to those parties stated without written consent from VAS Panel, failure to acquire consent may result in exclusion from the panel.

Please note: Valuation reports are subject to an internal quality control (QC) check. The emphasis of this is to check that all points outlined in the Clients specific valuation instruction letter have been adhered to, provision of rental / sales comparables with full valuation methodology / justification to support your valuation.

We might require you to discuss various aspects of your report and we require the primary valuer to provide a prompt response to any queries raised.

We trust the above is self-explanatory, however; should you require any further information or assistance please do not hesitate to contact us.



PANEL
SOFTWARE
AUDIT

- 01642 26 22 17
- info@vas-group.co.uk
- vas-group.co.uk
- The Palace Hub, 28-29 Esplanade,
Redcar, TS10 3AE

Kind Regards,

Team VAS

vas-group.co.uk

Bruton Knowles
Stamford House
Northenden Road
Sale
M33 2DH

Ref: AK
Michild Propco Limited (TBR)

Dear VAS,

Please accept this letter as our formal instruction to your firm to carry out a valuation, for mortgage purposes, on the addresses indicated below upon which we, Proplend Security Limited shall rely. The Valuation Report may be shown to any third parties in connection with the financing of the property albeit it cannot be relied on by those parties directly. The Valuation Report should be completed within 5 or 7 (for development appraisals) business days of the inspection. Please notify us if there will be any delay. Please notify us if there will be any delay. **Please advise us immediately if you are unable to give prompt attention to this matter.**

Borrower:	Michild Propco Limited (TBR)
Properties:	Nook Lane, Ashton-under-Lyne OL6 9HN
Tenure:	Freehold
Use:	Nursery
Tenancies:	Rosebuds Nursery (Rosebuds Childcare Limited)
Access:	To arrange access to the Property please contact the client directly - Joel Selvadurai / 07588578478 / joel.selvadurai@michild.group. Please provide details of any parts of the Property that were not inspected within your report.

Instruction

The report should be addressed to Proplend Security Limited which must clearly state that it can be relied upon for lending purposes by the parties named herein. Please ensure that the report accords with the current RICS Appraisal and Valuation Manual.

Please indicate in your report if the valuer or your firm have had any previous involvement with the property forming the subject of the valuation. If so, please indicate the nature and extent of that involvement and confirm specifically that you consider there is no conflict of interest on the part of the valuer or your firm.

The report and valuation must be undertaken and signed by a qualified valuer with a minimum 2 years PQE. A qualified valuer must be both a member of the Royal Institution of Chartered Surveyors, MRICS/FRICS and an RICS registered valuer. The Lender requires all residential and commercial valuation reports (excluding short form residential templates) are to be countersigned by a Chartered Surveyor, MRICS/FRICS and an RICS registered valuer with a minimum of 5 years PQE.

Whilst your report will be addressed to Proplend Security Ltd, it will need to be uploaded to the Proplend website and viewed by its Lending members on the understanding that only Proplend Security Ltd may rely on the report for mortgage purposes. Can you please confirm within your report that this is understood and accepted?

Valuation and Report

The Market Valuation referred to below should be based on current values and should reflect market conditions prevailing at the date of the report, and changes in market conditions that you are able to predict, and should include:

1. The Market Valuation for loan security purposes of the Property in its current condition at the date of your inspection, subject to any current tenancies in place and sold as a going concern. Please indicate the period of marketing you have assumed in arriving at your valuation.

2. A valuation of the Property on the assumption that the Property was being sold without the benefit of a going concern.
3. A valuation of the Property on the assumption of Vacant Possession.
4. Please provide comparable evidence to support your assumptions on values.
5. Please provide an estimated rental value for the Subject Properties.
6. Please provide commentary on continued likely market demand for properties of this size and nature, in this location, for sale and to let.
7. Please provide an estimated reinstatement cost of the buildings for insurance purposes.
8. Please provide a full description of the Property to include its accommodation, its size, its construction, location and general state of repair. These details should be supported with photos of the Properties. Whilst you are not instructed to carry out a structural survey on each Property, please comment of any noticeable defects that might warrant further investigation and which might affect the marketability of the Property.
9. Please certify that the Property is acceptable for secured lending purposes.

Please provide as appendices:

1. Sufficient colour photographs of the street scene, exterior (front and rear) and interior of the Property.
2. A general location map and a more detailed plan showing boundaries you have assumed for the Property.
3. Land registry extract.

