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**BHFS Two Limited**  
Report And Financial Statements  
*31 December 2011*

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COMPANIES HOUSE

Rees Pollock  
Chartered Accountants

BHFS Two Limited

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COMPANY INFORMATION

<b>Directors</b>	M A Tocio S Dreier E Boland D Lissy
<b>Company secretary</b>	S Kramer
<b>Registered office</b>	2 Crown Court Rushden NN10 6BS
<b>Auditor</b>	Rees Pollock 35 New Bridge Street London EC4V 6BW
<b>Company number</b>	03943326

**DIRECTORS' REPORT**  
for the year ended 31 December 2011

The directors present their report and the financial statements for the year ended 31 December 2011

**Principal activities**

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

**Business review**

BHFS Two Limited is a wholly owned subsidiary of BHFS One Limited and, as such, it is inappropriate to present an analysis of the company's key performance indicators. However the company's parent company, BHFS One Limited, produces a full business review in its consolidated accounts

**Results and dividends**

The loss for the year, after taxation, amounted to £60,718 (2010 - profit £55,776)

The directors have not recommended a dividend

**Directors**

The directors who served during the year were

M A Tocio  
S Dreier  
E Boland  
D Lissy

**Qualifying third party indemnity provisions**

The Company has made qualifying third party indemnities for the benefit of its directors which were made during the year and remain in force at the date of this report

**Statement of directors' responsibilities**

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the company for that period. In preparing these 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 company will continue in business

**DIRECTORS' REPORT**  
for the year ended 31 December 2011

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

**Provision of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

**Auditor**

The auditor, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12 September 2012 and signed on its behalf

  
E Boland  
Director



## REESPOLLOCK

*Chartered Accountants*

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BHFS TWO LIMITED

We have audited the financial statements of BHFS Two Limited for the year ended 31 December 2011, set out on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable and United Kingdom Accounting Standards (United Kingdom 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 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 auditor**

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on 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 Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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.

Catherine Kimberlin (Senior Statutory Auditor)

for and on behalf of

**Rees Pollock, Statutory Auditor**

27 September 2012

BHFS Two Limited

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PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2011

	Note	2011 £	2010 £
Administrative expenses		(62,507)	(2,955)
Other operating income	2	<u>1,789</u>	<u>58,731</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(60,718)	55,776
Tax on (loss)/profit on ordinary activities	5	<u>-</u>	<u>-</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	11	<u><u>(60,718)</u></u>	<u><u>55,776</u></u>

All amounts relate to continuing operations

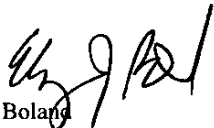
There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

The notes on pages 6 to 9 form part of these financial statements

**BALANCE SHEET**  
as at 31 December 2011

	Note	£	2011 £	£	2010 £
<b>FIXED ASSETS</b>					
Investments	6		44,450,457		44,450,457
<b>CURRENT ASSETS</b>					
Debtors	7	3,708,492		3,761,460	
<b>CREDITORS</b> amounts falling due within one year	8	(1,012,108)		(1,004,358)	
<b>NET CURRENT ASSETS</b>			2,696,384		2,757,102
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			47,146,841		47,207,559
<b>CREDITORS</b> amounts falling due after more than one year	9		(41,464,190)		(41,464,190)
<b>NET ASSETS</b>			5,682,651		5,743,369
<b>CAPITAL AND RESERVES</b>					
Called up share capital	10		1		1
Share premium account	11		1,359,949		1,359,949
Profit and loss account	11		4,322,701		4,383,419
<b>SHAREHOLDERS' FUNDS</b>	12		5,682,651		5,743,369

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 September 2012

  
E Bolaji  
Director

The notes on pages 6 to 9 form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2011

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been 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 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

**1.2 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

**1.3 Related parties transactions**

The company is a wholly owned subsidiary of BHFS One Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the BHFS One Limited group.

**1.4 Investments**

Investments held as fixed assets are shown at cost less provision for permanent diminution in value.

