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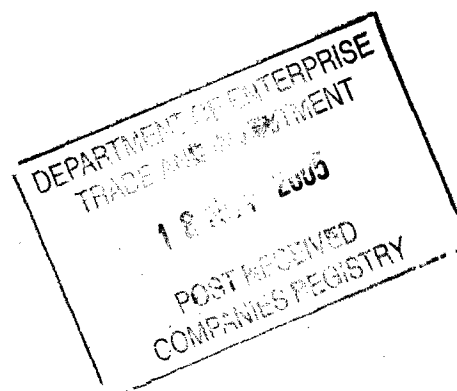
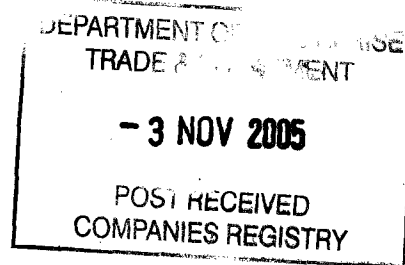
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EARLY LEARNING CENTRE LIMITED (FORMERLY JOHN MENZIES (UK)  
LIMITED)

Report and Financial Statements

4 May 2002

ERNST & YOUNG



# Early Learning Centre Limited

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Registered Number 102194

## **DIRECTORS**

M B France  
P M Ellis  
F M Davis  
S E Dorkin  
C Graham  
J S Goddard  
D J Griffiths  
C W Saunter

## **SECRETARY**

D J Griffiths

## **BANKERS**


Barclays Bank plc  
Park House  
Newbrick Road  
Bristol  
BS34 8TN

## **AUDITORS**

Ernst & Young LLP  
One Bridewell Street  
Bristol  
BS1 2AA

## **REGISTERED OFFICE**

South Marston Park  
Swindon  
SN3 4TJ

 **ERNST & YOUNG**

# Early Learning Centre Limited

## DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended 4 May 2002.

### PRINCIPAL ACTIVITIES

The principal activity of the company is the retailing, distribution, design and sourcing of toys.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

On 28 September 2001 the company was acquired by Early Learning Holdings Limited from John Menzies plc, details of which are disclosed in the financial statements of Early Learning Holdings Limited. The company subsequently changed its name from John Menzies (UK) Limited to Early Learning Centre Limited on 1 October 2001.

The operating profit for the year, before exceptional items, amounted to £3.5m (2001 - £3.6m as restated). Exceptional charges of £4.6m were made in the year, as a consequence of group accounting policy changes adopted by the company following the acquisition by Early Learning Holdings Limited.

Further details of the company's results for the year ended 4 May 2002 are shown in the profit and loss account and in the notes to the financial statements. No dividends are proposed by the directors.

### DIRECTORS

The directors of the company during the year were as follows:

D J Mackay (resigned 28 September 2001)	S E Dorkin (appointed 28 September 2001)
M R Smith (resigned 28 September 2001)	J S Goddard (appointed 28 September 2001)
I M Callaghan (resigned 28 September 2001)	C Graham (appointed 28 September 2001)
M B France (appointed 28 September 2001)	D J Griffiths (appointed 28 September 2001)
P M Ellis (appointed 28 September 2001)	C W Saunter (appointed 28 September 2001)
F M Davis (appointed 28 September 2001)	

None of the directors, or their families, have any interest in the shares of the company.

The interests of M B France, P M Ellis and D J Griffiths in the shares of the ultimate parent undertaking, Early Learning Holdings Limited, of which they are also directors, are stated in the financial statements of that company.

The interest of the other directors in office at 4 May 2002 in the share capital of Early Learning Holdings Limited are as follows:

	At 4 May 2002		At date of appointment	
	Ordinary	D Ordinary	Ordinary	D Ordinary
F M Davis	24,000	3,000	24,000	3,000
S E Dorkin	24,000	3,000	24,000	3,000
J S Goddard	24,000	3,000	24,000	3,000
C Graham	24,000	3,000	24,000	3,000
C W Saunter	24,000	3,000	24,000	3,000

Details of loans made by the directors to Early Learning Holdings Limited are given in note 23 to the financial statements.

### EMPLOYEES

The company's employment policies follow those of the parent company, Early Learning Holdings Limited, and are disclosed in the annual report of that company.

**DIRECTORS' REPORT**

**DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

**AUDITORS**

Ernst & Young LLP were appointed as auditors during the year and a resolution to reappoint them will be put to the members at the Annual General Meeting.

