Just Learning Holdings Limited

Directors' report and consolidated financial statements

Registered number 04329735

30 April 2010

Contents

Ten year record

	2001	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010* [1]
Average number of nurseries	21	25	36	59	66	69	68	67	64	74
Average number of registered places	1,809	2,281	3,332	4,991	5,730	6,089	6,320	6,189	6,028	6,882
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Turnover	5,984	7,887	10,977	21,734	26,039	29,308	30,784	33,291	34,332	41,075
EBITDA* before exceptional items	**1,574**	**2,064**	**2,776**	**5,215**	**6,125**	**6,477**	**5,089**	**5,997**	**5,501**	**6,874**

*EBITDA – Earnings before interest, tax, depreciation and amortisation

[1] Includes full year of Nu Nu Limited on a proforma basis

Directors' report

The directors present their report and the audited financial statements for the year ended 30 April 2010

Principal activities
The principal activity of the Group continued to be the development and operation of children's day nurseries The principal activity of the company continued to be that of a holding company

Business review
The directors are pleased to report on another successful year for the Group Nunu plc was acquired by the Group on 20 October 2009 which has led to the addition of 10 nurseries to the group and 943 registered places Operationally, the business has now been fully integrated into the Just Learning Group whilst maintaining its brand independence

Total income in 2010 amounted to £38 0 million (2009 £34 4 million) with profit before interest, tax, depreciation and amortisation and exceptional items ('EBITDA" before exceptional items) of £6 0 million (2009 £5 5 million) Since January 2010 focus has returned to driving occupancy which has been successful, with occupancy higher now than 12 months ago The Group delivered an EBITDA before exceptional items of 15 8% (2009 16 0%) of turnover

At the year end, the Group operated a total of 71 nurseries, the majority of which are freehold and purpose-built Following the acquisition of Nunu plc, the group reviewed its existing state and sold three lower performing nurseries

The new financial year has started well with the occupancy drive continuing, we are ahead of our position last year We are also in advanced negotiations for several new nursery sites (both freehold and leasehold) and are keen to continue the growth of the business in the new financial year through a combination of organic growth and acquisition

The principal risks and uncertainties affecting the business are considered to be the following

- Health and safety the health and safety of the children in our care has always been our highest priority All health and safety matters are addressed at the Company's monthly Executive Meetings The company's comprehensive health and safety procedures are constantly being reviewed and updated to ensure that the highest standards of care are maintained at all times

- Occupancy levels the Group monitors occupancy at each nursery weekly and reviews this at both nursery and board levels

- Staff costs staff costs represent a significant cost to the Group and these costs are monitored monthly for each nursery Staffing levels and costs are reviewed at the time of the annual fee review to ensure that staff costs are in line with expected occupancy levels

- Health and safety the health and safety of the children in our care has always been our highest priority All health and safety matters are addressed at the Company's Executive Meetings and is constantly seeking to ensure that the highest standards of care are maintained at all times The company's comprehensive health and safety procedures are constantly being reviewed and updated

- Legal and regulatory environment the Group maintains regular contact with the various regulatory agencies in England Wales and Scotland and constantly monitors any changes in the regulatory and legal environment

- Major incidents the company has a major incident plan which provides guidance on the necessary actions in the event of a serious incident at any of the company's locations

- Staff recruitment and retention the provision of effective training and career opportunities for staff at all levels is considered to be highly important in the successful recruitment and retention of our staff Where possible, the Group seeks to promote staff internally in order to provide a stimulating and challenging career path for all employees

- Competition the Group regularly monitors the competitive environment to ensure that our nurseries offer a quality of childcare that compares favourably with the competition

Directors' report *(continued)*

Key areas of strategic development and performance of the business include

- Acquisition opportunities the Group constantly reviews and evaluates new acquisition opportunities

- New sites the Group has a healthy pipeline of potential new sites in selected geographical areas either currently under negotiation or under development

- Policies and procedures the Group maintains comprehensive policies and procedures and these are rigidly applied These policies and procedures are constantly under review and are updated regularly to ensure that the highest quality of childcare is maintained and that the many regulatory standards are met and, in many cases, exceeded

