

Company Registration No. 4210086

**KIDSUNLIMITED LIMITED**

**Report and Financial Statements**

**30 April 2003**



# **KIDSUNLIMITED LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2003**

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# **KIDSUNLIMITED LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2003**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Jean Pickering  
Stewart Pickering  
Graham Smith  
Adam Holloway  
Stephen Chalmers-Morris  
Christopher Winstanley (appointed 20 June 2002)

#### **SECRETARY**

Stephen Chalmers-Morris

#### **REGISTERED OFFICE**

Westhead  
10 West Street  
Alderley Edge  
Cheshire  
SK9 7EG

#### **BANKERS**

HBOS plc  
Telford House  
3 Mid New Cultins  
Edinburgh  
EH11 4DH

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Manchester

**CHAIRMAN'S STATEMENT**  
**Year ended 30 April 2003**

These accounts reflect the impact of the changes made over the last twelve months in management, structure and funding. As a result, the Group now has the management capacity, the focused structure and the financial facilities to grow, in terms both of new sites and trading performance, over the coming year.

It is pleasing to report that for the year to 30<sup>th</sup> April 2003, the Group reported earnings before interest, taxation, depreciation and amortisation of £248,190 (2002: loss of £448,542k). This represents considerable progress over last year, and reflects an average occupancy at the nurseries of some 300 places higher than last year. The loss for the year after interest, depreciation, amortisation and exceptional items was £1,307,231 (10 months ended 30 April 2002: £1,616,567).

As I reported last year, on 11<sup>th</sup> July 2002, the company increased its authorised share capital by £135,000, and issued £750,000 of fixed rate guaranteed loan notes, resulting in year end total investment by shareholders of £3.6m, before any impact of the GVA revaluation referred to below of a net £3.44m. In February 2003, the Company also completed a term loan facility agreement with HBOS, who advanced £1.55m on day one, and provided a committed facility of a further £8.75m for new developments. This agreement has given the Group substantial flexibility to acquire those sites which will deliver the best returns for the Group in the years ahead.

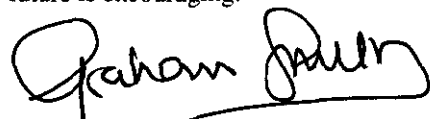
On 29<sup>th</sup> October 2002, certain freehold and leasehold properties with a book value of £2.56m were valued by GVA Grimley at £8.66m. The surplus, after deducting goodwill at 30<sup>th</sup> April 2003 of £2.66m amounts to £3.44m. This surplus has not been reflected in the accounts of the Group.

During the year, we have substantially restructured the operations of the business, in particular with the appointment of profit responsible, commercial regional directors each capable of supporting around twenty to twenty five Nursery Managers. We have also appointed an HR director to manage the growing workforce of approximately 1,000 employees, and a Sales and Marketing director will join us in August 2003, with a clear focus on filling vacancies in the existing and newly opened nurseries. In addition, a separate openings team has assumed responsibility for new units, allowing an increase in the level of new openings without affecting the day to day management of existing units.

This latter change is particularly relevant given our short to medium term expansion plans. At the end of April 2003, the Group operated 34 nurseries, with a total of 2,944 registered places, an increase of 258 over last year. The increase was attributable to the opening of two new sites during the year, at Chineham Business Park in Basingstoke, owned by MEPC plc, and Millhouses in Sheffield, owned by Litton Properties Limited. Following the year end, in July 2003 we have opened two further nurseries at Crewe and Camden, and assumed the operation of a third site in Liverpool previously run by a competitor. These transactions have increased the total number of registered places to 3,236. In addition, in September 2003 we will be opening a further two workplace nurseries on NHS sites which will have a combined anticipated total of 120 registered places. We have also exchanged contracts with Taylor Woodrow plc to open a further site in spring 2004, and further sites with a combined anticipated total of 664 registered places are close to completion. Should all these sites proceed to completion, we will then be operating more than 4,000 registered places. In addition, a number of other sites are also under active consideration, which means that we are now well positioned to achieve our target of 5000 registered places by the end of 2005.

The Kidsunlimited group has been involved in childcare for over twenty years. During that time, it has built up a wealth of employee experience. I would like to take this opportunity to thank those employees who have contributed to the group's success to date and whose support the group depends on to achieve success in the future.