On behalf of the Board

  
Secretary

9 September 2002

**INDEPENDENT AUDITORS' REPORT**  
**to the members of Early Learning Centre Limited**

We have audited the company's financial statements for the year ended 4 May 2002 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 24. These financial statements have been prepared on the basis of the accounting policies set out therein.

**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 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 affairs of the company as at 4 May 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*  
Registered Auditor  
Bristol

*9 Sept 2002*

# Early Learning Centre Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 4 May 2002

	Notes	2002 £m	2001 Restated £m
<b>TURNOVER</b>	2	174.8	165.0
Cost of sales		(98.4)	(99.1)
<b>GROSS PROFIT</b>		<u>76.4</u>	<u>65.9</u>
Net operating expenses excluding exceptional items	3	(72.9)	(62.3)
<b>OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS</b>		<u>3.5</u>	<u>3.6</u>
Exceptional items	4	(4.6)	-
<b>OPERATING (LOSS)/PROFIT</b>	5	<u>(1.1)</u>	<u>3.6</u>
Net interest payable	8	-	(0.3)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(1.1)</u>	<u>3.3</u>
Tax on (loss)/profit on ordinary activities	9	0.1	(1.2)
<b>(LOSS)/PROFIT RETAINED FOR THE FINANCIAL YEAR</b>	18	<u>(1.0)</u>	<u>2.1</u>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 4 May 2002

	Notes	2002 £m	2001 Restated £m
(Loss)/profit for the financial year		(1.0)	2.1
Goodwill written back	11	0.8	-
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE FINANCIAL YEAR</b>		<u>(0.2)</u>	<u>2.1</u>
Prior year adjustment	10	(1.1)	-
<b>TOTAL RECOGNISED GAINS AND LOSSES SINCE LAST ANNUAL REPORT</b>		<u>(1.3)</u>	-

# Early Learning Centre Limited

## BALANCE SHEET

at 4 May 2002

	Notes	2002 £m	2001 Restated £m
<b>FIXED ASSETS</b>			
Intangible assets	11	-	(0.8)
Tangible assets	12	13.9	19.2
		<u>13.9</u>	<u>18.4</u>
<b>CURRENT ASSETS</b>			
Stocks		19.0	21.2
Debtors	13	13.4	32.7
Cash at bank and in hand		2.1	4.7
		<u>34.5</u>	<u>58.6</u>
<b>CREDITORS: amounts falling due within one year</b>	14	(26.4)	(54.7)
<b>NET CURRENT ASSETS</b>		<u>8.1</u>	<u>3.9</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>22.0</u>	<u>22.3</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15	(0.1)	(0.2)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	16	(1.0)	(1.0)
<b>NET ASSETS</b>		<u>20.9</u>	<u>21.1</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	24.4	24.4
Profit and loss account	18	(3.5)	(3.3)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>20.9</u>	<u>21.1</u>

Approved by the Board on 9 September 2002



Managing Director



Finance Director

# Early Learning Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 4 May 2002

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

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

#### *Cash flow statement*

At the balance sheet date the company was a wholly owned subsidiary of Early Learning Holdings Limited and the cash flows of the company are included in the consolidated group cash flow statement of that company.

#### *Goodwill*

Goodwill, representing the excess of purchase consideration over the fair value of net assets acquired, is capitalised and amortised over its expected useful life.

#### *Product development*

The nature of the business is such that, from time to time, opportunities arise which require investment in the development of new products, ranges or concepts.

Expenditure on any development may be capitalised when its future recoverability can be reasonably regarded as assured. Any capitalised expenditure is amortised in line with expected future sales from the related product(s).

Tooling equipment, acquired for the manufacture of new products, constitutes part of such expenditure but it is separately capitalised within tangible fixed assets.

Packaging development costs and other related costs to bring new products to market are expensed as incurred.

#### *Depreciation*

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value, based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows:

Short leasehold properties	- over the remaining lease term
Fixtures, fittings and equipment	- 5 to 6 years
Computer equipment	- 3 to 5 years
Tooling equipment	- 2 years
Motor vehicles	- 2 years

#### *Stocks*

Stocks, being goods for resale, are stated at the lower of cost and net realisable value.

#### *Capital contributions*

Contributions received in respect of property fit-out costs are amortised over the shorter of the lease term and the period to the first rent review.

#### *Vacant property provision*

Provision is made in respect of obligations for vacated leasehold properties where applicable sublet income is expected to be insufficient to meet obligations under head leases.



# Early Learning Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 4 May 2002

### 1. ACCOUNTING POLICIES (continued)

#### *Pensions*

The cost of providing retirement benefits in the defined benefits scheme operated by John Menzies plc is charged to the profit and loss account over the period of the relevant employee's service.