The Group reports a number of key financial performance indicators at both board and nursery level These include occupancy levels, staffing costs, and nursery profitability

Key non-financial performance indicators used by the Group include internal and external quality audits and inspections, staff turnover, and the number of new enquiries received

Proposed dividend
The directors do not propose the payment of a dividend for the year (2009 £nil)

Market value of land and buildings
The Group revalues each individual freehold site on a three year rolling basis In the opinion of the directors, the open market value of the individual properties of the Group is not materially different to the net book value at 30 April 2010 The directors are advised that the aggregate open market value of the property portfolio exceeds the net book value at 30 April 2010

Policy and practice on payment of creditors
The Group seeks to comply with the contractual terms and conditions of payment in accordance with those agreed with each supplier

Directors and directors' interests
The directors who held office during the year were as follows

S Bodger (appointed 1 December 2009)
H D Anstead (resigned 30 November 2009)
J L Bell
M C Fallon (resigned 31 December 2009)
R Hewson
N Doe

The directors who held office at the end of the financial year had no interests in the ordinary shares and debentures of Group companies according to the register of directors' interests

Employees
The Group is committed to a policy of recruitment and promotion on the basis of aptitude without discrimination of any kind Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retaining of employees who become disabled while employed by the Group Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the Group

The flow of information to staff has been maintained through our staff newsletters Members of the management team regularly visit the nurseries and discuss matters of current interest and concern to the business with members of staff

Political and charitable contributions
During the year the company made no charitable donation during the year (2009 £1,500) No political contributions (2009 £nil) were made during the year

Disclosure of information to auditors
The directors who held office at the date of the approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Directors' report *(continued)*

Auditors
Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

J L Bell
Director

45 High Street
West Malling
Kent
ME19 6QH

20 August 2010

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the Group and Parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent company and of their profit or loss for that period In preparing each of the Group and Parent company financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities

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

KPMG

KPMG LLP
1 Forest Gate
Brighton Road
Crawley
RH11 9PT
United Kingdom

Independent auditors' report to the members of Just Learning Holdings Limited

We have audited the financial statements of Just Learning Holdings Limited for the year ended 30 April 2010 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP

Opinion on financial statements
In our opinion the financial statements
- give a true and fair view of the state of the Group's and the Parent company s affairs as at 30 April 2010 and of the Group's loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion
- adequate accounting records have not been kept by the Parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

R. M. Seale

R M Seale
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
20 August 2010

Consolidated profit and loss account

for the year ended 30 April 2010

	Note	2010 Continuing Operations £000	2010 Acquisitions £000	2010 Total £000	2009 Total £000
Turnover	*1*	34,343	3,684	38,027	34,367
Less share of joint venture's turnover		(36)	-	(36)	(35)
Group turnover		34,307	3,684	37,991	34,332
Cost of sales		(26,390)	(2,615)	(29,005)	(26,512)
Gross profit		7,917	1,069	8,986	7,820
Administrative expenses (including exceptional items of £125,000)	*2*	(2,817)	(282)	(3,099)	(2,877)
EBITDA * after exceptional items		5,100	787	5,887	4,943
Exceptional items	*2*	-	125	125	558
EBITDA * before exceptional items		5,100	912	6,012	5,501
Depreciation and amortisation		(2,787)	(169)	(2,956)	(2,961)
Operating profit		2,313	618	2,931	1,982
Other interest costs	*5*			(6,149)	(6,099)
Loss on ordinary activities before taxation	*2*			(3,218)	(4,117)
Tax on loss on ordinary activities	*6*			(330)	(479)
Loss for the year	*15*			(3,548)	(4,596)

