

Staffquest Limited

Report and Accounts
31 December 2006

**Rees Pollock
Chartered Accountants**

SATURDAY



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COMPANIES HOUSE

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	E Boland D Lissy M A Tocio S Dreier
Company Secretary	I J M Stocks
Registered Office	2 Crown Court Rushden Northamptonshire NN10 6BS
Auditor	Rees Pollock 35 New Bridge Street London EC4V 6BW
Bankers	Barclays Bank Plc One Churchill Place London E14 5HP
Solicitors	Grindall and Hanna 58 Underhill Road London SE22 0QT Osborne Clarke One London Wall London EC2Y 5EB
Registered Number	2071822

DIRECTORS' REPORT

The directors present their report and the accounts of the company for the year ended 31 December 2006

Principal activities

The principal activity of the company during the year was the provision of temporary and permanent employees to the nursery and childcare sector

Directors

The directors who served the company during the year were as follows

E Boland
D Lissy
M A Tocio
S Dreier
S C Hay

(Resigned 30 June 2006)

Directors' responsibilities

The directors are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year

In preparing those accounts, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

DIRECTORS' REPORT *(continued)*

Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information

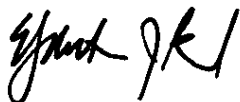
This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

A resolution to re-appoint Rees Pollock as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Small company provisions

This report has been prepared in accordance with the special provisions for small companies that are members of an ineligible group under s247A(1A) of the Companies Act 1985

ON BEHALF OF THE BOARD



E Boland
Director

13 March 2008



REES POLLOCK

Chartered Accountants

35 New Bridge Street
London EC4V 6BW
Telephone 020 7778 7200
Fax 020 7329 6408

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STAFFQUEST LIMITED

We have audited the accounts of Staffquest Limited for the year ended 31 December 2006 on pages 5 to 10 which have been prepared on the basis of the accounting policies set out on page 7

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion

the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
the accounts have been properly prepared in accordance with the Companies Act 1985, and
the information given in the Directors' Report is consistent with the accounts for the year ended 31 December 2006

Rees Pollock
Chartered Accountants & Registered Auditors
18 March 2008

Staffquest Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2006

	Note	2006 £	2005 £
TURNOVER	2	8,828	355,561
Cost of sales		1,528	233,526
GROSS PROFIT		7,300	122,035
Distribution costs		—	937
Administrative expenses		2,215	75,677
OPERATING PROFIT	3	5,085	45,421
Loss on disposal of fixed assets		—	(291)
		5,085	45,130
Interest payable and similar charges	5	—	537
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,085	44,593
Tax on profit on ordinary activities	6	—	932
PROFIT FOR THE FINANCIAL YEAR		<u>5,085</u>	<u>43,661</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

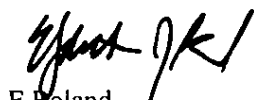
The notes on pages 7 to 10 form part of these accounts

Staffquest Limited

BALANCE SHEET
at 31 December 2006

	Note	£	2006 £	2005 £
FIXED ASSETS				
Tangible assets	7		—	—
CURRENT ASSETS				
Debtors	8	381,653		272,667
Cash at bank		51		154,175
		381,704		426,842
CREDITORS amounts falling due within one year	9	35,145		85,368
NET CURRENT ASSETS			346,559	341,474
TOTAL ASSETS LESS CURRENT LIABILITIES			346,559	341,474
PROVISIONS FOR LIABILITIES				
Deferred taxation	10		1,045	1,045
			345,514	340,429
CAPITAL AND RESERVES				
Called-up equity share capital	11		100	100
Profit and loss account	12		345,414	340,329
SHAREHOLDERS' FUNDS	12		345,514	340,429

The accounts on pages 5 to 10 were approved by the board and authorised for issue on 13 August ~~March~~ 2008 and were signed on its behalf by



