

Company Registration No. 5133622 (England and Wales)

4CHILDREN (DIRECT) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

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4CHILDREN (DIRECT) LIMITED
Formerly 4CHILDREN LIMITED

COMPANY INFORMATION

Directors	Ms A Longfield OBE Mr C Ellis
Secretary and registered office	Mr C Ellis City Reach 5 Greenwich View Place London E14 9NN
Company number	5133622
Auditors	Saffery Champness Lion House Red Lion Street London WC1R 4GB
Bankers	National Westminster Bank Plc 403 Bethnal Green Road London E2 0AL

4CHILDREN (DIRECT) LIMITED
Formerly 4CHILDREN LIMITED

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4CHILDREN (DIRECT) LIMITED
Formerly 4CHILDREN LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2009

The directors present their report and the financial statements for the year ended 31 March 2009.

Directors' Responsibilities

The directors present their report and 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; 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.

In the case of each of the persons who are directors at the time when this report is approved, the following applies:

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- b) the director has taken all the steps that he ought to have taken as a director in order to make himself/ herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Principal activities and review of the business

The principal activity during the year was the provision of childcare services. The company has entered into a gift aid arrangement under which the whole of its taxable profit in any accounting period is donated to the parent charity.

Directors

The directors listed below held office during the whole of the period from 1 April 2008 to the date of this report unless otherwise stated:

Ms A Longfield
Mr C Ellis

None of the directors has any beneficial interest in the share capital of the company.

Auditors

Saffery Champness have expressed their willingness to remain as auditors of the company.

The directors have prepared this report in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board



.....
A. Longfield
Director

12. 12. 2009

4CHILDREN (DIRECT) LIMITED
Formerly 4CHILDREN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial accounts on pages 4 to 10. Those financial statements have been prepared under the historical cost convention and the accounting policies set out on page 6 and the Financial Reporting Standard for Smaller Entities (effective January 2007).

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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.

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 and whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. We also 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 the information specified by law regarding the 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 or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with the 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 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 consider necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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.

4CHILDREN (DIRECT) LIMITED
Formerly 4CHILDREN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities, of the state of affairs of the company as at 31 March 2009 and of its profit for the year then ended; and
- 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.

Saffery Champness

Saffery Champness

Chartered Accountants
Registered Auditors

Lion House
Red Lion Street
London
WC1R 4GB

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4CHILDREN (DIRECT) LIMITED
Formerly 4CHILDREN LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 £	Restated 2008 £
Turnover	2	2,278,224	1,266,600
Cost of sales		(854,146)	(295,736)
Gross profit		1,424,078	970,864
Administrative expenses		(1,136,367)	(401,416)
Operating profit	3	287,711	569,448
Interest payable and similar expenses		30,677	178
Payment under Gift Aid	12	257,034	569,270
Profit on ordinary activities after taxation		-	-

All amounts relate to continuing activities.

There are no movements of shareholders' funds apart from the profit for the year.

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

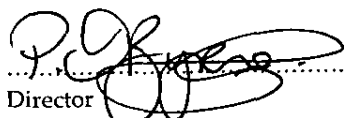
4CHILDREN (DIRECT) LIMITED
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BALANCE SHEET
AT 31 MARCH 2009

	Notes	2009		2008	
		£	£	£	£
Fixed assets					
Tangible assets	5		235,020		135,357
Development Expenditure	6		<u>335,244</u>		<u>377,150</u>
			570,264		512,507
Current assets					
Stock	7	566,506		472,046	
Debtors	8	532,001		420,922	
Cash at bank and in hand		157,304		6,423	
		<u>1,255,811</u>		<u>899,391</u>	
Creditors: amounts falling due within one year	9	<u>(1,626,074)</u>		<u>(1,411,897)</u>	
Net current (liabilities)			(370,263)		(512,506)
Creditors: amounts falling due after more than one year	9		<u>(200,000)</u>		<u>-</u>
Total assets less current liabilities			<u>1</u>		<u>1</u>
Capital and reserves					
Called up share capital	10		<u>1</u>		<u>1</u>
Equity shareholders' funds			<u>1</u>		<u>1</u>

These accounts have been prepared in accordance with the special provisions of part VII of the Companies Act 1985, and the Financial Reporting Standard for Smaller Entities (January 2007) relating to small companies.

Approved by the Board on 12. 12. 2009


Director

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

Company Registration No. 5133622 (England and Wales)

4CHILDREN (DIRECT) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

1 Accounting policies

The financial statements have been prepared under the historic cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (January 2007). These financial statements have been prepared on a going concern basis. The company has not produced a cashflow statement on the grounds that as a small company it is exempt. The following principal accounting policies have been applied. The 2008 profit and loss account has been restated to show a more accurate split between cost of sales and administrative costs. There is no change to the result for the year or reserves.

1.1 Turnover

Turnover represents sales to outside customers at invoiced amounts net of value added tax.

1.2 Depreciation

Depreciation is provided to write off the cost, less estimated residual value, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Computer equipment	25% per annum
Fixtures and fittings	25% per annum
Sundry assets	33% per annum

1.3 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value..