The notes on pages 12 to 24 form part of these financial statements

* EBITDA – earnings before interest, tax, depreciation and amortisation

Consolidated balance sheet
at 30 April 2010

	Note	2010 £000	2010 £000	2009 £000	2009 £000
Fixed assets					
Intangible assets	7		6,706		6,471
Tangible assets	8		60,332		50,672
Investments – joint venture			-		-
Share of gross assets			411		411
Share of gross liabilities			(411)		(411)
Loans to joint venture			411		411
			67,449		57,554
Current assets					
Debtors	10	869		938	
Cash at bank and in hand		4,865		3,415	
		5,734		4,353	
Creditors amounts falling due within one year	11	(7,485)		(5,901)	
Net current liabilities			(1,751)		(1,548)
Total assets less current liabilities			65,698		56,006
Creditors amounts falling due after more than one year	12		(78,903)		(66,021)
Provisions for liabilities and charges	13		(1,024)		(674)
Net liabilities			(14,229)		(10,689)
Capital and reserves					
Called up share capital	14		145		145
Share premium account	15		1,780		1,780
Own shares held in EBT	15		(26)		(26)
Revaluation reserve	15		7,096		7,261
Profit and loss account	15		(23,224)		(19,849)
Equity shareholders' deficit			(14,229)		(10,689)

These financial statements were approved by the board of directors on 20 August 2010 and were signed on its behalf by

N F Doe
Director

Company balance sheet
at 30 April 2010

	Note	2010 £000	2010 £000	2009 £000	2009 £000
Fixed assets					
Investments	9		-		-
Current assets					
Debtors due within one year		-		-	
Debtors due after more than one year		1,850		1,850	
Debtors	10	1,850		1,850	
Cash at bank		-		-	
			1,850		1,850
Creditors. amounts falling due within one year	11		-		-
Total assets less current liabilities			1,850		1,850
Creditors amounts falling due after more than one year	12		(1,042)		(1,042)
Net assets			808		808
Capital and reserves					
Called up share capital	14		145		145
Share premium account	15		1,780		1,780
Own shares held in EBT	15		(26)		(26)
Profit and loss account	15		(1,091)		(1,091)
Equity shareholders' funds			808		808

These financial statements were approved by the board of directors on 20 August 2010 and were signed on its behalf by

N F Doe
Director

Reconciliation of operating profit to net cash inflow from operating activities:

	Note	2010 £000	2009 £000
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		**2,931**	1,982
Amortisation of intangible assets	*7*	**506**	487
Impairment of freehold land and buildings		**317**	703
Depreciation of tangible fixed assets	*8*	**1,990**	1,798
Loss on disposal of tangible fixed assets		**144**	6
Decrease in debtors		**326**	306
Decrease in creditors		**(308)**	(1,048)
Amortisation of deferred grants		**(6)**	(4)
Net cash inflow from operating activities		**5,900**	4,230

Cash flow statement

for the year ended 30 April 2010

	Note	2010 £000	2010 £000	2009 £000	2009 £000
Net cash inflow from operating activities			**5,900**		4,230
Returns on investment and servicing of finance·					
Net interest paid		**(1,550)**		(2,866)	
			(1,550)		(2,866)
Taxation					
Corporation tax paid			**(165)**		(390)
Capital expenditure:					
Payments to acquire tangible fixed assets		**(1,553)**		(836)	
Proceeds from disposal of tangible fixed assets		**644**		101	
			(909)		(735)
Acquisitions and disposals					
Purchase of subsidiary undertaking		**(11,605)**		-	
Net cash acquired with subsidiary undertakings		**908**		-	
			(10,697)		-
Cash (outflow) / inflow before management of liquid resources and financing			**(7,421)**		239
Financing					
New bank loans		**6,500**		-	
Bank loans repaid		**(1,254)**		(513)	
New unsecured loan notes		**3,625**		-	
			8,871		(513)
Increase / (decrease) in net cash in the year	*17*		**1,450**		(274)

Reconciliation of movements in shareholders' deficit
for the year ended 30 April 2010

