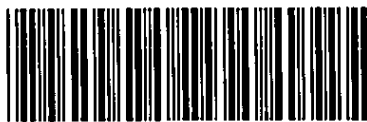


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BHFS Two Limited
Report And Financial Statements
31 December 2008

Rees Pollock
Chartered Accountants

FRIDAY



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30/10/2009

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COMPANIES HOUSE

COMPANY INFORMATION

Directors	M A Tocio S Dreier E Boland D Lissy
Company secretary	S Kramer
Registered office	2 Crown Court Rushden Northamptonshire NN10 6BS
Auditor	Rees Pollock 35 New Bridge Street London EC4V 6BW
Company number	3943326

DIRECTORS' REPORT
for the year ended 31 December 2008

The directors present their report and the financial statements for the year ended 31 December 2008.

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 £103,780 (2007 - loss £8,963).

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

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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.

The directors are responsible for keeping proper accounting records that 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.

DIRECTORS' REPORT
for the year ended 31 December 2008

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

Rees Pollock have expressed their willingness to continue in office.

This report was approved by the board and signed on its behalf.



E Boland
Director

Date: 24. OCT. 09



REES POLLOCK

Chartered Accountants

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London EC4V 6BW
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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 2008, set out on pages 4 to 10. 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

Rees Pollock

Chartered Accountants & Registered Auditors

30 October 2009

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2008

	Note	2008 £	2007 £
Administrative expenses		(103,780)	(4,903)
Other operating income	2	-	23,102
OPERATING (LOSS)/PROFIT	3	(103,780)	18,199
Interest receivable		-	6,830
Interest payable		-	(33,992)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(103,780)	(8,963)
Tax on loss on ordinary activities	4	-	-
LOSS FOR THE FINANCIAL YEAR	11	(103,780)	(8,963)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2008 or 2007 other than those included in the profit and loss account.

The notes on pages 6 to 10 form part of these financial statements.

BHFS Two Limited

BALANCE SHEET
as at 31 December 2008

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Tangible fixed assets	5		-		202,304
Fixed asset investments	6		32,921,268		32,910,188
			<u>32,921,268</u>		<u>33,112,492</u>
CURRENT ASSETS					
Debtors	7	951,016		1,041,530	
CREDITORS: amounts falling due within one year	8	<u>(2,162,838)</u>		<u>(2,340,796)</u>	
NET CURRENT LIABILITIES			<u>(1,211,822)</u>		<u>(1,299,266)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			31,709,446		31,813,226
CREDITORS: amounts falling due after more than one year	9		<u>(30,464,190)</u>		<u>(30,464,190)</u>
NET ASSETS			<u>1,245,256</u>		<u>1,349,036</u>
CAPITAL AND RESERVES					
Called up share capital	10		1		1
Share premium account	11		1,359,949		1,359,949
Profit and loss account	11		<u>(114,694)</u>		<u>(10,914)</u>
SHAREHOLDERS' FUNDS			<u>1,245,256</u>		<u>1,349,036</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
29 OCTOBER 2009



E Boland
Director

The notes on pages 6 to 10 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

1. ACCOUNTING POLICIES

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 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

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.

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.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2.5%	on a straight line basis
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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.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

2. OTHER OPERATING INCOME

	2008	2007
	£	£
Other operating income	-	23,102
	<u> </u>	<u> </u>

3. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2008	2007
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	2,444	4,888
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2007 - £NIL).

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

4. TAXATION

Factors affecting tax charge for the year

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

	2008	2007
	£	£
Loss on ordinary activities before tax	(103,780)	(8,963)
	<u> </u>	<u> </u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007: 30%)	(29,058)	(2,689)
Effects of:		
Depreciation on assets with no capital allowances	684	1,466
Group relief	-	1,223
Expenses disallowed for tax purposes	28,374	-
	<u> </u>	<u> </u>
Current tax charge for the year (see note above)	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

5. TANGIBLE FIXED ASSETS

	Land and buildings £
Cost	
At 1 January 2008	230,000
Disposals	(230,000)
	<hr/>
At 31 December 2008	<hr/> -
Depreciation	
At 1 January 2008	27,696
Charge for the year	2,444
On disposals	(30,140)
	<hr/>
At 31 December 2008	<hr/> -
Net book value	
At 31 December 2008	<hr/> -
	<hr/>
At 31 December 2007	<hr/> 202,304 <hr/>

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Cost and net book value	
At 1 January 2008	32,910,188
Transfers	11,080
	<hr/>
At 31 December 2008	<hr/> 32,921,268 <hr/>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

FIXED ASSET INVESTMENTS (continued)

Subsidiary undertaking	Country of incorporation or registration	Percentage holding	Nature of business
Bright Horizons Family Solutions Limited	England	100%	Nursery services
Bright Horizons Livingston Limited	Scotland	100%	Nursery services
Crocus Early Years Centre Limited	England	100%	Dormant
Beehive day Nurseries Limited	England	100%	Dormant
Daisies Day Nurseries Limited	England	100%	Dormant
Staffquest Limited	England	100%	Dormant
Bright Horizons Support Services Limited	England	100%	Dormant
Pitco 004 Limited	England	100%	Dormant
Child & Co (Oxford) Limited*	England	100%	Dormant
Elsie Inglis Red Apple Nursery Limited	Scotland	100%	Dormant
Nurseryworks Associates Limited	England	100%	Dormant
Nurseryworks Limited*	England	100%	Dormant
The Birrell Collection Limited	England	100%	Dormant

* Held by a subsidiary undertaking

7. DEBTORS

	2008	2007
	£	£
Amounts owed by group undertakings	901,280	984,103
Other debtors	49,736	57,427
	<u>951,016</u>	<u>1,041,530</u>

8. CREDITORS:
Amounts falling due within one year

	2008	2007
	£	£
Amounts owed to group undertakings	2,160,144	2,338,102
Other creditors	2,694	2,694
	<u>2,162,838</u>	<u>2,340,796</u>

9. CREDITORS:
Amounts falling due after more than one year

	2008	2007
	£	£
Amounts owed to group undertakings	<u>30,464,190</u>	<u>30,464,190</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

10. SHARE CAPITAL

	2008 £	2007 £
Authorised		
1,000 Ordinary shares shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
1 Ordinary shares share of £1	1	1
	<u> </u>	<u> </u>

11. RESERVES

	Share premium account £	Profit and loss account £
At 1 January 2008	1,359,949	(10,914)
Loss for the year		(103,780)
	<u> </u>	<u> </u>
At 31 December 2008	1,359,949	(114,694)
	<u> </u>	<u> </u>

12. 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 Family Solutions Inc. a company registered in the United States of America.