

**Auditors' Report to the director of Happitots Day Nurseries Limited
under Section 247B of the Companies Act 1985**

192599

We have examined the abbreviated accounts set out on pages 2 to 5 together with the financial statements of Happitots Day Nurseries Limited for the year ended 30 September 2003 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of director and auditors

The director is responsible for preparing abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

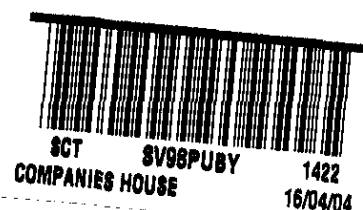
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985 in respect of the year ended 30 September 2003, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.

Springfords LLP

**Springfords LLP
Chartered Accountants and
Registered Auditors**

12 March 2004

**Dundas House
Westfield Park
Eskbank
Edinburgh
EH22 3FB**



Happitots Day Nurseries Limited

Abbreviated Balance Sheet as at 30 September 2003

		2003		2002	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	2		81,875		95,625
Tangible assets	2		789,031		710,104
			<u>870,906</u>		<u>805,729</u>
Current Assets					
Debtors		2,848		529	
Cash at bank and in hand		400,532		214,736	
		<u>403,380</u>		<u>215,265</u>	
Creditors: amounts falling due within one year	3	(207,427)		(137,514)	
Net Current Assets			<u>195,953</u>		<u>77,751</u>
Total Assets Less Current Liabilities			<u>1,066,859</u>		<u>883,480</u>
Creditors: amounts falling due after more than one year	4		(367,600)		(469,535)
Provisions for Liabilities and Charges			(955)		(4,000)
Net Assets			<u>698,304</u>		<u>409,945</u>
Capital and Reserves					
Called up share capital	5		50,000		50,000
Profit and loss account			648,304		359,945
Shareholders' Funds			<u>698,304</u>		<u>409,945</u>

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies .

The abbreviated accounts were approved by the Board on 12 March 2004 and signed on its behalf by

H Gilchrist
Director



The notes on pages 3 to 5 form an integral part of these financial statements.

Happitots Day Nurseries Limited

Notes to the Abbreviated Accounts for the year ended 30 September 2003

1. Accounting Policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention .

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small company.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 4 years.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	2% on cost
Plant and machinery	-	25% on cost

1.5. Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

1.6. Deferred taxation

Provision is made for deferred taxation using the incremental liability approach to take account of all timing differences between the incidence of income and expenditure for taxation and accounting purposes that have originated but not reversed at the balance sheet date.

Happitots Day Nurseries Limited

**Notes to the Abbreviated Accounts
for the year ended 30 September 2003**

2. Fixed assets	Intangible assets	Tangible fixed assets	Total
	£	£	£
Cost			
At 1 October 2002	151,516	788,454	939,970
Additions	30,000	206,410	236,410
Disposals	-	(69,279)	(69,279)
At 30 September 2003	181,516	925,585	1,107,101
Depreciation and Provision for diminution in value			
At 1 October 2002	55,891	78,350	134,241
On disposals	-	(6,609)	(6,609)
Charge for year	43,750	64,813	108,563
At 30 September 2003	99,641	136,554	236,195
Net book values			
At 30 September 2003	81,875	789,031	870,906
At 30 September 2002	95,625	710,104	805,729

3. Creditors: amounts falling due within one year	2003	2002
	£	£

Creditors include the following:

Secured creditors	117,743	40,000
-------------------	---------	--------

4. Creditors: amounts falling due after more than one year	2003	2002
	£	£

Include the following:

Instalments repayable after more than five years	-	309,535
Secured creditors	367,600	469,535

Happitots Day Nurseries Limited

**Notes to the Abbreviated Accounts
for the year ended 30 September 2003**

5. Share capital	2003	2002
	£	£
Authorised equity		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid equity		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>