	Group 2010 £000	Company 2010 £000	Group 2009 £000	Company 2009 £000
Loss for the year	**(3,548)**	**-**	(4,596)	(26)
Surplus on revaluation of freehold land and buildings	**92**	**-**	1,495	-
Adjustment to revaluation reserve for impairment losses on freehold land and buildings	**(84)**	**-**	(2,471)	-
Premium on issue of shares	**-**	**-**	1	1
Own shares held in EBT	**-**	**-**	(26)	(26)
Net reduction to shareholders' deficit	**(3,540)**	**-**	(5,597)	(51)
Opening shareholders' (deficit)/funds	**(10,689)**	**808**	(5,092)	859
Closing shareholders' (deficit)/funds	**(14,229)**	**808**	(10,689)	808

Note of historical cost losses
for the year ended 30 April 2010

	Group 2010 £000	Company 2010 £000	Group 2009 £000	Company 2009 £000
Reported loss on ordinary activities before taxation	**(3,218)**	**-**	(4,117)	(26)
Difference between actual depreciation charge based on revalued amount and a historical cost charge	**173**	**-**	173	-
Historical cost loss on ordinary activities before taxation	**(3,045)**	**-**	(3,944)	(26)

Statement of total recognised gains and losses
for the year ended 30 April 2010

	Group 2010 £000	Company 2010 £000	Group 2009 £000	Company 2009 £000
Loss for year	**(3,548)**	**-**	(4,596)	(26)
Revaluation adjustment	**92**	**-**	1,495	-
Impairment losses charged to revaluation reserve	**(84)**	**-**	(2,471)	-
Premium on issue of shares	**-**	**-**	1	1
Own shares held in EBT	**-**	**-**	(26)	(26)
Total recognised losses in the year	**(3,540)**	**-**	(5,597)	(51)

Notes to the accounts

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements

Basis of preparation
The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, modified to include the revaluation of land and buildings The accounts are prepared on a going concern basis

Basis of consolidation
The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 April 2010 The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition A joint venture is an entity in which the Group has a long-term interest and shares control with one or more co-venturers The results of joint ventures are accounted for using the gross equity method of accounting

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account

Going concern
At the date of these accounts the Directors have carried out a detailed and comprehensive review of the business and its future prospects In particular, they have considered the forecast future performance, anticipated cash flows and the available facilities contained in the banking arrangements In the opinion of the Directors, the company is expected to be able to continue trading within the current arrangements and consequently the financial statements are presented on the going concern basis

Goodwill
Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised Goodwill is amortised to nil by equal annual instalments over its estimated useful life of twenty years Any impairment charge is included within operating profits

Investments
In the company's financial statements, investments in subsidiary undertakings are stated at cost

Tangible fixed assets and depreciation
Depreciation is provided to write off the cost or valuation, less the estimated residual value, of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings -	2% per annum straight line on buildings
Leasehold property -	over the term of the lease
Motor vehicles -	25% per annum straight line
Fixtures & fittings -	10-25% per annum straight line

No depreciation is provided on freehold land Any permanent diminution in value is charged to the revaluation reserve or the profit or loss account as appropriate

Capitalisation of interest
Interest incurred on borrowings financing the construction of tangible fixed assets is capitalised gross of tax relief

Assets in the course of construction
Assets in the course of construction, comprising freehold land and buildings and fixtures and fittings, are included in tangible fixed assets and are depreciated from the date that the asset is brought into use

Leases
Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright The amount capitalised is the present value of the minimum lease payments payable during the lease term The corresponding leasing commitments are shown as amounts payable to the lessor Depreciation on the relevant assets is charged to the profit and loss account

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding The capital part reduces the amounts payable to the lessor All other leases are treated as operating leases Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease

Notes to the accounts *(continued)*

Government grants
Government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful lives of the assets to which they relate Deferred grants are shown in the balance sheet under ' Creditors amounts falling due after more than one year" Deferred capital grants are not repayable

Taxation
The charge for taxation is based on the loss for the year Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19 ("Deferred Tax")

Turnover
Turnover represents the amounts derived from the provision of goods and services to customers in relation to the operation of day nurseries and arises solely within the United Kingdom Turnover is recognised in the financial statements in respect of nursery fees for the period to which the financial statements relate Turnover includes rent income

Cash and liquid resources
Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market

Post retirement benefits
The Group administers three stakeholder pension schemes that are open to all employees