Report on Title

A copy of the solicitors Report on Title will be sent to you so that you can cross check your assumptions with the facts contained within the said report and comment on specific items which may affect your valuation.

Yours Sincerely,



Brian Bartaby
Director
Proplend Security Ltd

Appendix Four
Confirmation of Instruction
and
Standard Terms and Conditions of Engagement

Our ref: 524331JG/ST

Private and Confidential

FAO VAS Team
The Palace Hub
28-29 Esplanade
Redcar
TS10 3AE

Property Consultants

Stamford House
Northenden Road
Sale
Manchester
M33 2DH

T: 0161 327 2771
E: Jennifer.Gill@brutonknowles.co.uk

W: brutonknowles.co.uk

Offices across the UK

Date: Wednesday 7 August 2019

To whom it may concern,

RE: Rosebuds Nursery, Nook Lane, Ashton-under-Lyne, OL6 9HN

Confirmation of Instructions and Conditions of Engagement

We acknowledge your instructions dated 31 July 2019 to carry out a valuation of the above-mentioned Property.

We write to confirm our acceptance of those instructions which will be undertaken in accordance with the RICS Valuation – Global Standards 2017 and subject to our standard Terms and Conditions of Engagement which confirm the scope and details of the service to be provided by us and which will form part of our valuation report.

In addition, we confirm the following:

- The Valuation Report will be undertaken by Jennifer Gill MRICS, Associate of Bruton Knowles LLP. We confirm that the Valuer is in a position to provide an objective and unbiased valuation.
- We confirm that the Valuer does not have a material connection or involvement with the subject Property or the parties to the Valuation. In accordance with our normal practice, we confirm to the best of our knowledge and belief, we have had no prior dealings with the subject Property. We consider that we do not have any conflict of interest in accepting these instructions and we can act independently;
- We also confirm that the Valuer has the appropriate current local and national knowledge of the particular market and has the sufficient skills and understanding to undertake the Valuation competently;



Authorised and regulated by the Financial Conduct Authority

Bruton Knowles LLP is a limited liability partnership registered in England and Wales with registered number OC418768 Registered Office Olympus House, Olympus Park, Quedgeley, Gloucester GL2 4NF.



A list of Partners is available upon request

- This Valuation Report is to be completed The VAS Group herein referred to as the “Client”;
- We confirm that no third party reliance upon the Valuation Report is permitted;
- The subject of the Valuation is the freehold interest in the above-mentioned Property, an operational children’s day nursery;
- The Valuation is to be provided in £s Sterling;
- The Valuation is to be provided for loan or credit purposes. We highlight, we shall have no responsibility or liability to any party in the event that the Report is used outside the purposes for which it was intended;
- The basis of valuation will be Market Value. We have also been asked to provide valuations subject to special assumptions which are detailed herein. The attached sheets contain a full definition of Market Value and Market Rent. From our existing knowledge of the Property and your requirements, we can confirm that we consider this to be the most appropriate basis of valuation;
- The date of valuation will be the date of inspection; 29 July 2019
- We confirm the Valuation will be completed with no limitations or restrictions on the inspection, enquiries or analysis;
- We confirm we will place reliance upon information provided by the Client and their Customer, which will include but is not limited to, tenure documentation, property information, trading information and environmental documentation;
- As previously noted, we have been instructed to provide a number of valuations subject to special assumptions, for clarity we confirm these as follows:
 - Market Value - in its current use and condition as an operational entity having regard to trade potential;
 - Market Value 2 – on the special assumption a lease has been granted to the Client’s Customer’s operating company at the current Market Rent and on standard lease terms
 - Market Value 3 – subject to vacant possession;
 - Market Rent
- We highlight this Report is restricted to be used by our Client only and is not to be relied upon by any third party. We reiterate that this Report is to be used for the sole purpose as outlined within this letter;
- The report will be prepared in accordance with the RICS Valuation – Global Standards 2017 VPS 3 and the International Valuation Standards (IVS);

- Our fee will be charged at £X,XXX plus VAT as agreed and payment is due upon receipt of the Valuation;
- Bruton Knowles follows documented procedures to deal with all complaints, as part of our Quality Assurance Certification. A copy of our complaints handling procedure is available on request;
- This Valuation may be subject to monitoring under the Royal Institution of Chartered Surveyors conduct and disciplinary regulations;
- We confirm we have sufficient Professional Indemnity Insurance (PII) on a per claim basis to undertake this Valuation Report.