The group will continue to report losses in the current year as recently opened nurseries move towards maturity, and new openings impact for the first time. However the results for the first quarter of this financial year indicate that the group is continuing to be profitable at the operating level before depreciation and interest on shareholders loans, with the result that we are now generating a positive operating cashflow. If these trends continue, the outlook for the future is encouraging.



Graham Smith

August 2003

# KIDSUNLIMITED LIMITED

## DIRECTORS' REPORT

The directors submit their report and the consolidated financial statements for the year ended 30 April 2003.

### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £1,307,231 (10 months ended 30 April 2002 - £1,616,567 as restated per note 2).

### PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND FUTURE PROSPECTS

The principal activity of the company during the year was a holding company. The principal activity of the group during the year was the provision of childcare facilities.

A review of business and future prospects is included in the Chairman's Statement on page 2.

### DIRECTORS

The directors who served during the year and their interests in the shares of the company are disclosed below:

		Ordinary shares of 1p each	
		2003	2002
Jean Pickering		1,690,346	1,690,346
Stewart Pickering		1,690,353	1,690,353
Graham Smith		600,000	-
Adam Holloway		-	-
Stephen Chalmers-Morris		300,900	300,900
Christopher Winstanley	(appointed 20 June 2002)	750,000	-

### EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF DISABLED PERSONS

It is the company's policy to ensure that its employees are kept fully informed on matters which effect them in order to provide the necessary understanding of the company's aims. The company communicates on a regular basis with its employees, and provides training and career development at all levels. It does not discriminate against current or potential staff on any grounds, and fully recognises all relevant employee legislation.

### AUDITORS

Deloitte & Touche were appointed as auditors during the year and have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1985. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



Secretary  
17th August 2003

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 group and company as at the end of the financial year and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group or 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 group and company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
KIDSUNLIMITED LIMITED**

We have audited the financial statements of Kidsunlimited Limited for the year ended 30 April 2003 which comprise the profit and loss account, the consolidated balance sheets, the statement of total recognised gains and losses, the consolidated cashflow statement, reconciliation of net cash flow to movement in net debt and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 and other members of the group is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 and the group'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 the company's and group's affairs as at 30 April 2003 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
Manchester

*20 August 2003*

# KIDSUNLIMITED LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 30 April 2003

		Year ended 30 April 2003 £	10 month period ended 30 April 2002 (as restated see note 2) £
	Note		
<b>TURNOVER</b>	1	13,773,539	9,254,588
Cost of sales		(11,472,880)	(8,190,671)
<b>GROSS PROFIT</b>		<u>2,300,659</u>	<u>1,063,917</u>
Administrative expenses before depreciation and amortisation			
- normal		(2,052,469)	(1,388,076)
- exceptional	3	-	(124,383)
EBITDA		248,190	(448,542)
Depreciation		(620,405)	(487,796)
Amortisation of intangible assets		(143,214)	(122,521)
<b>OPERATING LOSS</b>	4	<u>(515,429)</u>	<u>(1,058,859)</u>
Interest receivable and similar income	7	-	8,504
Interest payable and similar charges	8	(791,802)	(566,212)
<b>LOSS FOR THE FINANCIAL YEAR</b>	20	<u><u>(1,307,231)</u></u>	<u><u>(1,616,567)</u></u>

There were no recognised gains or losses for the year other than those included in the profit and loss account.

There was no material difference between the reported result and the result calculated on an unmodified historical cost basis.

All activities derive from continuing operations.