Own shares owned held by Employee Benefit Trust (EBT)
Transactions of the company-sponsored EBT are treated as being those of the company and therefore reflected in the Parent company and Group financial statements In particular, the trust's purchases and sales of the shares in the company are debited and credited to equity

2 Loss on ordinary activities before taxation

		2010	2009
		£000	£000
Loss on ordinary activities before taxation is stated after charging			
Auditors' remuneration			
Group	- audit	**62**	42
	- tax fees	**35**	28
Company	- audit	**-**	-
Depreciation of tangible fixed assets and other amounts written off tangible fixed assets		**2,307**	2,468
Loss on disposal of fixed assets		**144**	6
Amortisation of goodwill		**506**	487
Amortisation of finance issue costs		**320**	266
Operating lease rentals – land and buildings		**960**	966
Exceptional items		**125**	558

Included within depreciation and other amounts written off tangible fixed assets is £317,102 (2009 £702,991) relating to the impairment of certain freehold land and buildings

The company incurred restructuring costs of £125,000 following the acquisition of Nunu plc (20 October 2009 – see note 19) Due to their nature these items have been disclosed as exceptional as defined by FRS 3

In the prior year management undertook a full review of the trade debtor position and the Group elected to write-off a significant value of trade debt which it no longer believed was fully recoverable Due to the magnitude of the write-off, the item was treated as an exceptional cost within administrative expenses

Notes to the accounts *(continued)*

3 Remuneration of directors

	2010	2009
	£000	£000
Directors' emoluments	**387**	257

The remuneration of the highest paid director in the year was £184,346 (*2009 - £135,004*) There were no contributions to any pension schemes on behalf of the directors

4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2010	2009
Administration staff	**88**	70
Nursery staff	**2,080**	1,723
	2,168	1,793

The aggregate payroll costs of these persons were as follows

	2010	2009
	£000	£000
Wages and salaries	**21,793**	19,449
Social security costs	**1,435**	1,337
Pension costs	**16**	17
	23,244	20,803

5 Net interest payable and similar charges

	2010	2009
	£000	£000
On bank loans and overdrafts	**1,296**	2,145
On other loans	**4,533**	3,688
	5,829	5,833
Amortisation of finance issue costs	**320**	266
	6,149	6,099

Notes to the accounts *(continued)*

6 Taxation

a) Tax on loss on ordinary activities

Analysis of charge in the period	**2010 £000**	2009 £000
UK corporation tax		
Current tax on income for the year	**-**	402
Deferred tax		
Origination of timing differences	**314**	82
Adjustments in respect of prior year	**16**	(5)
Total deferred tax	**330**	77
Tax on loss on ordinary activities	**330**	479

b) Factors affecting the tax charge for the year

The tax charge for the current and prior periods is higher than the standard rate of corporation tax of 28% *(2009 28%)* The differences are explained below

	2010 £000	2009 £000
Loss on ordinary activities before tax	**(3,218)**	(4,117)
Tax @ 28% *(2009 28%)*	**(901)**	(1,152)
Effect of		
Expenses not deductible for tax purposes	**821**	1,187
Difference between capital allowances and depreciation	**181**	187
Impairment losses on freehold land and buildings	**89**	187
Utilisation of brought forward losses	**(184)**	-
Other	**(6)**	(7)
Current tax charge for the year (see above)	**-**	402

During the year the current tax has been reduced by tax losses available by way of group relief These tax losses may not be available in future years In addition, capital allowances are dependent on the level of future qualifying capital expenditure which may affect the future corporation tax payable

Future deferred tax will be affected by the amount of accelerated capital allowances dependent on the level of qualifying capital expenditure

Notes to the accounts *(continued)*

7 Intangible fixed assets - Goodwill

Group	**£000**
Cost	
At beginning of year	9,835
Additions (note 19)	741
At end of year	**10,576**
Amortisation	
At beginning of year	3,364
Charged in year	506
At end of year	**3,870**
Net book value	
At 30 April 2010	**6,706**
At 30 April 2009	6,471