Kind regards,



Jennifer Gill Bsc (Hons) MSc MRICS

Associate

RICS Registered Valuer

For and behalf of

Bruton Knowles

Enc. Standard Terms & Conditions of Engagement (STC)

Standard Terms & Conditions of Engagement

1 R.I.C.S. Valuation Standards

Our valuation has been made in accordance with the RICS Valuation – Global Standards 2017, this firm being independent Valuers as defined in the manual.

2 Basis/Bases of Valuation

In accordance with your instructions, our valuation has been prepared under one or more of the following bases of valuation.

Market Value (MV) is :-

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The interpretative commentary contained within Valuation Technical and Performance Standard 4 (VPS4) of the RICS Valuation – Global Standards 2017 forms an integral part of this definition.

Market Rent (MR) is :-

“The estimated amount for which an interest in real property should be leased on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm’s-length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion.”

The interpretative commentary contained within VPS4 of the RICS Valuation – Global Standards 2017 forms an integral part of this definition.

Existing Use Value (EUV) is :-

“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.”

Fair Value (FV) is :-

The definition adopted by the International Accounting Standards Board (IASB) in IFRS 13:

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The interpretative commentary contained within VPS4 of the RICS Valuation – Global Standards 2017 forms an integral part of this definition.

Market Value having regard to Trading Potential is :-

Defined in VGPA4 of RICS Valuation – Global Standards 2017 and a trade related property is considered to be an individual trading entity and is typically valued on the assumption that there will be a continuation of trading.

3 Scope & Title

We have not carried out formal searches of Local Authority Registers or on Title and it has therefore been assumed that no onerous or restrictive covenants attach to Title. You should rely on your solicitor in these matters and we reserve the right to amend our valuation should any encumbrance be shown to materially affect the value of the property. For owner occupied properties, our valuation assumes vacant possession would be given by the vendor upon completion of a disposal. For tenanted premises, our valuation is subject to the information on tenancies contained within our Report unless otherwise stated. Our valuation is made on the assumption that information given to us, either verbally or in writing by the Bank, your representatives or from any official sources (including, where relevant, the Borrower, the vendor, the selling agents and the Local Authority), is capable of formal substantiation. Our valuation also assumes that the property is free from any borrowings or encumbrances, unless otherwise stated.

4 Condition

We have not carried out a building survey or tested services, nor have we inspected those parts of the property which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about, or advise upon, the condition of uninspected parts and our Report should not be taken as making any implied representation or statement about such parts. We have not arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the property, or has since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of our valuation we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

With specific regard to the Control of Asbestos Regulations 2006, we will reflect the content of any written risk assessment provided, however where a risk assessment has not been carried out or is not available, we will assume that a risk assessment would not reveal any matters which could affect value.

We are under no duty to and have not a) moved anything; b) used a moisture detecting meter; c) arranged for the testing of electrical, heating or other service installations; or d) carried out an environmental audit. We have also assumed that no radon gas is present at the property. Unless stated to the contrary, no investigations have been carried out to determine whether the site has a history of instability and we are, therefore, unable to report that the property is free from risk in this respect. We have assumed, for the purpose of the valuation, that such investigation would not disclose the presence of any such problems

5 Contamination

We will not identify the existence of contamination unless either reports have been made available to us in this respect or, during the course of our inspection, we conclude that there may be material contamination at the property or on any neighbouring land. In the latter case we will report this possible contamination immediately with a view to a decision being taken as to whether the valuation instructions are to be amended. Otherwise, our valuation has been undertaken on the assumption that no contaminative or potentially contaminative uses have ever been carried out on the property. Should it be established subsequently that contamination does exist at the property or on any neighbouring land, or that the premises have been or are being put to any contaminative use, this might reduce the values reported.

6 Local Authority Enquiries

Where appropriate, verbal enquiries have been made of the local authority and unless otherwise stated, we have assumed that there are no planning proposals, highway improvements or compulsory acquisition schemes likely to affect value. We have also assumed planning consent and all other statutory requirements have been obtained and complied with for the erection and occupation of the building. Formal searches have not been made and we reserve the right to amend our valuation should information at variance to these assumptions be forthcoming. No allowance has been made for rights, obligations or liabilities arising from the Defective Premises Act 1972 or the Disability Discrimination Act 1995.