# KIDSUNLIMITED LIMITED

## CONSOLIDATED BALANCE SHEET 30 April 2003

			2003	2002 (as restated see note 2)
	Note	£	£	£
<b>FIXED ASSETS</b>				
Intangible assets	10		2,673,209	2,815,998
Tangible assets	11		4,289,424	4,062,847
			<u>6,962,633</u>	<u>6,878,845</u>
<b>CURRENT ASSETS</b>				
Stocks	13	50,399		27,398
Debtors	14	1,184,088		1,985,124
Cash at bank and in hand		296,957		3,749
		<u>1,531,444</u>		<u>2,016,271</u>
<b>CREDITORS: amounts falling due within one year</b>	15	3,303,519		4,391,187
<b>NET CURRENT LIABILITIES</b>			<u>(1,772,075)</u>	<u>(2,374,916)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>5,190,558</u>	<u>4,503,929</u>
<b>CREDITORS: amounts falling due after more than one year</b>				
Bank loans	16		1,316,949	770,845
Finance leases	17		103,951	85,346
Other creditors			136,000	201,446
Shareholders loans	18		5,907,184	4,547,587
			<u>7,464,084</u>	<u>5,605,224</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	19	120,880		107,380
Share premium account	20	529,392		407,892
Profit and loss account deficit	20	(2,923,798)		(1,616,517)
<b>SHAREHOLDERS' DEFICIT</b>			<u>(2,273,526)</u>	<u>(1,101,295)</u>
			<u>5,190,558</u>	<u>4,503,929</u>
Equity shareholders' deficit			<u>(2,338,810)</u>	<u>(1,149,675)</u>
Non-equity shareholders' funds			<u>65,284</u>	<u>48,380</u>
			<u>(2,273,526)</u>	<u>(1,101,295)</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



Director 17 August 2003

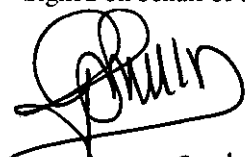
# KIDSUNLIMITED LIMITED

## COMPANY BALANCE SHEET 30 April 2003

		2003	2002 (as restated see note 2)	
	Note	£	£	£
<b>FIXED ASSETS</b>				
Investments	12		3,655,599	3,655,599
<b>CURRENT ASSETS</b>				
Debtors	14	3,267,126	942,673	
		-	942,673	
<b>CREDITORS: amounts falling due within one year</b>	15	-	-	
<b>NET CURRENT ASSETS</b>			3,267,126	942,673
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,922,725	4,598,272
<b>CREDITORS: amounts falling due after more than one year</b>				
Shareholders loans	18	5,907,184		4,547,587
Bank loans	18	1,316,949		-
		7,224,133		4,537,587
<b>CAPITAL AND RESERVES</b>				
Called up share capital	19	120,880	107,380	
Share premium account	20	529,392	407,892	
Profit and loss account	20	(951,680)	(464,587)	
<b>SHAREHOLDERS' (DEFICIT)/FUNDS</b>			(301,408)	50,685
			6,922,725	4,598,272
Equity shareholders' deficit			(366,692)	2,305
Non-equity shareholders' funds			65,284	48,380
			(301,408)	50,685

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



Director

17 August 2003

# KIDSUNLIMITED LIMITED

## CONSOLIDATED CASH FLOW STATEMENT Year ended 30 April 2003

	Year ended 30 April 2003 £	10 month period ended 30 April 2002 (as restated see note 2) £
<b>Reconciliation of operating loss to net cash inflow from operating activities</b>		
Operating loss	(515,429)	(1,058,859)
Amortisation of intangible assets	143,214	122,521
Depreciation of tangible fixed assets	620,405	487,796
Profit on sale of fixed assets	(2,664)	(8,598)
Decrease/(increase) in debtors	801,036	(336,306)
(Increase)/decrease in stocks	(2,391)	11,477
(Decrease)/increase in creditors	(448,374)	1,731,020
<b>Net cash inflow from operating activities</b>	<b>575,097</b>	<b>922,051</b>
<b>CASHFLOW STATEMENT (Note 22)</b>		
Net cash inflow from operating activities	575,097	922,051
Return on investments and servicing of finance	(111,709)	(85,953)
Taxation	-	37
Capital expenditure	(844,743)	(1,138,646)
Acquisitions and disposals	-	(2,587,092)
<b>Cash flow before financing</b>	<b>(381,355)</b>	<b>(2,889,603)</b>
<b>Financing</b>	<b>790,078</b>	<b>2,768,527</b>
<b>Increase/(decrease) in cash</b>	<b>408,743</b>	<b>(121,076)</b>

## RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT Year ended 30 April 2003

	2003 £	2002 (as restated see note 2) £
(Increase)/decrease in cash in year/period	(408,743)	121,076
Cash inflow from increase in debt	655,098	2,768,527
Change in net debt resulting from cashflows	246,355	2,889,603
Loans and finance leases acquired with a subsidiary	-	2,720,411
Accrual of finance charges	680,093	420,301
New finance leases	107,500	59,989
<b>Net debt at 1 May</b>	<b>1,033,948</b>	<b>6,090,304</b>
<b>Net debt at 30 April [Note 23]</b>	<b>7,124,252</b>	<b>6,090,304</b>

**NOTES TO THE ACCOUNTS**

**Year ended 30 April 2003**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards.

The consolidated financial statements comprise the audited financial statements of the company and its subsidiary undertakings made up to 30 April 2002.

