Financial Statements
Maclaren Europe Limited

For the year ended 31 December 2010

Company No. 4144247

Company information

Company registration number:	4144247
Registered office:	Station Works Station Road LONG BUCKBY Northamptonshire NN6 7PF
Directors:	G Kafi C Norgate-Hart (resigned 31 August 2011)
Independent Auditors:	PricewaterhouseCoopers LLP Chartered Accountants and Auditors Exchange House Central Business Exchange Midsummer Boulevard Central Milton Keyenes MK9 2DF

Index to the financial statements

Report of the director

The director presents his report together with the audited financial statements for the year ended 31 December 2010

Principal activities

The principal activities of the Company and its subsidiary undertakings throughout the year continued to be the distribution and sale of pushchairs and products for parenting

Results and dividends

The trading results for the year and the Group's financial position at the end of the year are shown in the attached financial statements and are discussed further in the business review below

The Group has not paid or recommended any dividends during the year

Business review

The director reports a Group profit before taxation of £1,627k (2009 £3,739k) on continuing operations for the year ended 31 December 2010

The director is pleased with the performance during a year where markets continued to be volatile and believe that the Group is in a strong position to expand its market share

Financial performance

Financial performance for the year is analysed as follows

	2010	2009	Change	
	£'000	£'000	£'000	%
Turnover	**34,063**	37,928	(3,865)	(10)
Gross profit	**12,789**	14,099	(1,310)	(9)
Profit before tax	**1,627**	3,739	(2,112)	(57)

Strategy

Due to management's two-fold strategy of sales growth and product development, the Maclaren brand remains the market leader for 2nd age buggies across Europe but has come under some pressure in the UK market where competition has been fierce due to the UK's economic conditions

The brand nevertheless maintained its policy to privilege its brand value and resisted price reductions, partially compensating for this by continuing to build its product portfolio with the introduction of Beginnings, a mother and baby range and nursery furniture It has also actively sought to differentiate itself from competitors by positioning its products in the high end luxury sector

The brand has therefore maintained a strong market image with management committed to quality, innovation, health and safety and offering value added services As part of the commitment toward health and safety, in 2009 and 2010 the Group has introduced new manufacturing techniques and voluntarily sought to improve the safety of its products, streamlining the design of key buggy parts

Turnover

In a continuing difficult economic environment, sales have declined over the year by 10%, however some of this decline was due to exchange rate movements between the Pound Sterling and Euro which accounted for 3% of the variation and when adjusted for, left European sales flat on a like for like basis Sales nevertheless declined because of lower sales to the rest of the world, notably the USA where Maclaren established its own subsidiary, and in the UK due-to the depressed UK economic conditions

Report of the director (continued)

Gross profit

Gross profit margin in 2010 remained almost at the same level as in 2009 at 37 5% compared to 37 2% in 2010 Adverse exchange rate movements between the US Dollar and European currencies impacted the Group's gross margin by 1 5%, offsetting reductions in freight costs of approximately 2% in 2010 compared to 2009

Operating costs

The Group's net operating expenses have increased by 1 4% year on year from £11 0m to £11 1 m

Research and development

The Group recognises the importance of high quality products, product safety and strong design The Group will continue to invest in the quality and design of the product range, believing that continuing investment in research and development is fundamental to the continuing growth of the business

Summary of key performance indicators

The Group monitors sales, stock, debtors, creditors and cash on a weekly basis and compares to annual budgets and revised forecasts as appropriate Based on these indicators, the Group implements action plans as appropriate to ensure that the Group performs in line with other companies in the same industry sector

	2010	2009	Definition, method of calculation and analysis
Turnover	£34,063 k	£37,928 k	Taken from face of Profit and Loss Account See page 10
Profit before tax	£1,627 k	£3,739 k	Taken from face of Profit and Loss Account See page 10
Inventory Days	121	98	The average number of days goods remain in inventory before being sold Calculated as closing stock over cost of sales
Receivable Days	44	89	The average number of days before debtors are settled Calculated as closing trade debtors over turnover

Future outlook

The Group will continue to invest in the product range, with particular emphasis on quality, design and will look to employ people with the relevant expertise to enable the company to improve its strong market position In addition the Group will continue to develop its wholesale network, by seeking new opportunities to establish strategic partnerships with its key retail customers in each market

Report of the director (continued)

Principal risk and uncertainties
Management of the business and the nature of the Group's strategy are subject to a number of risks

The director has set out below the principal risks facing the business

The director is of the opinion that a risk management process is adopted and where possible, processes are in place to monitor and mitigate such risks

Operating subsidiaries profitability
The Group is dependent on the financial performance of its trading subsidiaries The risks faced by these subsidiaries including market, economic and competitive conditions, will affect the investment and profitability of the Group

Financial risk management objectives and policies

The Group uses various financial instruments including cash, invoice factoring, fixed interest invoice discounting and various items such as trade debtors and trade creditors that arise from its operations The main purpose of these financial instruments is to raise finance and fund the Group's operations

The existence of these financial instruments exposes the Group to a number of financial risks which are described in more detail below