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises

Goodwill arising on the acquisition of subsidiary undertakings is being amortised over 20 years reflecting the significant profitability of the nurseries acquired and the long term contribution expected from the acquired company

Notes to the accounts *(continued)*

8 Tangible fixed assets

	Freehold land and buildings £000	Leasehold land and buildings £000	Motor Vehicles £000	Fixtures and fittings £000	Total £000
Group					
Cost or Valuation					
At 1 May 2009	42,677	6,677	280	7,046	56,680
Acquisitions	11,000	-	18	1,610	12,628
Additions	283	77	59	1,134	1,553
Disposals	(782)	-	(53)	(108)	(943)
Impairment losses	(374)	-	-	-	(374)
Revaluation	(307)	-	-	-	(307)
At 30 April 2010	**52,497**	**6,754**	**304**	**9,682**	**69,237**
Depreciation					
At 1 May 2009	427	1,167	89	4,325	6,008
Acquisitions	-	-	15	1,419	1,434
Charge for year	737	288	65	900	1,990
Disposals	(64)	-	(38)	(53)	(155)
Eliminated on impairment	(57)	-	-	-	(57)
Eliminated on revaluation	(315)	-	-	-	(315)
At 30 April 2010	**728**	**1,455**	**131**	**6,591**	**8,905**
Net book value					
At 30 April 2010	**51,769**	**5,299**	**173**	**3,091**	**60,332**
At 30 April 2009	42,250	5,510	191	2,721	50,672

Included in the cost of tangible fixed assets is £232,000 (2009 £232,000) in respect of capitalised finance costs

Certain freehold land and buildings, held at cost, were revalued on 30 April 2008 on the basis of the existing use value of each property The aggregate net book value of the properties revalued at that date amounted to £18,430,000 The valuations were performed by Christie & Co , a firm of surveyors, valuers and agents

Certain freehold land and buildings, held at cost, were revalued on 30 April 2009 on the basis of the existing use value of each property The aggregate net book value of the properties revalued at that date amounted to £14,615,000 The valuations were performed by Christie & Co , a firm of surveyors, valuers and agents

Certain freehold land and buildings were revalued on 30 April 2010 on the basis on the open market value of each property The aggregate net book value of the properties revalued at that date amounted to £9,580,000 The valuations were performed by Christie & Co. a firm of surveyors, valuers and agents

Notes to the accounts *(continued)*

The net book value of freehold and leasehold land and buildings comprises

	Group 2010 £000	Company 2010 £000	Group 2009 £000	Company 2009 £000
Leaseholds				
Long leaseholds (over 50 years)	2,554	-	2,614	-
Short leaseholds	2,745	-	2,896	-
	5,299	-	5,510	-
Freehold land and buildings				
Freehold land	18,919	-	14,793	-
Buildings	32,850	-	27,457	-
	51,769	-	42,250	-

The historic cost of freehold land and buildings comprises

	Group 2010 £000	Company 2010 £000	Group 2009 £000	Company 2009 £000
Freehold land	12,092	-	10,839	-
Buildings	32,528	-	25,215	-
	44,620	-	36,054	-

9 Fixed asset investments

	Share in group undertaking £
Company	
Cost and net book value at the beginning and end of the year	2

Notes to the accounts *(continued)*

The undertakings, all of which have been consolidated in these Group accounts, in which the company's interest at 30 April 2010 is more than 20% are as follows

Subsidiary and other undertakings	**Country of incorporation**	**Principal activity**	**Class and percentage of shares held**
Learning Just Limited	England	Holding company	Ordinary 100%
Just Learning (EBT) Limited	England	Trustee	Ordinary 100%
Just Learning Limited	England	Nursery operator	Ordinary 100%
Just Learning Developments Limited	England	Dormant	Ordinary 100%
Careshare Holdings Limited	Scotland	Holding company	Ordinary 100%
Careshare Limited	Scotland	Nursery operator	Ordinary 100%
Just Learning Malling Limited	England	Holding company	Ordinary 100%
Nunu Limited	England	Nursery operator	Ordinary 100%
Nunu Nurseries Limited	England	Dormant	Ordinary 100%
Lauder Learning Limited	Scotland	Property leasing	Ordinary 50%