A separate profit and loss account for the parent company has not been prepared as permitted by Section 230(2) of the Companies Act 1985. The loss for the financial year of the parent company was £487,093.

Earnings before interest, taxation, depreciation and amortisation ("EBITDA") is a measure commonly used in a number of business sectors that are similar to that in which Kidsunlimited operates. Consequently the statutory format of the profit and loss account has been varied, in accordance with the provisions of the Companies Act 1985, as the Directors consider that presenting EBITDA enhances understanding of the Group's operating results.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax, where applicable, and trade discounts.

**Intangible fixed assets**

Intangible fixed assets are stated at cost or valuation less amortisation. Amortisation is provided at rates calculated to write off the cost or valuation of intangible fixed assets less their estimated residual value, over their expected useful lives on the following bases.

Trademarks	20 years
Goodwill	20 years

**Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates as applied in the financial statements of subsidiary undertakings, calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	2% straight line
Leasehold land and buildings	Over the life of the lease
Fixtures, fittings, tools and equipment	10% and 20% straight line
Computer equipment	33% straight line
Motor vehicles	25% straight line

**Capital instruments**

Capital instruments are accounted for in accordance with FRS 4. Finance costs are allocated to the profit and loss account over the term of the debt at a constant rate of return. Loan balances are stated at net proceeds and issue costs are charged to the profit and loss account over the period of the loan at a constant rate of return.

**Finance and operating leases**

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

**Stocks and work in progress**

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred and attributable overheads.

**NOTES TO THE ACCOUNTS**  
**Year ended 30 April 2003**

**1. ACCOUNTING POLICIES**

**Grants**

Grants that are received as a contribution to capital expenditure are released to the profit and loss account over the life of the related asset. Grants received as a contribution to the employment and training of employees are recognised in the profit and loss account in the period in which the grant is receivable.

**Deferred taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Pension costs**

The company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

**2. RESTATEMENT OF COMPARATIVES**

In accordance with FRS 18, management has performed a review of its accounting policies during the year. As a result of this review, the accounting policy for the accounting treatment of loans has been changed so that it accords more closely with the requirements of FRS 4, particularly in the treatment of redemption premiums, issue costs and interest holidays.

As a consequence of this change in accounting policy the comparative figures have been adjusted so that the 2002 loss has been reduced by £276,364. The change in policy has resulted in the reduction of the 2003 loss by £143,275.

The comparatives have also been adjusted in order to adjust a classification error in the cashflow statement. The error has had no impact on the 2003 cashflow statement. See note 22 and note 23.

**3. EXCEPTIONAL ITEMS**

Included within administrative expenses are the following exceptional items.

	Year ended 30 April 2003 £	10 month period ended 30 April 2002 (as restated see note 2) £
Management reorganisation	-	218,383
Employee costs	-	(94,000)
	<hr/>	<hr/>
	-	124,383
	<hr/>	<hr/>

In April 2002 the company restructured the group's management team. A provision for employee costs was released as it was no longer required.

# KIDSUNLIMITED LIMITED

## NOTES TO THE ACCOUNTS

Year ended 30 April 2003

### 4. OPERATING LOSS

	Year ended 30 April 2003 £	10 month period ended 30 April 2002 £
<b>Operating loss is stated after charging</b>		
Amortisation of intangible assets	143,214	122,521
Depreciation of tangible fixed assets:		
- owned by the group	564,072	438,423
- held under finance lease or hire purchase contracts	56,333	49,373
Audit fees	19,000	15,073
Auditors' remuneration – non-audit services	4,500	9,674
Operating lease rentals		
- plant and machinery	17,367	57,563
- nursery premises	1,305,244	824,049

