

**LEAPFROG DAY NURSERIES LIMITED
(FORMERLY LEAPFROG DAY NURSERIES PLC)**

**ANNUAL REPORT
PERIOD ENDED 31 AUGUST 2005
Registered Number: 4411175**



**LEAPFROG DAY NURSERIES LIMITED
(FORMERLY LEAPFROG DAY NURSERIES PLC)
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**LEAPFROG DAY NURSERIES LIMITED
(FORMERLY LEAPFROG DAY NURSERIES PLC)
COMPANY INFORMATION**

Directors	A Fitzmaurice S Hyde
Secretary	S Hyde
Registered office	Anglia House Carrs Road Cheadle Cheshire SK8 2LA
Auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP

LEAPFROG DAY NURSERIES LIMITED
(FORMERLY LEAPFROG DAY NURSERIES PLC)
DIRECTORS' REPORT

The directors presents their annual report together with the audited financial statements for the 17 months ended 31 August 2005.

PRINCIPAL ACTIVITY

The principal activity of the company was that of a holding company.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

On 8 June 2004, the company was acquired by Nord Anglia Education PLC and changed its financial year-end to 31 August. On 8 June 2004 the company changed its name from Leapfrog Day Nurseries PLC to Leapfrog Day Nurseries Limited.

On 8 June 2004 Nord Anglia Education PLC acquired the entire share capital of Leapfrog Day Nurseries Limited. On 28 June 2004 the various classes of shares in issue were converted into 178,278,038 ordinary shares of 10p each.

The results for the period and financial position at the end of the period are shown in the annexed financial statements. The profit for the period after tax was £180,000 (year ended 28 March 2004: loss of £613,000). The directors anticipate that this company will continue to be a non-trading holding company for the foreseeable future.

DIVIDEND

The directors do not recommend the payment of a dividend for the period with the retained profit of £180,000 (2004: appropriation of £1,965,000) being transferred to reserves.

DIRECTORS

The directors of the company who served during the course of the period are as follows:-

A Fitzmaurice	(appointed 22 December 2004)
S Hyde	(appointed 26 April 2005)
L Simpson	(appointed 11 June 2004, resigned 26 April 2005)
K McNeany	(appointed 11 June 2004, resigned 31 August 2004)
D Mapp	(Resigned 11 June 2004)
M L Butcher	(Resigned 11 June 2004)
C W Robinson (non-executive)	(Resigned 11 June 2004)
I R Hawkins	(Resigned 11 June 2004)

None of the directors held any interests in the shares of the company at 31 August 2005 or at any time during the period. The interests of A Fitzmaurice in the share capital of Nord Anglia Education PLC, the ultimate parent undertaking, are shown in that company's financial statements. S Hyde did not have any interest in the shares capital of Nord Anglia Education PLC at 31 August 2005.

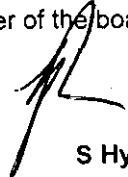
The group, of which this company is a part, has insurance cover in respect of directors and officers liability insurance. This policy is reviewed annually.

LEAPFROG DAY NURSERIES LIMITED
(FORMERLY LEAPFROG DAY NURSERIES PLC)
DIRECTORS REPORT

AUDITORS

On 23 May 2005, PKF transferred their business to PKF (UK) LLP, a limited liability partnership. Under Section 26 (5) of the Companies Act 1989, the company consented to extend the audit appointment to PKF (UK) LLP from 23 May 2005. Accordingly, the audit report has been signed in the name of PKF (UK) LLP who are deemed to be re-appointed in accordance with section 386 of the Companies Act 1985, by virtue of an elective resolution passed by the members on 21 February 2005.

By order of the board



S Hyde

Director

29 June 2006

LEAPFROG DAY NURSERIES LIMITED
(FORMERLY LEAPFROG DAY NURSERIES PLC)
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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;
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for ensuring that the Directors' Report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF
LEAPFROG DAY NURSERIES LIMITED
(FORMERLY LEAPFROG DAY NURSERIES PLC)**

We have audited the financial statements of Leapfrog Day Nurseries Limited (formerly Leapfrog Day Nurseries PLC) for the period ended 31 August 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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.

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

Basis of audit opinion

We conducted our audit in accordance with 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 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 affairs as at 31 August 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF (UK) LLP

PKF (UK) LLP

Registered Auditors

London, UK

29 June 2006

LEAPFROG DAY NURSERIES LIMITED
(FORMERLY LEAPFROG DAY NURSERIES PLC)
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 AUGUST 2005.