**1.5 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**1.6 Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**2 OTHER OPERATING INCOME**

	2011	2010
	£	£
Other operating income	1,789	58,731

In the prior year a number of the company's dormant subsidiary undertakings were struck off the register of companies. The above represents the amount written off the outstanding intercompany balances with these entities.

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2011

**3 OPERATING PROFIT/(LOSS)**

Auditor's remuneration is borne by a fellow subsidiary of the BHFS One Limited group

**4 STAFF COSTS**

The company has no employees other than the directors, who did not receive any remuneration (2010 - £NIL)

**5 TAXATION**

	2011 £	2010 £
UK corporation tax charge on (loss)/profit for the year	-	-

**Factors affecting tax charge for the year**

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26% (2010 - 28%) The differences are explained below

	2011 £	2010 £
(Loss)/profit on ordinary activities before tax	(60,718)	55,776
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2010 - 28%)	(15,787)	15,617
<b>Effects of:</b>		
Expenses disallowed for tax purposes	15,787	575
Other non taxable income	-	(16,192)
<b>Current tax charge for the year (see note above)</b>	-	-

**6 FIXED ASSET INVESTMENTS**

	<b>Investments in subsidiary companies £</b>
<b>Cost and net book value</b>	
At 1 January 2011 and 31 December 2011	44,450,457

Details of the company's subsidiary undertakings are as follows

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2011

**FIXED ASSET INVESTMENTS (continued)**

<b>Subsidiary undertaking</b>	<b>Country of incorporation or registration</b>	<b>Percentage holding</b>	<b>Nature of business</b>
Bright Horizons Family Solutions Limited	England	100%	Nursery services
Bright Horizons Livingston Limited	Scotland	100%	Nursery services
Nurseryworks Associates Limited	England	100%	Dormant
Teddies Childcare Provision Limited	England	100%	Holding company
Teddies Nurseries Limited *	England	100%	Nursery services
Teddies Childcare Limited *	England	100%	Dormant
Teddies Sports Limited *	England	100%	Dormant
Crocus Early Years Centre Limited	England	100%	Dormant
Beehives Day Nurseries Limited	England	100%	Dormant

\* Held by a subsidiary undertaking

**7 DEBTORS**

	<b>2011 £</b>	<b>2010 £</b>
Amounts owed by group undertakings	3,702,917	3,757,675
Other debtors	5,575	3,785
	<u>3,708,492</u>	<u>3,761,460</u>

**8 CREDITORS Amounts falling due within one year**

	<b>2011 £</b>	<b>2010 £</b>
Amounts owed to group undertakings	1,012,108	1,004,358
	<u>1,012,108</u>	<u>1,004,358</u>

**9 CREDITORS Amounts falling due after more than one year**

	<b>2011 £</b>	<b>2010 £</b>
Amounts owed to group undertakings	41,464,190	41,464,190
	<u>41,464,190</u>	<u>41,464,190</u>

**10 SHARE CAPITAL**

	<b>2011 £</b>	<b>2010 £</b>
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2011

**11 RESERVES**

	<b>Share premium account £</b>	<b>Profit and loss account £</b>
At 1 January 2011	1,359,949	4,383,419
Loss for the year	-	(60,718)
At 31 December 2011	<u>1,359,949</u>	<u>4,322,701</u>

**12 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2011 £</b>	<b>2010 £</b>
Opening shareholders' funds	5,743,369	5,687,593
(Loss)/profit for the year	(60,718)	55,776
Closing shareholders' funds	<u>5,682,651</u>	<u>5,743,369</u>

**13 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's immediate parent undertaking is BHFS One Limited. BHFS One Limited is the head of the smallest group for which consolidated accounts are available. Copies of these consolidated accounts can be obtained from The Secretary, BHFS One Limited, 2 Crown Court, Rushden, Northamptonshire NN10 6BS. The ultimate holding company and controlling party is Bright Horizons Solutions Corp, a company registered in the United States of America.