1.4 Development expenditure

Development expenditure is accounted for in accordance with SSAP 13 "Research and Development". Details are shown at note 6.

2 Turnover

Turnover is attributable to the one principal activity of the company which arose wholly in the United Kingdom.

3 Operating profit	2009	2008
	£	£

The operating profit is stated after charging:

Auditors' remuneration - audit fees - current year	6,500	-
- previous year	6,500	-
Depreciation - own tangible assets	72,443	599
	<hr/>	<hr/>

4 Taxation

The company is liable to taxation on its taxable profits. However, no tax provision is included in these accounts as the profits were paid by gift aid to the ultimate parent company (see note 12) reducing the taxable profit to nil for the year.

4CHILDREN (DIRECT) LIMITED
Formerly 4CHILDREN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

5 Tangible fixed assets

	Sundry assets £	Computer equipment £	Fixtures and fittings £	Total £
Cost				
At 1 April 2008	76,495	39,865	19,596	135,956
Additions	26,313	46,899	104,608	177,820
Disposals	(2,624)	(713)	(2,377)	(5,714)
At 31 March 2009	100,184	86,051	121,827	308,062
Depreciation				
At 1 April 2008	-	317	282	599
Charge for the year	31,832	19,229	21,382	72,443
Disposals	-	-	-	-
At 31 March 2009	31,832	19,546	21,664	73,042
Net book value				
At 31 March 2009	68,352	66,505	100,163	235,020
At 31 March 2008	76,495	39,548	19,314	135,357

6 Development Expenditure

	2009 £	2008 £
Product development	68,153	76,673
Project development	234,602	263,927
Modelling development	32,489	36,550
	335,244	377,150

Development expenditure incurred to date relates to the Children's Centres project and will be written to the profit and loss account over the period of the definable project life, being a ten year period, from 1 April 2007 and is in compliance with SSAP13. The only movements in the year are charges to profit and loss account.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

7	Stock	2009 £	2008 £
	Stock	-	6,483
	Work in Progress	566,506	465,563
		<u>566,506</u>	<u>472,046</u>

The ongoing expenditure relating to the Children's Centre is charged to Work in Progress (£566,506). £168,198 (2008 £51,877) was written off during the year. This is an ongoing project with Centres phased to open during the next three years, funded over a ten year roll out period.

8	Debtors	2009 £	2008 £
	Trade debtors	146,583	55,176
	Other debtors	28,418	3,256
	Accrued income	357,000	362,490
		<u>532,001</u>	<u>420,922</u>

9	Creditors		
	Creditors: Amounts falling due within one year		
		2009 £	2008 £
	Trade creditors	213,135	88,201
	Other creditors	1,072	-
	Accruals	70,308	102,688
	Deferred income	189,000	-
	VAT and social security costs	99,908	-
	Amounts owed to ultimate parent undertaking	1,052,651	1,221,008
		<u>1,626,074</u>	<u>1,411,897</u>

Interest is payable at a commercial rate on the amount owed to the group undertaking which is repayable on demand. The interest charge amounted to £29,801 for the year.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

9 Creditors (continued)

Creditors: Amounts falling due after more than 1 year

	2009 £	2008 £
External loans	<u>200,000</u>	<u>-</u>
Loan maturity analysis		
	2009 £	2008 £
In less than one year	-	-
In more than one year but not more than two years	42,858	-
In more than two years but not more than five years	57,144	-
In more than five years	99,998	-
	<u>200,000</u>	<u>-</u>
Included in current liabilities	-	-
	<u>200,000</u>	<u>-</u>

The external loan is from Big Issue Investments Limited. This has been specifically loaned to 4Children Direct Ltd for the investment in current and future Childcare Centres. The loan is for a period of five years from January 2009, with a capital repayment period of forty-two months beginning August 2010. The loan is secured by a debenture charged over the total assets of the company.

10 Shareholders funds

	Profit and loss account £	Share capital £	Total £
As at 1 April 2008	-	1	1
As at 31 March 2009	<u>-</u>	<u>1</u>	<u>1</u>
The share capital comprises:			
	2009 £	2008 £	
Authorised			
100 Ordinary shares of £1 each	100	100	
Allotted, issued, called up and fully paid			
1 Ordinary share of £1	<u>1</u>	<u>1</u>	

4CHILDREN (DIRECT) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

11 Contingent liability

The bank overdraft of the ultimate parent company, 4Children, is secured by way of a cross guarantee over the assets of 4Children (Direct) Limited behind the debenture holder.

12 Ultimate parent undertaking

The ultimate parent undertaking is 4Children, a charitable company registered in England and Wales (Registered Company No. 1789253). 4Children owns 100% of the issued share capital of 4Children (Trading) Limited (registered company no. 2433565) which owns 100% of the issued share capital of 4Children (Direct) Limited, which has gift aided its entire taxable profit totalling £257,034 to the charity. Group accounts may be obtained from 4Children, City Reach, 5 Greenwich View Place, London E14 9NN.

4Children (Direct) Limited is, as a wholly owned subsidiary under FRS 8, exempt from disclosing transactions with other group companies.