### 5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 30 April 2003 £	10 month period ended 30 April 2002 £
Directors' emoluments	416,256	424,661
Contributions to money purchase pension schemes	38,159	20,000
The number of directors accruing benefits under pension schemes were:	No	No
Money purchase schemes	4	2
	£	£
The highest paid director received emoluments and benefits as follows:		
Emoluments and benefits under long term incentive schemes	99,706	93,500
Contributions to money purchase pension schemes	10,407	-
	110,113	93,500

# KIDSUNLIMITED LIMITED

## NOTES TO THE ACCOUNTS

Year ended 30 April 2003

### 6. STAFF COSTS

	Year ended 30 April 2003 £	10 month period ended 30 April 2002 £
Staff costs, including directors' emoluments, were as follows		
Wages and salaries	8,855,042	7,697,843
Social security costs	584,208	426,511
Pension costs	121,684	38,903
	<u>9,560,934</u>	<u>8,163,257</u>

The average monthly number of employees, including directors, during the year was:

	Year ended 30 April 2003 No.	10 month period ended 30 April 2002 No.
Administration	37	37
Nursery staff	841	740
	<u>878</u>	<u>777</u>

### 7. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 April 2003 £	10 month period ended 30 April 2002 £
Other interest receivable	-	8,504

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 April 2003 £	10 month period ended 30 April 2002 (as restated see note 2) £
Bank loans and overdrafts	116,394	94,457
Other loans	675,408	382,549
	<u>791,802</u>	<u>566,212</u>

Of the interest that has accrued, £111,709 was payable during the year. The remainder relates to accrued finance costs repayable between two and five years.

**NOTES TO THE ACCOUNTS**

**Year ended 30 April 2003**

**9. TAXATION**

**Factors affecting tax charge for the year/period**

The tax assessed for the year/period is lower than the standard rate of corporation tax in the UK (30%).  
Reconciling items are explained below:

	<b>Year ended 30 April 2003 £</b>	<b>10 month period ended 30 April 2002 (as restated see note 2) £</b>
Loss on ordinary activities before tax	(1,307,231)	(1,616,577)
Loss on ordinary activities multiplied by standard rate of tax in the UK of 30%	392,169	484,973
Effects of:		
Expenses not deductible for tax purposes	(57,167)	(113,759)
Depreciation in excess of capital allowances	(32,384)	(16,205)
Trading losses carried forward	(302,618)	(355,009)
	-	-

Deferred tax assets have not been recognised to 30 April 2003 as it is not anticipated that tax losses will be utilised in the foreseeable future. The amount of the asset not recognised is £801,343 (2002 - £467,622 – as restated per note 2).

**10. INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Trademarks £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 May 2002	10,012	2,928,507	2,938,519
Additions	425	-	425
At 30 April 2003	10,437	2,928,507	2,938,944
<b>Amortisation</b>			
At 1 May 2002	500	122,021	122,521
Charge for the year	527	142,687	143,214
At 30 April 2003	1,027	264,708	265,735
<b>Net book value</b>			
At 30 April 2003	9,410	2,663,799	2,673,209
At 30 April 2002	9,512	2,806,486	2,815,998



**NOTES TO THE ACCOUNTS**  
**Year ended 30 April 2003**

**11. TANGIBLE FIXED ASSETS**

Group	Land and buildings £	Motor vehicles £	Fixtures, fittings, tools and equipment £	Total £
<b>Cost</b>				
At 1 May 2002	2,472,519	108,273	1,926,332	4,507,124
Additions	33,430	34,073	802,243	869,746
Disposals	-	(54,618)	-	(54,618)
At 30 April 2003	<u>2,505,949</u>	<u>87,728</u>	<u>2,728,575</u>	<u>5,322,252</u>
<b>Accumulated depreciation</b>				
At 1 May 2002	104,883	(5,001)	344,395	444,277
Charge for the year	127,220	34,282	458,903	620,405
Disposals	-	(31,854)	-	(31,854)
At 30 April 2003	<u>232,103</u>	<u>(2,573)</u>	<u>803,298</u>	<u>1,032,828</u>
<b>Net book value</b>				
At 30 April 2003	<u>2,273,846</u>	<u>90,301</u>	<u>1,925,277</u>	<u>4,289,424</u>
At 30 April 2002	<u>2,367,636</u>	<u>113,274</u>	<u>1,581,937</u>	<u>4,062,847</u>

The net book amounts of motor vehicles, fixtures, fittings tools and equipment above include £173,151 (2002 - £251,006) in respect of assets held under finances leases or hire purchase contracts.