	Notes	17 months ended 31 August 2005 £'000	Year ended 28 March 2004 £'000
EXCEPTIONAL ADMINISTRATIVE EXPENSES	2	225	(240)
OPERATING PROFIT / (LOSS)		<u>225</u>	<u>(240)</u>
INTEREST PAYABLE	3	<u>(65)</u>	<u>(373)</u>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	160	(613)
TAX ON PROFIT / (LOSS) ON ORDINARY	5	<u>20</u>	<u>-</u>
RETAINED PROFIT / (LOSS) FOR THE PERIOD	12	<u>180</u>	<u>(613)</u>

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the profit reported above.

LEAPFROG DAY NURSERIES LIMITED
(FORMERLY LEAPFROG DAY NURSERIES PLC)
BALANCE SHEET AS AT 31 AUGUST 2005

	Notes	31 August 2005 £'000	28 March 2004 £'000
FIXED ASSETS			
Investments	6	17,383	17,383
CURRENT ASSETS			
Debtors	7	-	2,105
CREDITORS			
Amounts falling due within one year	8	(242)	(866)
NET CURRENT (LIABILITIES) / ASSETS		<u>(242)</u>	<u>1,239</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		17,141	18,622
CREDITORS			
Amounts falling due after more than one year	9	<u>-</u>	<u>(1,661)</u>
NET ASSETS		<u>17,141</u>	<u>16,961</u>
CAPITAL AND RESERVES			
Called up share capital	10	17,828	17,828
Profit and loss account	12	<u>(687)</u>	<u>(867)</u>
SHAREHOLDER'S FUNDS	13	<u>17,141</u>	<u>16,961</u>
EQUITY SHAREHOLDERS' FUNDS		17,141	(8,554)
NON-EQUITY SHAREHOLDERS' FUNDS		<u>-</u>	<u>25,515</u>
		<u>17,141</u>	<u>16,961</u>

Approved by the board on 29 June 2006



S Hyde
Director

LEAPFROG DAY NURSERIES LIMITED
(FORMERLY LEAPFROG DAY NURSERIES PLC)
 PERIOD ENDED 31 AUGUST 2005
 NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking.

Under FRS 1 Revised the company is exempt from the requirement to prepare a cash flow statement on the basis that it is a wholly owned subsidiary of a UK parent company that prepares consolidated financial statements.

Investments

Investments in subsidiary undertakings are stated at cost.

Taxation

The taxation charge is based on the profit or loss for the period and takes into account deferred taxation arising from timing differences between the treatment of certain items for taxation and accounting purposes. An asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Deferred tax assets and liabilities have not been discounted.

2. EXCEPTIONAL ADMINISTRATIVE EXPENSES

During the year ended 28 March 2004 the company had commenced a process to achieve a public offering on the London Stock Exchange, but plans were abandoned in April 2004 with the agreed acquisition by Nord Anglia Education PLC. Therefore costs and provisions of £240,000 were charged to the profit and loss account as exceptional administrative expenses in the year ended 28 March 2004.

During the current period a large proportion of this provision (£225,000) was not required and has been credited to the profit and loss account as exceptional administrative expenses.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £'000	2004 £,000
Other loans	<u>65</u>	<u>373</u>

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The auditor's remuneration in respect of the company has been incurred by another group company.

No emoluments were paid to directors and there were no staff in the period.

LEAPFROG DAY NURSERIES LIMITED
(FORMERLY LEAPFROG DAY NURSERIES PLC)

PERIOD ENDED 31 AUGUST 2005
NOTES TO THE FINANCIAL STATEMENTS

5. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

a) Analysis of charge in the period

	2005 £'000	2004 £'000
<i>Current tax</i>		
UK corporation tax on the profit for the period	(20)	-
Tax on profit on ordinary activities	<u>(20)</u>	<u>-</u>

b) Factors affecting tax charge for the period

The tax assessed for the period varies from the standard rate of corporation tax in the UK (30%).
The differences are explained below:

	£'000	£'000
Profit/(loss) on ordinary activities before tax	<u>160</u>	<u>(613)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	48	(184)
<i>Effects of</i>		
Income not subject to taxation	(68)	-
Expenses not deductible for taxation purposes	-	72
Surrender of group relief	<u>-</u>	<u>112</u>
Current tax (credit) / charge for the period	<u>(20)</u>	<u>-</u>

6. INVESTMENTS

	£'000
Cost	
At 28 March 2004 and 31 August 2005	<u>17,383</u>

Investments represent the company's ownership of Leapfrog Day Nurseries (Trading) Limited, which provided nursery services and is incorporated in England and Wales. At 28 March 2004 the company owned 100% of the share capital of Leapfrog Day Nurseries (Trading) Limited. Following acquisition of 1 share by Nord Anglia Education PLC, the company owns 99.99% of the share capital.