Group contributions to individual employee pension plans under the group stakeholder pension arrangement are charged in the profit and loss account as they become payable in accordance with the rules of the arrangement.

#### *Deferred taxation*

Full provision is made for deferred taxation on all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are only recognised to the extent that recovery is reasonably certain.

#### *Foreign currencies*

Transactions in foreign currencies are translated at the date of the transaction. Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date, or where applicable, at forward contracted rates. All other exchange differences are dealt with through the profit and loss account.

#### *Leases*

Assets acquired under finance leases are capitalised in the balance sheet and are depreciated over their expected useful lives or over the lease term, whichever is shorter. The interest element of the rental obligations is charged in the profit and loss account as incurred.

Rental payments under operating leases are charged in the profit and loss account on a straight-line basis over applicable lease periods.

### 2. TURNOVER

Turnover, which is stated net of value added tax, represents retail sales of merchandise and amounts invoiced to third parties and is wholly attributable to the continuing principal activity of the company.

An analysis of turnover by geographical market is given below:

	2002 £m	2001 £m
United Kingdom	166.8	157.5
Rest of World	8.0	7.5
	<u>174.8</u>	<u>165.0</u>

### 3. NET OPERATING EXPENSES EXCLUDING EXCEPTIONAL ITEMS

	2002 £m	2001 Restated £m
Distribution costs	1.2	1.5
Administrative expenses	72.3	61.4
Other operating income	(0.6)	(0.6)
	<u>72.9</u>	<u>62.3</u>

# Early Learning Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 4 May 2002

### 4. EXCEPTIONAL ITEMS

	Notes	2002 £m	2001 £m
Fixed assets impairment	a	3.4	-
Stock provisions	b	0.3	-
Customer returns provision	c	0.3	-
Other liabilities	d	0.6	-
		<u>4.6</u>	<u>-</u>

Following the acquisition on 28 September 2001, the directors reviewed the appropriateness of the company's accounting policies (see note 10), the basis of accounting estimates and the recognition criteria for liabilities. Consequently a £4.6m exceptional charge was made in the profit and loss account including:

#### a) Fixed assets impairment

A review and reassessment of the carrying value and useful economic lives of the fixed assets of the company was performed, resulting in an immediate write down at 28 September 2001 of £3.4m.

#### b) Stock provisions

A review of the estimated realisable value of stocks held at the time of the acquisition was performed with a £0.3m additional provision deemed required.

#### c) Customer returns provision

A review of customer returns levels determined the requirement of a £0.3m provision against the margin on sale already recognised in the financial statements.

#### d) Other liabilities

Recognition of liabilities and contractual obligations not included in the balance sheet at the time of the acquisition, resulting in an additional provision of £0.6m.

### 5. OPERATING (LOSS)/PROFIT

This is stated after charging/(crediting):

	2002 £m	2001 <i>Restated</i> £m
Operating lease rentals:		
Property	18.8	17.6
Other	0.3	0.3
Property rental income on sublet properties	(1.5)	(1.4)
Depreciation of tangible fixed assets:		
Assets owned	6.7	5.7
Under finance leases	0.1	0.2
Amortisation of capital contributions	(0.1)	(0.2)
Amortisation of goodwill	-	(0.4)
Audit fees	0.1	0.1
Auditors' remuneration for non-audit services	0.1	-

The reassessment of the useful economic lives of the company's tangible fixed assets, detailed in note 4 (a) above, resulted in accelerated depreciation of £0.7m being charged to operating profit, before exceptional items, in the period after acquisition.

# Early Learning Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS at 4 May 2002

### 6. DIRECTORS' EMOLUMENTS

	2002 £000	2001 £000
Aggregate emoluments	616	-

The above amounts include £164,000 (2001 - £Nil) in respect of the highest paid director.

M B France, P M Ellis and D J Griffiths are also directors of Early Learning Holdings Limited and their emoluments are dealt with in the financial statements of that company.

The directors in office prior to the acquisition by Early Learning Holdings Limited from John Menzies plc were also directors of John Menzies plc and their emoluments are dealt with in the financial statements of that company.

No company contributions were made to the pension schemes of the directors in the period since the acquisition. Details of the group pension arrangements are given in the financial statements of Early Learning Holdings Limited.

### 7. STAFF COSTS

	2002 £m	2001 £m
Wages and salaries	19.8	18.7
Social security costs	1.1	1.0
Other pension costs/(credit)	0.2	(0.9)
	21.1	18.8

The profit and loss account charge for the year of £0.2m (2001 - credit £0.9m) related to the period to acquisition. Under the terms of the acquisition group employees could continue to contribute to the defined benefit scheme operated by John Menzies plc until 4 May 2002, however, the group was not required to make any contributions to the scheme in the same period. Further details of the group pension arrangements are given in the financial statements of Early Learning Holdings Limited.