E Boland
Director

The notes on pages 7 to 10 form part of these accounts

NOTES TO THE ACCOUNTS

for the year ended 31 December 2006

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the accounts on the grounds that the company is small

Related parties transactions

The company is a wholly owned subsidiary of BHFS One Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the BHFS One Limited group

Turnover

The turnover shown in the profit and loss account represents services provided during the year and is recognised on an accruals basis in line with performance of the service

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Equipment - 5 years straight line

Deferred taxation

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards

2. TURNOVER

The company's turnover relates solely to its principal activity and is wholly generated within the United Kingdom

3. OPERATING PROFIT

Operating profit is stated after charging

	2006	2005
	£	£
Depreciation of owned fixed assets	—	778
Auditor's remuneration		
- as auditor	—	—
	<u>—</u>	<u>—</u>

Auditors' remuneration is borne by a fellow subsidiary of the BHFS One Limited group

NOTES TO THE ACCOUNTS

for the year ended 31 December 2006

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2006	2005
	No	No
Number of administrative staff	<u>1</u>	<u>4</u>

The aggregate payroll costs of the above were

	2006	2005
	£	£
Wages and salaries	2,874	43,575
Social security costs	228	14,941
	<u>3,102</u>	<u>58,516</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005
	£	£
Interest payable on bank borrowing	<u>—</u>	<u>537</u>

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2006	2005
	£	£
Current tax		
UK Corporation tax based on the results for the year	<u>—</u>	<u>932</u>
Total current tax	<u>—</u>	<u>932</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2005 - 30%)

	2006	2005
	£	£
Profit on ordinary activities before taxation	<u>5,085</u>	<u>44,593</u>
Profit on ordinary activities multiplied by standard rate of tax	1,526	13,378
Group relief	(1,526)	(11,606)
Timing differences relating to fixed assets	—	(318)
Marginal rate relief	<u>—</u>	<u>(522)</u>
Total current tax (note 6(a))	<u>—</u>	<u>932</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2006

7. TANGIBLE FIXED ASSETS

	Equipment £
Cost	
At 1 January 2006	2,651
Disposals	(2,651)
At 31 December 2006	<u>—</u>
Depreciation	
At 1 January 2006	2,651
On disposals	(2,651)
At 31 December 2006	<u>—</u>
Net book value	
At 31 December 2006	<u>—</u>
At 31 December 2005	<u>—</u>

8. DEBTORS

	2006 £	2005 £
Trade debtors	—	10,373
Amounts owed by group undertakings	370,027	262,294
Corporation tax repayable	11,606	—
Other debtors	20	—
	<u>381,653</u>	<u>272,667</u>

9. CREDITORS amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	35,145	35,204
Other creditors	—	21,803
Accruals and deferred income	—	28,361
	<u>35,145</u>	<u>85,368</u>

10. DEFERRED TAXATION

The balance of the deferred taxation provision throughout the year was £1,045

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2006 £	2005 £
Excess of taxation allowances over depreciation on fixed assets	<u>1,045</u>	<u>1,045</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2006

11 SHARE CAPITAL

Authorised share capital

	2006	2005
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	Profit and loss account	Total share-holders' funds
	£	£	£
At 1 January 2005	100	296,668	296,768
Profit for the year	—	43,661	43,661
At 31 December 2005	<u>100</u>	<u>340,329</u>	<u>340,429</u>
Profit for the year	—	5,085	5,085
At 31 December 2006	<u>100</u>	<u>345,414</u>	<u>345,514</u>

13. ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is BHFS Two Limited, a company registered in England and Wales. BHFS Two Limited is a wholly owned subsidiary of BHFS One Limited which is the head of the smallest group for which consolidated accounts are available. Copies of these consolidated accounts can be obtained from The Secretary, BHFS One Limited, 2 Crown Court, Rushden, Northamptonshire, NN10 6BS. The ultimate holding company and controlling party is Bright Horizons Family Solutions Inc, a company registered in the United States of America.