The land and buildings total includes freehold properties with a net book value of £1,309,136 (2002: £1,372,902)

**12. FIXED ASSETS INVESTMENTS**

Company	Shares in subsidiaries undertakings £
<b>Cost</b>	
At 1 May 2002 and 30 April 2003	<u>3,655,599</u>

The investment balance relates to the entire share capital of Kids of Wilmslow Limited. This is a company incorporated in the England and Wales. Its principal activity is the provision of childcare facilities.

Kids of Wilmslow has an investment in 100% of the share capital of Nursery Education for Employment Development Limited, a company incorporated in England and Wales.

**13. STOCKS**

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Finished goods	<u>50,399</u>	<u>27,398</u>	<u>-</u>	<u>-</u>

# KIDSUNLIMITED LIMITED

## NOTES TO THE ACCOUNTS

Year ended 30 April 2003

### 14. DEBTORS

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
<b>Due within one year</b>				
Trade debtors	276,724	1,177,123	-	-
Other debtors	101,957	100,779	-	-
Prepayments and accrued income	805,407	707,222	-	-
<b>Due after one year</b>				
Amounts due from group undertakings	-	-	3,267,126	942,673
	<u>1,184,088</u>	<u>1,985,124</u>	<u>3,267,126</u>	<u>942,673</u>

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Loans and overdrafts (note 16)	9,290	578,531	-	-
Trade creditors	748,828	710,463	-	-
Corporation tax	-	37	-	-
Other taxes and social security	483,521	398,896	-	-
Net obligations under finance leases and hire purchase contracts (note 17)	83,835	111,654	-	-
Other creditors	1,042,468	942,729	-	-
Accruals and deferred income	935,577	1,648,517	-	-
	<u>3,303,519</u>	<u>4,391,187</u>	<u>-</u>	<u>-</u>

### 16. BORROWINGS

Bank loans fall due for payment as follows:

	Group 2003 £	Group As restated see note 2 2002 £	Company 2003 £	Company As restated see note 2 2002
Bank loans	1,316,949	1,224,551	1,316,949	-
Secured loan notes 9.923% 2006/2008	5,214,840	4,547,587	5,214,840	4,547,587
Secured loan notes 10% 2007	692,344	-	692,344	-
	<u>7,224,133</u>	<u>5,772,138</u>	<u>7,224,133</u>	<u>4,547,587</u>
Finance leases	187,786	197,090	-	-
	<u>7,411,919</u>	<u>5,969,228</u>	<u>7,224,133</u>	<u>4,547,587</u>
Due within one year	83,835	565,360	-	-
Due after one year	7,328,083	5,403,868	7,224,133	4,547,587
	<u>7,411,919</u>	<u>5,969,229</u>	<u>7,224,133</u>	<u>4,547,587</u>

**NOTES TO THE ACCOUNTS**

**Year ended 30 April 2003**

**17. FINANCE LEASES**

Net obligations under finance lease and hire purchase agreements fall due as follow:

	<b>Group 2003 £</b>	<b>Group 2002 £</b>	<b>Company 2003 £</b>	<b>Company 2002 £</b>
Within one year	83,835	-	111,654	-
Between one and two years	96,010	-	85,436	-
Between two and five years	7,941	-	-	-
	<u>187,786</u>	<u>-</u>	<u>197,090</u>	<u>-</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

**18. LOANS**

**Bank loans**

Bank loans fall due for payment as follows:

	<b>Group 2003 £</b>	<b>Group 2002 £</b>	<b>Company 2003 £</b>	<b>Company 2002 £</b>
Within one year	-	453,706	-	-
Within one and two years	14,352	232,227	14,352	-
Between two and five years	258,333	348,930	258,333	-
After more than five years	1,227,315	189,688	1,277,315	-
	<u>1,550,000</u>	<u>1,224,551</u>	<u>1,550,000</u>	<u>-</u>
Issue costs	(233,051)	-	(233,051)	-
	<u>1,316,949</u>	<u>1,224,551</u>	<u>1,316,949</u>	<u>-</u>

Bank loans are repayable from February 2005. Interest is charged at 2% above the bank base rate. Currently this equates to a rate of 5.75%.