7 Fixtures & Fittings and Plant and Machinery

Unless stated to the contrary, our valuation has excluded any element of goodwill, trade equipment and moveable fixtures and fittings attached to the property. We have also excluded any stock associated with the business. Our valuation includes only such items as form part of the normal building services installations and any items in the nature of specialist or the present occupiers process plant and machinery have been excluded. No equipment or fixtures and fittings have been tested in respect of Electrical Equipment Regulations and Gas Safety Regulations and we assume that where appropriate all such equipment meets the necessary legislation.

8 Sources, Extent and Non-Disclosure of Information

In preparing our valuation we have relied upon such information as has been provided by the client or building occupier in respect of tenure, tenancies, planning consent and any other relevant information. Where leases or other documents have been produced to us, our Report so states. Otherwise, such information should be verified and in the event of significant variation from the information initially given to us, our valuation could require adjustment.

9 VAT, Taxation and Costs of Acquisition or Realisation

No allowance has been made for costs of acquisition or realisation of the property, nor for any liability for taxation which may arise on disposal whether actual or notional, e.g. VAT, Inheritance Tax or Capital Gains Tax. Unless stated to the contrary it is assumed that where there is an imposition or otherwise of VAT on the rent that the lessee will be able to fully reclaim the VAT paid.

10. Reinstatement Cost

Where we have been requested to provide our opinion of the buildings' reinstatement cost, we confirm that we have not carried out a formal estimate of the reinstatement value of the premises. The figure provided is for guidance purposes only and we recommend that a formal assessment is obtained from a specialist insurance valuer if insurance cover is to be effected. However, our informal estimate is inclusive of site clearance, demolition, statutory and professional fees but excludes VAT, loss of rent, the cost of alternative accommodation for the reinstatement period and inflation during the policy year or the rebuilding period.

11. Future Prospects

Where our Report contains any statement as to the prospect of future growth in rental and/or capital values, it should be appreciated that such growth may not occur and that the values can fall as well as rise.

12. Disclaimer

Our valuation is provided only for the purpose agreed with the instructing client and will be for the sole use of the client. As such, it is confidential to the client and his professional advisers. We accept responsibility to the client alone that the report has been prepared with the skill, care and diligence which may reasonably be expected of a competent valuer but accept no responsibility whatsoever to any other person who relies upon the report at his own risk. Neither the whole nor any part of the Valuation Report may be included in any published document, circular or statement nor published in any way without our written approval of the form and context in which it may appear. We undertake all services only on the basis of these terms which shall apply to the exclusion of any other terms and conditions which the client may seek to impose. No variation of these terms shall be binding unless agreed in writing by an authorised representative of BK and the client.

Where we are providing one or more valuations of a property or properties ("the Property"), in circumstances where you have already made a loan secured (whether wholly or partially) against the Property, and you make further loan or loans secured on the Property in reliance of our valuation(s), our liability to you for any loss that you incur arising from our valuation(s) will be limited to the lesser of: (1) the further sum (if any) that you lend in reliance of our valuation(s); or (2) the difference between our valuation(s) and the true value of the Property at the date of our valuation(s). This limitation of liability applies irrespective of whether, in making a loan based on our valuation(s), you have released the original charge and executed a new charge, or lent additional sums against the original charge. We will not be liable for any loss arising from the original loan (including any extensions to that loan prior to our valuation(s)) that you made, secured by the Property, unless: (1) We carried out the original valuation(s) of the Property; (2) You made the original loan in reliance of our valuation(s); and (3) Our original valuation(s) was negligent.

Appendix Five
Accounting Information

Registration number: 05217107

Rosebuds Childcare Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 March 2019

The Accountancy People
Phoenix House
2 Huddersfield Road
Stalybridge
Cheshire
SK15 2QA

Rosebuds Childcare Limited

Contents

Company Information	1
Directors' Report	2
Accountants' Report	3
Profit and Loss Account and Statement of Retained Earnings	4
Balance Sheet	5
Notes to the Financial Statements	6 to 10
Detailed Profit and Loss Account	11 to 13

Rosebuds Childcare Limited

Company Information

Directors Mr Simon Paul Sumner
Mr Thomas Wood
Mr Andrew Thomas Wood
Mrs Carol Ann Wood
Ms Jennifer Wood