10 Debtors

	Group 2010 £000	**Company 2010 £000**	Group 2009 £000	Company 2009 £000
Trade debtors	**520**	-	555	-
Amounts owed by group undertakings	-	**1,850**	-	1,850
Other debtors	**37**	-	76	-
Prepayments and accrued income	**308**	-	307	-
Corporation tax recoverable	**4**	-	-	-
	869	**1,850**	938	1,850

Total company debtors include amounts owed by group undertakings of £1,850,000 (*2009 £1 850,000*) due after more than one year

11 Creditors amounts falling due within one year

	Group 2010 £000	**Company 2010 £000**	Group 2009 £000	Company 2009 £000
Bank loans and overdrafts	**1,836**	-	1,254	-
Trade creditors	**1,107**	-	804	-
Taxation and social security	**643**	-	561	-
Corporation tax	-	-	161	-
Other creditors	**1,964**	-	1,733	-
Accruals and deferred income	**1,935**	-	1,388	-
	7,485	-	5,901	-

Notes to the accounts *(continued)*

12 Creditors: amounts falling due after more than one year

	Group 2010 £000	Company 2010 £000	Group 2009 £000	Company 2009 £000
Bank loans and overdrafts	31,397	-	26,734	-
Amounts owed to group undertakings	-	1,042	-	1,042
Unsecured loan notes	48,725	-	40,566	-
	80,122	1,042	67,300	1,042
Less finance issue costs	(1,982)	-	(1,841)	-
Issue costs amortised	705	-	498	-
Accruals and deferred income - deferred grants	58	-	64	-
	78,903	1,042	66,021	1,042

Analysis of debt	Group 2010 £000	Company 2010 £000	Group 2009 £000	Company 2009 £000
Debt can be analysed as falling due				
In one year or less, or on demand	1,836	-	1 254	-
Between one and two years	26,563	-	1,511	-
Between two and five years	11,746	-	48,945	-
In five years or more	41,813	-	16,844	-
	81,958	-	68,554	-

Amounts repayable in more than five years	Group 2010 £000	Company 2010 £000	Group 2009 £000	Company 2009 £000
Group				
Bank loans	17,075	-	16,844	-
Unsecured loan notes	24,738	-	-	-
	41,813	-	16,844	-

Under the terms of a Unitranche Term Loan Facility entered into during April 2008 and revised in September 2009 by Just Learning Holdings Limited and its subsidiaries, the facilities are secured by way of a debenture that provides the following charges in favour of Ares Capital Europe Limited

- a first legal mortgage over all property held by the Group
- a first fixed charge on all other interests, both now and in the future, in any other freehold or leasehold property, plant and machinery, book debts, and intellectual property
- a first floating charge on all present and future assets not effectively charged by way of a first fixed charge

The company manages its exposure to interest rate risk through a proportion of fixed rate and variable rate debt To manage this risk the company has entered into an interest rate cap subsequent to the year end

This financial instrument has not had any impact on the company's financial position at 30 April 2010 or the company's results for the year ended 30 April 2010

Notes to the accounts *(continued)*

13 Provisions for liabilities and charges

Group	Deferred taxation £000
At 1 May 2009	674
On acquisition	20
Charged to the profit and loss account	330
At 30 April 2010	**1,024**

The deferred tax provision comprises

	2010 £000	2009 £000
Accelerated capital allowances	**1,042**	614
Other	**(18)**	60
	1,024	674

No deferred tax is provided on the revaluation of freehold land and buildings In the event of the freehold land and buildings being sold at the revalued amount, a tax liability of £2 0 million may arise