**Shareholder loans**

Shareholder loans in the group and company balance sheet consists of 4,455,000 £1 9.923% Fixed Rate Guaranteed Secured Loan Notes and 750,000 £1 10% Fixed Rate Guaranteed Secured Loan Notes. Both instruments were issued at par. The loan notes are redeemable as follows:-

	<b>Group 2003 £</b>	<b>Group (As restated see note 2) 2002 £</b>	<b>Company 2003 £</b>	<b>Company (As restated see note 2) 2002 £</b>
Within one year	-	-	-	-
Within one and two years	-	-	-	-
Between two and five years	4,711,598	4,485,000	4,711,598	4,485,000
After more than five years	1,227,315	189,688	1,277,315	3,390,301
	<u>6,239,411</u>	<u>4,875,301</u>	<u>6,239,411</u>	<u>4,875,301</u>
Issue costs	(332,227)	(327,714)	(332,227)	(327,714)
	<u>5,907,184</u>	<u>4,547,587</u>	<u>5,907,184</u>	<u>4,547,587</u>

## NOTES TO THE ACCOUNTS

Year ended 30 April 2003

## 19. SHARE CAPITAL

	2003 No.	2002 No.	2003 £	2002 £
<b>Authorised</b>				
Ordinary shares of 1p each	6,192,662	6,962,000	61,927	69,620
"A" ordinary shares of 1p each	5,790,350	4,100,000	57,904	41,000
Deferred 'A' ordinary shares of 1p each	738,000	738,000	7,380	7,380
	<u>12,721,012</u>	<u>11,800,000</u>	<u>127,210</u>	<u>118,000</u>
<b>Allotted, called up and fully-paid</b>				
Ordinary shares of 1p each	5,559,649	5,899,999	55,596	59,000
"A" ordinary shares of 1p each	5,790,350	4,100,000	57,904	41,000
Deferred 'A' ordinary shares of 1p each	738,000	738,000	7,380	7,380
	<u>12,087,999</u>	<u>10,737,999</u>	<u>120,880</u>	<u>107,380</u>

On 11 July 2002 the company redeemed 1,690,350 ordinary shares of 1p each. On the same day, the company issued 600,000 ordinary shares of 1p each for a cash premium of 9p per share. On the same day, the company issued 1,690,350 A ordinary shares of 1p each.

On 12 December 2002, the company issued 750,000 ordinary shares of 1p each for a cash premium of 9p per share.

'A' ordinary shareholders and deferred 'A' ordinary shareholders are entitled to a cumulative dividend based on the issued share capital represented by the 'A' ordinary shares.

On a return of capital 'A' ordinary shareholders are entitled to unpaid participating dividends not exceeding 50% of assets available for distribution in preference to amounts due to other shareholders.

Deferred 'A' ordinary shares may be converted to 'A' ordinary shares on a designated issue of ordinary shares.

The voting rights and dividend rights of allocated 'A' ordinary shares are restricted.

On a return of capital, the maximum amount payable to the deferred 'A' ordinary shares is limited by the Articles of Association and dividend rights are also restricted.

**NOTES TO THE ACCOUNTS**

**Year ended 30 April 2003**

**20. RESERVES**

	Group £	Company £
<b>Share premium account</b>		
At 1 May 2002	407,892	407,892
Premium on shares issued during the year/period	121,500	121,500
	<u>529,392</u>	<u>529,392</u>
At 30 April 2003	<u>529,392</u>	<u>529,392</u>
	£	£
<b>Profit and loss account deficit</b>	(as restated see note 2)	(as restated see note 2)
At 1 May 2002 (as restated see note 2)	(1,616,567)	(464,587)
Loss for the year/period	(1,307,231)	(487,093)
	<u>(2,923,798)</u>	<u>(951,680)</u>
At 30 April 2003	<u>(2,923,798)</u>	<u>(951,680)</u>