Company secretary Mr Andrew Thomas Wood

Registered office Phoenix House
2 Huddersfield Road
Stalybridge
Cheshire
SK15 2QA

Accountants The Accountancy People
Phoenix House
2 Huddersfield Road
Stalybridge
Cheshire
SK15 2QA

Rosebuds Childcare Limited

Directors' Report for the Year Ended 31 March 2019

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

Directors of the company

The directors who held office during the year were as follows:

Mr Simon Paul Sumner (appointed 3 October 2018)

Mr Thomas Wood (appointed 3 October 2018)

Mr Andrew Thomas Wood - Company secretary and director (appointed 3 October 2018)

Mrs Carol Ann Wood (appointed 3 October 2018)

Ms Jennifer Wood (appointed 3 October 2018)

Mr Nigel Mark Selby - Company secretary and director (resigned 3 October 2018)

Mrs Clover May Selby (resigned 3 October 2018)

Principal activity

The principal activity of the company is Pre-Primary Education

Small companies provision statement

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board on 7 June 2019 and signed on its behalf by:

.....
Mr Andrew Thomas Wood
Company secretary and director

**Chartered Accountants' Report to the Board of Directors on the Preparation of
the Unaudited Statutory Accounts of
Rosebuds Childcare Limited
for the Year Ended 31 March 2019**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Rosebuds Childcare Limited for the year ended 31 March 2019 as set out on pages 4 to 10 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/>.

This report is made solely to the Board of Directors of Rosebuds Childcare Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of Rosebuds Childcare Limited and state those matters that we have agreed to state to the Board of Directors of Rosebuds Childcare Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Rosebuds Childcare Limited and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that Rosebuds Childcare 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 Rosebuds Childcare Limited. You consider that Rosebuds Childcare 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 accounts of Rosebuds Childcare 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.

.....
The Accountancy People
Phoenix House
2 Huddersfield Road
Stalybridge
Cheshire
SK15 2QA
7 June 2019

Rosebuds Childcare Limited

**Profit and Loss Account and Statement of Retained Earnings for the Year
Ended 31 March 2019**

	Note	2019 £	2018 £
Turnover		371,328	400,638
Cost of sales		<u>(12,018)</u>	<u>(10,407)</u>
Gross profit		359,310	390,231
Administrative expenses		<u>(330,972)</u>	<u>(311,953)</u>
Operating profit		<u>28,338</u>	<u>78,278</u>
Interest payable and similar charges		<u>(48)</u>	<u>-</u>
		<u>(48)</u>	<u>-</u>
Profit before tax	4	28,290	78,278
Taxation		<u>(4,261)</u>	<u>(18,784)</u>
Profit for the financial year		24,029	59,494
Retained earnings brought forward		564,642	681,148
Dividends paid		<u>(241,794)</u>	<u>(176,000)</u>
Retained earnings carried forward		<u><u>346,877</u></u>	<u><u>564,642</u></u>

The notes on pages 6 to 10 form an integral part of these financial statements.
Page 4

Rosebuds Childcare Limited
(Registration number: 05217107)
Balance Sheet as at 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	5	292,894	287,434
Current assets			
Debtors	6	17,358	4,782
Cash at bank and in hand		<u>48,475</u>	<u>292,149</u>
		65,833	296,931
Creditors: Amounts falling due within one year	7	<u>(11,848)</u>	<u>(19,721)</u>
Net current assets		<u>53,985</u>	<u>277,210</u>
Net assets		<u>346,879</u>	<u>564,644</u>
Capital and reserves			
Called up share capital	8	2	2
Profit and loss account		<u>346,877</u>	<u>564,642</u>
Total equity		<u>346,879</u>	<u>564,644</u>

For the financial year ending 31 March 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 7 June 2019 and signed on its behalf by:

.....
 Mr Andrew Thomas Wood
 Company secretary and director

Rosebuds Childcare Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Phoenix House
2 Huddersfield Road
Stalybridge
Cheshire
SK15 2QA

These financial statements were authorised for issue by the Board on 7 June 2019.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Rosebuds Childcare Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Buildings	2.5% straight line
Plant and machinery	10% straight line
Furniture and equipment	25% reducing balance

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Rosebuds Childcare Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 15 (2018 - 13).