14 Called up share capital

	2010 £000	2009 £000
Authorised		
Equity		
145 000 *(2009 145,000)* ordinary shares of £0 10 each	**15**	15
1 295,000 (*2009 1,295,000*) redeemable A ordinary shares of £0 10 each	**129**	129
10,000 (*2009 10,000*) redeemable B ordinary shares of £0 10 each	**1**	1
	145	145
Allotted, called up and fully paid		
Equity		
145,000 (*2009 142,250*) ordinary shares of £0 10 each	**15**	15
1 295,000 (*2009 1,295,000*) redeemable A ordinary shares of £0 10 each	**129**	129
10,000 (*2009 10,000*) redeemable B ordinary shares of £0 10 each	**1**	1
	145	145

Notes to the accounts *(continued)*

All shares carry one vote per share save that on a poll, the A ordinary shareholders, the ordinary shareholders, and the B ordinary shareholders shall have 84 5%, 14 5% and 1 0% of the total number of votes respectively

In the event of a listing, sale, or a return of capital on liquidation, such number of shares shall be redeemed such that the A ordinary shareholders, the ordinary shareholders, and the B ordinary shareholders shall hold 84 5 per cent, 14 5 per cent, and 1 0 per cent respectively of the ordinary shares in issue

15 Share premium and reserves

Group

	Share premium account £000	Own shares held in EBT £000	Revaluation Reserve £000	Profit and loss account £000
At beginning of year	1,780	(26)	7,261	(19,849)
Loss for the year	-	-	-	(3,548)
Revaluation of freehold land and buildings	-	-	8	-
Transfer	-	-	(173)	173
At end of year	**1,780**	**(26)**	**7,096**	**(23,224)**

Company

	Share premium account £000	Own shares held in EBT £000	Profit and loss account £000
At beginning of year	1,780	(26)	(1,091)
Loss for the year	-	-	-
At end of year	**1,780**	**(26)**	**(1,091)**

At the year end the shares held within Just Learning (EBT) Limited are shown as a reduction to distributable profits within equity

16 Capital commitments

(a) There are no outstanding capital commitments at the end of the financial period

(b) Annual commitments under non-cancellable operating leases are as follows

	2010 Land and Buildings £000	2009 Land and buildings £000
Group		
Operating leases which expire		
Within one year	67	23
In the second to fifth years inclusive	-	210
Over five years	922	741
	989	974

Notes to the accounts *(continued)*

17 Reconciliation of net cash flow to movement in net debt

	2010 £000	2009 £000
(Increase) / decrease in cash	**(1,450)**	274
Cash inflow from changes in debt	**13,404**	3,175
Movement in net debt	**11,954**	3,449
Opening net debt	**65,139**	61,690
Closing net debt	**77,093**	65,139

18 Analysis of net debt

	At beginning of year £000	Cash flow £000	At end of year £000
Cash in hand at bank	3,415	1,450	**4,865**
Debt due within one year	(1,254)	(582)	**(1,836)**
Debt due after one year	(67,300)	(12,822)	**(80,122)**
Total	(65,139)	(11,954)	**(77,093)**

No additional net debt was acquired on the purchase of Nunu Limited

Notes to the accounts *(continued)*

19 Acquisition

On 20 October 2009, Just Learning Malling acquired the entire share capital of Nunu plc The purchase was satisfied in full by cash

In its last financial period to 31 July 2009, Nunu plc made a loss after tax of £59,000 For the period since that date to the date of acquisition, Nunu plc management accounts show

	£000
Turnover	1,536
Cost of sales	(1,181)
Gross profit	355
Administrative expenses	(125)
EBITDA	230
Depreciation and amortisation	(93)
Operating profit	137
Interest expense	(80)
Profit before tax	57

The net assets acquired are set out below

	Book value £000	Fair value Adjustment £000	Total £000
Tangible fixed assets	9,100	2,094	11,194
Current assets (excluding cash)	323	(70)	253
Cash	908	-	908
Current liabilities	(636)	(835)	(1,471)
Provision for deferred tax	275	(295)	(20)
	9,970	894	10,864
Goodwill (see note 7)			741
Total consideration			11,605

20 Ultimate controlling party

Alchemy Partners Nominees Limited is the ultimate controlling party holding 89% of the issued share capital of the company on behalf of investors in the Alchemy Investment Plan The Alchemy Investment Plan is managed by Alchemy Partners (Guernsey) Limited