

Teddies Sports Limited

Registered No. 3210285

Directors' Report and Financial Statements

For the Year Ended 31 December 2004



Teddies Sports Limited

Report of the directors for the year ended 31 December 2004

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

1. Principal activity

The principal activity of the company is the operation of nursery, creche and other sports-related facilities for children, through its interest in The Riverside Teddies Partnership.

2. Review of the business

The directors consider the development of the company during the year to be satisfactory.

3. Results and dividends

The profit for the year, after taxation, amounted to £43,255 (2003 - £77,229).

No dividend is proposed for 2004 (2003 - £ nil).

4. Directors and directors' interests

The names of persons who were directors at any time during the year are as follows:

J P Davies

M I Dugdale

D A Gray

C A Edmond

C M Hollingsworth

R King

MA Ralf

(appointed 19 April 2004; resigned 13 August 2004)

A D Walford

There were no directors' interests requiring disclosure under Section 234 of the Companies Act 1985.

5. Auditors

Pursuant to a shareholders resolution, the company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

6. International Financial Reporting Standards

The company will be preparing its 2005 financial statements under International Financial Reporting Standards in line with the policy of its ultimate parent company, The British United Provident Association Limited ("BUPA"). Further information regarding this change can be found in the accounts of BUPA.

Registered Office :
BUPA House
15-19 Bloomsbury Way
London
WC1A 2BA

4 March 2005

By Order of the Board



J P Sanders
Secretary

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements 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 for that period. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently ;
- make judgements and estimates that are reasonable and prudent ;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Teddies Sports Limited

Independent auditors' report to the members of Teddies Sports Limited

We have audited the financial statements on pages 4 to 11.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants

Registered Auditor

London

4 March 2005

Teddies Sports Limited

Profit and Loss Account for the year ended 31 December 2004

	<i>Note</i>	2004	2003
		£	£
Turnover		37,511	110,681
Interest receivable and similar income	4	19,280	-
Interest payable and similar charges	5	(2,157)	-
Profit on ordinary activities before taxation	6	54,634	110,681
Tax on profit on ordinary activities	7	(11,379)	(33,452)
Retained profit for the financial year		<u>43,255</u>	<u>77,229</u>

The operating profit is all derived from continuing operations.

There are no recognised gains and losses other than the profit for the financial year.

There were no material differences between reported profit and losses and historical profit and losses on ordinary activities before and after taxation.

The accounting policies and notes on pages 7 to 11 form part of these financial statements.

Teddies Sports Limited

Balance Sheet as at 31 December 2004

	Note	2004	2003
		£	£
Fixed assets			
Investments	8	25,000	25,000
Current assets			
Debtors : amounts falling due			
within one year	9	609,126	588,127
after more than one year	9	16,117	7,247
		625,243	595,374
Creditors : amounts falling due within one year	10	(48,006)	(61,392)
Net current assets		577,237	533,982
Total assets less current liabilities		602,237	558,982
Net assets		602,237	558,982
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	602,236	558,981
Equity shareholders' funds		602,237	558,982

These financial statements were approved by the Board of directors on 4 March 2005 and were signed on its behalf by



D A Gray
Director

The accounting policies and notes on pages 7 to 11 form part of these financial statements.

Teddies Sports Limited

Reconciliation of movements in shareholders' funds for the year ended 31 December 2004

	2004 £	2003 £
Retained profit for the financial year	<u>43,255</u>	<u>77,229</u>
Net addition in shareholders' funds	43,255	77,229
Opening shareholders' funds	558,982	481,753
Closing shareholders' funds	<u><u>602,237</u></u>	<u><u>558,982</u></u>

Teddies Sports Limited

Notes to the Financial Statements for the year ended 31 December 2004

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting convention and on a going concern basis.

As the company is a wholly owned subsidiary undertaking of The British United Provident Association Limited (BUPA), a company registered in England and Wales, which publishes consolidated accounts, the company has pursuant to paragraph 17 of Financial Reporting Standard No. 8 : Related Party Disclosure (FRS 8) not included details of transactions with other BUPA group companies which are subsidiary undertakings of the BUPA group. There were no other related party transactions.

Cash flow statement

Under Financial Reporting Standard No 1: Cash flow statements (revised 1996) (FRS 1) the company is exempt from the requirement to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary undertaking of The British United Provident Association Limited, a company that prepares a consolidated cash flow statement for the BUPA Group.

Accounting conventions

A summary of the more significant accounting policies, which have been applied consistently except as noted above, is set out below.