4 Profit before tax

Arrived at after charging/(crediting)

	2019	2018
	£	£
Depreciation expense	29,219	20,549

5 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 April 2018	204,918	178,867	383,785
Additions	-	34,679	34,679
At 31 March 2019	204,918	213,546	418,464
Depreciation			
At 1 April 2018	16,396	79,955	96,351
Charge for the year	4,099	25,120	29,219
At 31 March 2019	20,495	105,075	125,570
Carrying amount			
At 31 March 2019	184,423	108,471	292,894
At 31 March 2018	188,522	98,912	287,434

Included within the net book value of land and buildings above is £184,423 (2018 - £188,522) in respect of freehold land and buildings.

Rosebuds Childcare Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

6 Debtors

	2019 £	2018 £
Trade debtors	16,804	-
Prepayments	554	4,782
	17,358	4,782

7 Creditors

Creditors: amounts falling due within one year

	2019 £	2018 £
Due within one year		
Taxation and social security	2,542	-
Accruals and deferred income	2,821	673
Other creditors	6,485	19,048
	11,848	19,721

8 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary of £1 each	2	2	2	2

9 Dividends

	2019 £	2018 £
Interim dividend of £120,894.43 (2018 - £88,000.00) per ordinary share	241,795	176,000

Rosebuds Childcare Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

10 Related party transactions

Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	80,000	13,816
Contributions paid to money purchase schemes	-	80,000
	<u>80,000</u>	<u>93,816</u>

11 Parent and ultimate parent undertaking

The ultimate controlling party is the directors.

Rosebuds Childcare Limited

Detailed Profit and Loss Account for the Year Ended 31 March 2019

	2019 £	2018 £
Turnover	371,328	400,638
Cost of sales	<u>(12,018)</u>	<u>(10,407)</u>
Gross profit	<u>359,310</u>	<u>390,231</u>
Gross profit (%)	96.76%	97.4%
Administrative expenses		
Employment costs	248,781	264,119
Establishment costs	43,784	22,159
General administrative expenses	7,977	4,610
Finance charges	1,211	516
Depreciation costs	<u>29,219</u>	<u>20,549</u>
	<u>330,972</u>	<u>311,953</u>
Operating profit	28,338	78,278
Interest payable and similar charges	<u>(48)</u>	<u>-</u>
Profit before tax	<u>28,290</u>	<u>78,278</u>

Rosebuds Childcare Limited

Detailed Profit and Loss Account for the Year Ended 31 March 2019

	2019 £	2018 £
Turnover		
Sale of goods, UK	371,312	400,614
Interest received	16	24
	<u>371,328</u>	<u>400,638</u>
Cost of sales		
Food and drink purchases	5,959	8,014
Equipment for kids	4,118	681
Activities and trips	1,941	1,712
	<u>12,018</u>	<u>10,407</u>
Employment costs		
Wages and salaries (excluding directors)	150,816	163,246
Staff NIC (Employers)	4,504	6,145
Directors remuneration	80,000	13,816
Directors NIC (Employers)	9,967	-
Staff pensions (Defined contribution)	1,312	563
Directors pensions (Defined contribution)	-	80,000
Staff training	1,555	253
Staff welfare	627	96
	<u>248,781</u>	<u>264,119</u>
Establishment costs		
Rent	15,000	-
Rates	14,044	12,391
Light, heat and power	6,693	4,407
Insurance	1,690	1,556
Repairs and maintenance	3,933	3,805
Refurbishment	2,424	-
	<u>43,784</u>	<u>22,159</u>
General administrative expenses		
Telephone and fax	502	469
Computer software and maintenance costs	345	675
Printing, postage and stationery	902	70
Sundry expenses	282	260
Cleaning	991	625
Advertising	1,305	939
Accountancy fees	3,108	-
Legal and professional fees	542	1,572
	<u>7,977</u>	<u>4,610</u>

This page does not form part of the statutory financial statements.

Rosebuds Childcare Limited

Detailed Profit and Loss Account for the Year Ended 31 March 2019

	2019 £	2018 £
Finance charges		
Bank charges	<u>1,211</u>	<u>516</u>
Depreciation costs		
Depreciation of plant and machinery (owned)	<u>29,219</u>	<u>20,549</u>
Interest payable and similar expenses		
Other interest payable	<u>48</u>	<u>-</u>

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Signed by Andrew Wood using authentication code cVI/Rjhkdm11QihL at IP address 82.152.38.153, on 2019/06/11 08:10:35 Z.

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