The main risks arising from the Group's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk The director reviews and agrees policies for managing each of these risks and they are summarised below These policies have remained unchanged from previous years

Market risk
Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk In this instance interest rate risk and price risk are not considered a material risk to the business The Company has no external borrowings other than its invoice factoring and fixed interest invoice financing facility

Currency risk
The Group operates internationally and is exposed to translation and transaction foreign exchange risk, arising from various currency exposures, primarily with respect to the US Dollar and the Euro As far as is possible payments and receipts are matched in these currencies to minimise currency risk

Liquidity risk
The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

The Group arranges its borrowings to meet expected operational liquidity requirements This is achieved through short term borrowings, and managing payment terms with a related party supplier

Credit risk
The Group's principal financial assets are cash and trade debtors The principal credit risk arises from the Group's trade debtors

Report of the director (continued)

In order to manage credit risk the director sets limits for customers based on a combination of payment history and third party credit references Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history

Going concern

The director has reviewed the financial position of the Group and the budgets and forecasts produced by management Maclaren (HK) (a related undertaking) has confirmed that it will continue to provide financial support to the company for a period no less than twelve months from the date of approval of these accounts Based on this, and the facilities in place with the Group's key supplier, Maclaren Distribution Limited, he believes the Group will have sufficient resources to meet it's liabilities as they fall due and as such these financial statements have been prepared on a going concern basis

Insurance of director

Insurance is maintained for the director of the Company in respect of his duties as director The insurance covers legal liability to pay damages incurred in respect of claims for any wrongful act

The Directors

Mr G Kafi

Ms C Norgate-Hart resigned on the 31 August 2011

Post balance sheet events

During the last quarter of 2010 the group performed a complete strategic review of its organisation and its market position It was concluded that it was necessary to reposition its sales activities in all of its regions in order to adapt the group to current market trends and also to facilitate the development of its E Commerce platforms (B2B & B2C) The cost of the restructuring is expected to be between £800k and £1m and will be incurred in 2011 and 2012 No costs or provisions for restructuring are included in these financial statements

This process is expected to be completed by the first half of 2012

Charitable donations

During the year the Group made donations of £4k (2009 - £nil) to local educational and sporting charities

Report of the director (continued)

Statement of director's responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations

Company law requires the director to prepare financial statements for each financial year Under that law the director has prepared the Group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently
- make judgments and accounting 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 director is 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 the Group, and enable them to ensure that the financial statements comply with the Companies Act 2006 He is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the director is aware

- there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

Independent Auditors

PricewaterhouseCoopers LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006

ON BEHALF OF THE BOARD

G Kafi
Director
6 March 2012

Independent Auditors' Report to the Members of Maclaren Europe Limited

We have audited the group and parent company financial statements (the 'financial statements') of Maclaren Europe Limited for the year ended 31 December 2010 These comprise the consolidated profit and loss account, the statement of group total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement, the accounting policies and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of director and auditors
As explained more fully in the director's Responsibilities Statement set out on page 7 the director is 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

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 director, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2010 and of the Group's profit and cash flows 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 director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent Auditors' Report to the Members of Maclaren Europe Limited (continued)

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent Company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Stephen Hale

Stephen Hale (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes

7 March 2012

Consolidated profit and loss account

	Note	Group 2010 £000	Group 2009 £000
Turnover	2	**34,063**	37,928
Cost of sales		**(21,274)**	(23,829)
Gross profit		**12,789**	14,099
Net operating expenses	3	**(11,110)**	(10,954)
Operating profit		**1,679**	3,145
Net interest (payable)/receivable	4	**(52)**	594
Profit on ordinary activities before taxation		**1,627**	3,739
Tax charge on ordinary activities	6	**(491)**	(433)
Profit for the financial year	16	**1,136**	3,306

All of the activities of the Group are classed as continuing

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

Statement of group total recognised gains and losses

For the year ended 31 December	**2010 £000**	2009 £000
Profit for the financial year	**1,136**	3 306
Exchange adjustments offset in reserves	**(31)**	5
Total recognised gains since last financial statements	**1,105**	3,311

Consolidated and Company balance sheets

	Note	**Group 2010 £000**	Group 2009 £000	**Company 2010 £000**	Company 2009 £000
Fixed assets					
Tangible assets	8	**253**	349	**63**	110
Intangible assets	9	**-**	30	**-**	-
Investments	10	**-**	-	**81**	78
		253	379	**144**	188
Current assets					
Stocks	11	**7,056**	6,387	**3,617**	4,211
Debtors	12	**7,291**	10,600	**14,445**	9,873
Cash at bank and in hand		**2,124**	1,812	**210**	1,182
		16,471	18,799	**18,272**	15,266
Creditors: amounts falling due within one year	13	**(16,307)**	(19,807)	**(18,042)**	(15,586)
Net current assets/(liabilities)		**164**	(1,008)	**230**	(320)
Total assets less current liabilities		**417**	(629)	**374**	(132)
Provisions for liabilities and charges	14	**(796)**	(855)	**(556)**	(497)
Net liabilities		**(379)**	(1,484)	**(182)**	(629)
Capital and reserves					
Called up share capital	15	**955**	955	**955**	955
Profit and loss account	16	**(1,334)**	(2,439)	**(1,137)**	(1,584)
Deficit on shareholders' funds	17	**(379)**	(1,484)	**(182)**	(629)