Turnover

Turnover represents the total amount earned by the company in the ordinary course of business for services rendered, after deducting discounts and value added tax. All turnover arises within the United Kingdom.

Investments

Investments held as fixed assets are stated at cost less any permanent diminution in value.

Taxation including deferred taxation

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

Deferred tax is provided in full on all timing differences that have originated, but not reversed, at the balance sheet date which result in an obligation to pay more, or a right to pay less or to receive more, tax with the following exceptions:

- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on current tax rates and laws.

Trading losses surrendered to other Group subsidiary undertakings are made on a full payment basis.

Teddies Sports Limited

Notes to the Financial Statements for the year ended 31 December 2004

2. Ultimate holding company

The company is a wholly owned subsidiary undertaking of Teddies Nurseries Limited which is registered in England and Wales. The company is exempt under section 228 of the Companies Act 1985 from the obligation to prepare group accounts and to deliver them to the Registrar of Companies.

The ultimate holding company is The British United Provident Association Limited (BUPA), in whose accounts these financial statements are consolidated. A copy of BUPA's consolidated financial statements are available to the public from The Registrar of Companies, Cardiff, CF14 3UZ.

3. Staff costs and directors' remuneration

The company had no employees during the year (2003 : nil) and consequently incurred no staff costs. No remuneration was paid to any of the directors for the year (2003 : £nil).

4. Interest receivable and similar income

	2004 £	2003 £
Interest receivable from Group undertakings	<u>19,280</u>	<u>-</u>

5. Interest payable and similar charges

	2004 £	2003 £
Interest payable to Group undertakings	<u>2,157</u>	<u>-</u>

6. Profit on ordinary activities before taxation

Auditors' remuneration in the current and previous period is borne by a fellow group undertaking.

Teddies Sports Limited

Notes to the Financial Statements for the year ended 31 December 2004

7. Tax on profit on ordinary activities

	2004	2003
	£	£
(i) Analysis of charge		
<i>Current tax</i>		
UK Corporation tax on profits of the period	26,486	35,792
Adjustments in respect of prior periods	(6,237)	(290)
Total current tax	<u>20,249</u>	<u>35,502</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(9,165)	(2,339)
Adjustments in respect of prior periods	295	289
	<u>11,379</u>	<u>33,452</u>

(ii) Factors affecting the tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2004	2003
	£	£
Profit on ordinary activities before tax	<u>54,634</u>	<u>110,681</u>
Tax charge on profit on ordinary activities at 30%	16,390	33,204
Effects of:		
Expenses not deductible for tax purposes	931	249
Accelerated capital allowances	(166)	-
Deferred tax on short term and other timing differences	9,331	2,339
Adjustments to tax charge in respect of prior periods	(6,237)	(290)
Total current tax charge for period	<u>20,249</u>	<u>35,502</u>

Teddies Sports Limited

Notes to the Financial Statements for the year ended 31 December 2004

8. Investments

	2004	2003
Cost	£	£
Investment in joint venture	<u>25,000</u>	<u>25,000</u>

The company holds a 50% interest in The Riverside Teddies Partnership.

In the opinion of the directors, the investments in the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

9. Debtors

	2004	2003
	£	£
Amounts falling due within one year :		
Amounts due from participating interests	56,951	110,681
Amounts owed by Group undertakings	552,175	477,446
	<u>609,126</u>	<u>588,127</u>

Amounts due from participating interests represent amounts due from The Riverside Teddies Partnership.

Amounts falling after more than one year :

Deferred taxation (note 11)	<u>16,117</u>	<u>7,247</u>
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10. Creditors : amounts falling due within one year

	2004	2003
	£	£
Amounts owed to Group undertakings	47,405	24,999
Corporation Tax	<u>601</u>	<u>36,393</u>
	<u>48,006</u>	<u>61,392</u>

Teddies Sports Limited

Notes to the Financial Statements for the year ended 31 December 2004

11. Deferred tax	2004 £	2003 £
Deferred tax assets are analysed as follows:		
Fixed asset timing differences	1,905	1,770
Other timing differences	14,212	5,477
	<u>16,117</u>	<u>7,247</u>

The movement for the year in the net deferred tax asset is as follows:

	£
At beginning of year	7,247
Deferred tax credit for period	8,870
At end of year	<u>16,117</u>

The deferred tax asset is included in debtors in note 9 of the accounts.

12. Share capital	2004 £	2003 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called-up and fully paid		
1 ordinary shares of £1 each	<u>1</u>	<u>1</u>

13. Reserves	Profit and loss account £
At 1 January 2004	558,981
Retained profit	43,255
At 31 December 2004	<u>602,236</u>