Leapfrog Day Nurseries (Trading) Limited holds 100% ownership of Leapfrog Properties Limited, a property holding company incorporated in England and Wales.

LEAPFROG DAY NURSERIES LIMITED
(FORMERLY LEAPFROG DAY NURSERIES PLC)

PERIOD ENDED 31 AUGUST 2005
NOTES TO THE FINANCIAL STATEMENTS

7. DEBTORS

	2005 £'000	2004 £'000
Amounts due from group undertakings	-	2,105

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £'000	2004 £'000
Amounts falling due within one year		
Amounts due to group undertakings	242	-
Accruals and deferred income	-	866
	<u>242</u>	<u>866</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £'000	2004 £'000
Amounts falling due within one year		
Other loans	-	1,661

10. SHARE CAPITAL

	31 August 2005 £'000	28 March 2004 £'000
Authorised		
2005: 178,278,038 (2004: nil) Ordinary shares of 10p each	17,828	-
2005: nil (2004: 1,105,263) A ordinary shares of 10p each	-	111
2005: nil (2004: 2,913,875) B preferred ordinary shares of 10p each	-	291
2005: nil (2004: 15,808,636) Redeemable preference shares of £1 each	-	15,809
2005: nil (2004: 1,617,226) Super preference shares of £1 each	-	1,617
	<u>17,828</u>	<u>17,828</u>

LEAPFROG DAY NURSERIES LIMITED
(FORMERLY LEAPFROG DAY NURSERIES PLC)
PERIOD ENDED 31 AUGUST 2005
NOTES TO THE FINANCIAL STATEMENTS

10. SHARE CAPITAL (CONTINUED)

	31 August 2005 £'000	28 March 2004 £'000
Allotted, issued and fully paid		
2005: 178,278,038 (2004: nil) Ordinary shares of 10p each	17,828	-
2005: nil (2004: 1,021,053) A ordinary shares of 10p each	-	102
2005: nil (2004 : 2,913,875) B preferred ordinary shares of 10p each	-	291
2005: nil (2004: 15,808,636) redeemable preference shares of £1 each	-	15,809
2005: nil (2004: 1,617,226) Super preference shares of £1 each	-	1,617
	<u>17,828</u>	<u>17,819</u>
	31 August 2005 £'000	28 March 2004 £'000
Allotted, issued and partly paid		
2005: nil A ordinary shares of 10p each (2004 : 84,210)	-	9
	<u>-</u>	<u>9</u>

On 8 June 2004 Nord Anglia Education plc acquired the entire share capital of Leapfrog Day Nurseries Limited. On 28 June 2004 all the various classes of shares in issue were converted into 178,278,038 ordinary shares of 10p each. The shares issued represented the same par value of the shares cancelled.

11. SHARE PREMIUM

	2005 £	2004 £
Share premium paid during the period	-	19
Write off of issue costs	-	(19)
	<u>-</u>	<u>-</u>
At 31 August 2005	-	-

LEAPFROG DAY NURSERIES LIMITED
(FORMERLY LEAPFROG DAY NURSERIES PLC)
 PERIOD ENDED 31 AUGUST 2005
 NOTES TO THE FINANCIAL STATEMENTS

12. PROFIT AND LOSS ACCOUNT

	2005 £	2004 £
At 28 March 2004	(867)	(254)
Retained profit / (loss) for the period	<u>180</u>	<u>(613)</u>
At 31 August 2005	<u>(687)</u>	<u>(867)</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2005 £	2004 £
Profit / (loss) for the period	180	(613)
Appropriations	<u>-</u>	<u>(1,965)</u>
	180	(2,578)
Share capital subscribed	-	445
Share capital subscribed following conversion of shares in issue.	17,828	-
Share capital cancelled following conversion of shares in issue	(17,828)	-
Share premium paid during period	-	19
Write off of issue costs	-	(19)
Add back appropriations	-	1,965
Net increase / (decrease) from shareholders' funds	<u>180</u>	<u>(168)</u>
Opening shareholder's funds	<u>16,961</u>	<u>17,129</u>
Closing shareholders funds	<u>17,141</u>	<u>16,961</u>

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a subsidiary of Nord Anglia Education PLC, which is also the ultimate parent undertaking and controlling party and is the only undertaking for which group accounts are drawn up. Copies of the financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

In accordance with FRS 8, the company has utilised the exemption of not disclosing details of transactions with other group companies.