**21. RECONCILIATION OF MOVEMENT IN CONSOLIDATED SHAREHOLDERS' FUNDS**

	2003 £	2002 (as restated see note 2) £
Loss for financial year/period	(1,307,231)	(1,616,567)
Issue of shares	135,000	515,272
	<u>(1,172,231)</u>	<u>(1,101,295)</u>
<b>Net addition to shareholders' deficit</b>	(1,172,231)	(1,101,295)
Opening shareholders' deficit	(1,101,295)	-
	<u>(2,273,526)</u>	<u>(1,101,295)</u>
Closing shareholders' deficit	<u>(2,273,526)</u>	<u>(1,101,295)</u>

The opening shareholders deficit at 1 May 2002 as previously reported amounted to £1,377,659 before the prior period adjustment of £276,364.

NOTES TO THE ACCOUNTS

Year ended 30 April 2003

22. GROSS CASH FLOWS

	Year ended 30 April 2003 £	10 month period ended 30 April 2002 (as restated see note 2) £
<b>Returns on investments and servicing of finance</b>		
Interest received	-	8,504
Interest paid	(111,709)	(94,457)
	<u>(111,709)</u>	<u>(85,953)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(870,169)	(1,223,144)
Receipts from sales of tangible fixed assets	25,426	84,498
	<u>(844,743)</u>	<u>(1,138,646)</u>
<b>Acquisitions and disposals</b>		
Cash consideration	-	(3,616,511)
Cash and loans acquired	-	1,029,419
	<u>-</u>	<u>(2,587,092)</u>
<b>Financing</b>		
New loans	2,300,000	4,455,000
Loans repaid	(1,224,551)	(1,224,551)
Capital element of finance lease rental	(116,804)	(86,922)
Issue costs	(303,547)	(375,000)
Issue of ordinary share capital	135,000	-
	<u>790,098</u>	<u>2,768,527</u>

The comparative figures have been adjusted per note 2. Net cash inflow from operating activities is now stated as £922,051, having previously been stated as £6,723,937. Cash outflow before financing is now stated as £2,889,603, having previously been stated as an inflow of £2,912,283. The movement in cash is unchanged.

**NOTES TO THE ACCOUNTS**

**Year ended 30 April 2003**

**23. ANALYSIS OF CHANGES IN NET DEBT**

	At 1 May 2002 (as restated see note 2) £	Cash flows £	Other changes £	At 30 April 2003 £
Cash at bank and in hand	3,749	(293,208)	-	296,957
Overdrafts	(124,825)	(115,535)	-	(9,290)
		408,743		
Debt due within one year	(453,706)	453,706	-	-
Debt due after one year	(5,318,432)	(1,225,608)	(680,093)	(7,224,133)
Finance leases	(197,090)	116,804	(107,500)	(187,786)
Total	<u>(6,090,304)</u>	<u>(246,355)</u>	<u>(787,593)</u>	<u>(7,124,252)</u>

Other changes noted above relate to the accrual of interest and redemption premiums, and to the issue costs incurred in the year. Total net debt at 1 May 2002 is now stated as £6,090,304, having previously been stated as £1,542,717. See Note 2.

**24. OTHER COMMITMENTS**

**Group**

At 30 April 2002 the group had annual commitments under operating leases as follows:

	Land and buildings 2003 £	Other 2003 £	Land and buildings 2002 £	Other 2002 £
<b>Expiry date</b>				
Within one year	-	1,469	-	1,015
Between one and five years	152,702	13,710	78,500	16,352
After more than five years	<u>1,743,294</u>	<u>-</u>	<u>1,006,115</u>	<u>-</u>

**25. CONTINGENT LIABILITIES**

Terms and conditions attending to the development of certain sites are the subject of continuous negotiations. The directors consider that all the obligations have been fully provided for in the financial statements.

**26. TRANSACTIONS WITH RELATED PARTIES**

The group has taken advantage of the exemptions available under the provision of Financial Reporting Standard 8 in respect of transactions with group companies. Included in other creditors falling due after one year is an amount of £136,000 due to the group's pension scheme. Interest of £6,776 was charged on this loan during the year ended 30 April 2002. Rent was paid to the pension fund in the year of £19,740.

**27. PENSION COSTS**

The group operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension cost for the year is included within administrative expenses in the profit and loss account.