The average number of employees of the company was:

	2002 No.	2001 No.
Average monthly number of employees	3,098	3,013
Average full time equivalents	1,452	1,425

### 8. NET INTEREST PAYABLE

	2002 £m	2001 £m
Bank loans and overdrafts	0.2	0.1
Other loans - group companies	-	0.4
	0.2	0.5
Interest receivable on bank deposits	(0.2)	(0.2)
Net interest payable	-	0.3

# Early Learning Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS at 4 May 2002

### 9. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2002	2001 <i>Restated</i>
	£m	£m
UK corporation tax	0.9	0.8
Deferred taxation	(1.0)	0.4
	<u>(0.1)</u>	<u>1.2</u>
(Loss)/profit on ordinary activities before taxation	(1.1)	3.3
Effective tax rate	9.1%	36.4%
Reconciliation of the effective tax rate:		
	2002	2001
	£m	£m
UK corporation tax rate at 30% (2001 – 30%)	(0.3)	1.0
Non-tax deductible items	0.4	0.2
Group relief not paid for	(0.2)	-
	<u>(0.1)</u>	<u>1.2</u>

### 10. PRIOR YEAR ADJUSTMENTS

Following the acquisition by Early Learning Holdings Limited on 28 September 2001 the directors reviewed the appropriateness of the company's accounting policies with due regard to normal industry practice. As a result the following accounting policies were changed:

- Vacant property provision – provision to be made in respect of obligations for vacated leasehold properties where applicable sublet income is expected to be insufficient to meet obligations under head leases. Previously no provision was made by the company.
- New product development costs – tooling equipment acquired for the manufacture of new products to be recognised within tangible fixed assets rather than within stocks. Other development expenditure may be capitalised only when its future recoverability can be reasonably regarded as assured.
- Packaging development costs – to be expensed as incurred rather than prepaid within stocks and charged over the estimated life of the packaging design.

The directors consider that the new policies provide a fairer presentation of the results and financial position of the company. The comparative figures in the profit and loss account, statement of total recognised gains and losses, balance sheet and related notes have been restated to reflect the new policies.

The effect of these adjustments on the balance sheet at 5 May 2001 is as follows:

	£m
Tangible fixed assets	0.7
Stocks	(1.5)
Deferred tax	0.4
Provisions for liabilities and charges	(0.7)
	<u>(1.1)</u>
Decrease in net assets	

# Early Learning Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS at 4 May 2002

### 10. PRIOR YEAR ADJUSTMENTS (continued)

The effects of these policy changes on the current and prior year results are summarised below:

<i>Profit and loss account</i>	<i>2002</i> <i>£m</i>	<i>2001</i> <i>£m</i>
Cost of sales	0.1	0.6
Net operating expenses	(0.3)	-
Taxation charge	-	(0.2)
	<u>(0.2)</u>	<u>0.4</u>
(Decrease)/increase in profit for the financial year		

In addition to the accounting policy changes, it was identified at acquisition that certain leasehold properties were held in the name of Early Learning Limited, a subsidiary undertaking, rather than Early Learning Centre Limited, as previously believed. The financial statements have been adjusted to correctly reflect the position of the company. There is no impact from the adjustments on the profit and loss account or balance sheet of the company.

### 11. INTANGIBLE FIXED ASSETS

	<i>2002</i> <i>£m</i>	<i>Goodwill</i> <i>2001</i> <i>£m</i>
At beginning of year	(0.8)	(1.2)
Amortised in the year	-	0.4
Written back to reserves	0.8	-
	<u>-</u>	<u>(0.8)</u>
At end of year		

The net book value was written back to reserves upon completion of the management buy-out of the company from John Menzies plc.

No new product development costs were capitalised in the year other than tooling equipment, which is capitalised within tangible fixed assets.

# Early Learning Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS at 4 May 2002

### 12. TANGIBLE FIXED ASSETS

	Short leasehold property £m	Fixtures, fittings and other equipment £m	Computer equipment £m	Tooling equipment £m	Total £m
Cost:					
At 5 May 2001 (restated)	7.2	41.4	11.0	7.5	67.1
Additions	0.1	3.3	0.7	0.8	4.9
Disposals	(0.1)	(0.2)	-	-	(0.3)
At 4 May 2002	7.2	44.5	11.7	8.3	71.7
Depreciation:					
At 5 May 2001 (restated)	5.2	27.8	8.1	6.8	47.9
Charge for the year	0.4	4.3	1.3	0.8	6.8
Exceptional charge (note 4)	-	2.9	0.5	-	3.4
Disposals	(0.1)	(0.2)	-	-	(0.3)
At 4 May 2002	5.5	34.8	9.9	7.6	57.8
Net book value:					
At 4 May 2002	1.7	9.7	1.8	0.7	13.9
At 5 May 2001 (restated)	2.0	13.6	2.9	0.7	19.2

### 13. DEBTORS

	2002 £m	2001 £m
Trade debtors	1.5	1.5
Amounts owed by parent undertaking	6.8	-
Amounts owed by other group undertakings	-	26.7
Other debtors	0.6	0.8
Deferred tax (note 16)	0.7	-
Prepayments and accrued income	3.8	3.7
	13.4	32.7

### 14. CREDITORS: amounts falling due within one year

	2002 £m	2001 Restated £m
Obligations under finance leases	-	0.2
Trade creditors	10.4	10.2
Amounts owed to group undertakings	1.5	33.0
Corporation tax	-	0.8
Other taxes and social security costs	0.9	1.4
Accruals and deferred income	13.6	9.1
	26.4	54.7

# Early Learning Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS at 4 May 2002

### 15. CREDITORS: amounts falling due after more than one year

	2002 £m	2001 £m
Accruals and deferred income	0.1	0.2

### 16. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £m	Vacant property £m	Total £m
At 5 May 2001 (restated)	0.3	0.7	1.0
Profit and loss charge	(1.0)	0.3	(0.7)
Reclassified within debtors (note 13)	0.7	-	0.7
At 4 May 2002	-	1.0	1.0

Deferred taxation recognised/(provided) in the financial statements is as follows:

	2002 £m	2001 Restated £m
Accelerated capital allowances	0.4	(0.9)
Other timing differences	0.3	0.6
	0.7	(0.3)

A deferred tax asset is recognised at 4 May 2002 on the basis that it has arisen due to timing differences, principally resulting from accelerated depreciation ahead of capital allowances, which will reverse in subsequent years, as opposed to a deterioration in the underlying profit of the company.

### 17. SHARE CAPITAL

	2002 No.	2001 No.	2002 £m	2001 £m
Ordinary shares of £1 each				
Authorised	35,000,000	35,000,000	35.0	35.0
Allotted, called up and fully paid	24,431,596	24,431,596	24.4	24.4

# Early Learning Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS at 4 May 2002

### 18. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £m	Profit and loss account £m	Total £m
At 6 May 2000 (as previously reported)	24.4	(3.9)	20.5
Prior year adjustment	-	(1.5)	(1.5)
At 6 May 2000 (restated)	24.4	(5.4)	19.0
Retained profit for the year (restated)	-	2.1	2.1
At 5 May 2001 (restated)	24.4	(3.3)	21.1
Retained loss for the year	-	(1.0)	(1.0)
Goodwill write back	-	0.8	0.8
At 4 May 2002	24.4	(3.5)	20.9

### 19. CAPITAL COMMITMENTS

	2002 £m	2001 £m
Amounts contracted for but not provided in the financial statements	0.5	-

### 20. OPERATING LEASE COMMITMENTS

At 4 May 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	2002 £m	Property 2001 Restated £m	2002 £m	Other 2001 £m
Operating leases which expire:				
Within one year	1.1	0.7	0.1	-
In two to five years	2.5	2.2	0.3	-
In over five years	16.5	15.9	-	-
	20.1	18.8	0.4	-

### 21. CONTINGENT LIABILITIES

The debt facilities of Early Learning Holdings Limited Group are secured on the assets of Early Learning Centre Limited. At the balance sheet date the potential exposure is £11.8m.

### 22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption included in FRS 8 in relation to transactions with entities that are part of the Early Learning Holdings Limited Group.



## Early Learning Centre Limited

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### NOTES TO THE FINANCIAL STATEMENTS

at 4 May 2002

**23. OTHER DIRECTORS' INTERESTS**

Unsecured loans totalling £500,000 were made to Early Learning Holdings Limited by the directors of this company on the management buy-out of the company. Details are disclosed in the financial statements of Early Learning Holdings Limited.

**24. ULTIMATE PARENT UNDERTAKING**

The company's immediate and ultimate parent undertaking is Early Learning Holdings Limited, a company registered in England and Wales. Copies of the group financial statements can be obtained from The Secretary of Early Learning Holdings Limited at its registered office.