These financial statements were approved and authorised for issue by the director on 6 March 2012

G Kafi
Director

Maclaren Europe Limited Registered number 4144247

Consolidated cash flow statement

	Note	Group 2010 £000	Group 2009 £000
Net cash inflow from operating activities	18	**1,386**	267
Returns on investments and servicing of finance			
Interest received		-	-
Interest paid		**(52)**	(21)
Net cash outflow from returns on investments and servicing of finance		**(52)**	(21)
Taxation		**(1,003)**	(19)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(32)**	(21)
Sale of tangible assets		-	-
Net cash outflow from capital expenditure and financial investment		**(32)**	(21)
Acquisitions			
Purchase of subsidiary undertaking	24	-	(36)
Net cash outflow from acquisitions		-	(36)
Increase in cash in the year	19	**299**	170

The accompanying accounting policies and notes on pages 13 to 31 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

Basis of preparation

The Group financial statements have been prepared under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) and applicable accounting standards The principal accounting policies applied in the preparation of these financial statements are set out below These policies have been consistently applied to all the years presented unless otherwise stated The financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice)

The Company's accounting policies are unchanged compared with the prior year

Turnover

Turnover is the revenue arising from the sales of goods and services It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment or the product being ready for delivery, based on specific contract terms

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all subsidiary undertakings made up to 31 December 2010 The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account The amount of the profit for the financial period dealt with in the financial statements of Maclaren Europe Limited is disclosed in Note 16 to the financial statements

Going concern

The director has reviewed the financial position of the Group and the budgets and forecasts produced by management Maclaren (HK) (a related undertaking) has confirmed that it will continue to provide financial support to the company for a period no less than twelve months from the date of approval of these accounts Based on this, and the facilities in place with the Group's key supplier, Maclaren Distribution Limited, he believes the Group will have sufficient resources to meet it's liabilities as they fall due and as such these financial statements have been prepared on a going concern basis

Notes to the financial statements (continued)

1. Accounting policies (continued)

Intangible assets

Research and development

Research and development expenditure is charged to profits in the period in which it is incurred Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty and amortised in line with the expected sales arising from the projects All other development costs are written off in the year of expenditure

Goodwill

Purchased goodwill arising on acquisitions is the difference between the fair value of the purchase consideration and the fair value of the Group's share of the identifiable assets and liabilities of the acquired business at the date of acquisition Positive goodwill is capitalised and classified as an asset on the balance sheet and amortised over its estimated useful life up to a maximum of 20 years Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary if circumstances indicate that it's carrying value may not be recoverable

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their estimated useful economic lives The periods applicable are

Leasehold improvements	Over the period of the lease
Plant and equipment	4 – 5 years
Office equipment	3 – 5 years
Computer equipment	3 years

Stocks

Stocks are stated at the lower of cost and net realisable value, after provisions are made in respect of obsolete and slow moving items, based on historical experience of utilisation on an item-by-item basis

Warranty Provision

The Group offers a lifetime product warranty on certain products Using historical data a warranty provision for potential labour and parts costs to service potential warranty claims has been calculated

Notes to the financial statements (continued)

1. Accounting policies (continued)

Current tax

The current tax charge is based on the result for the year and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date Current and deferred tax is recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

- deferred tax assets are recognised only to the extent that it is considered that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

No deferred tax has been recognised in the period

Company as lessee

Operating lease agreements
Leases where substantially all of the risks and rewards of ownership are not transferred to the Company are treated as operating leases Rentals under operating leases are charged against profits on a straight-line basis over the period of the lease

Foreign currencies

Profit and loss accounts of foreign subsidiary companies are translated into sterling at the average rate for the period Assets and liabilities are translated at the exchange rate ruling at the end of the financial period Gains or losses arising from normal trading are included in the profit and loss account, except for amounts relating to the retranslation of the opening net investment in foreign branches or subsidiaries, which are adjusted against reserves Where exchange differences result from the translation of foreign currency borrowings raised to fund foreign assets, including equity investments, they are taken to reserves and offset against the differences arising from the translation of those assets

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract

Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Notes to the financial statements (continued)

1. Accounting policies (continued)

Provisions for liabilities and charges

Provisions (other than provisions for post retirement benefits and deferred taxation) are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably

A contingent liability arises where the Group has a possible obligation as a result of past events, or where the Group has a present obligation as a result of past events, but where the transfer of economic benefit to settle the obligation is not probable, or the amount of the liability cannot be measured with sufficient reliability Contingent liabilities are disclosed in the notes to the financial statements

Retirement benefits

Defined contribution pension scheme

Maclaren Europe Limited and Maclaren UK Limited Companies
The pension costs charged against operating profits are the contributions payable to a GPP (defined contribution) scheme managed by Accla Limited (associated related party) on behalf of Maclaren Europe Limited and Maclaren UK Limited in respect of the accounting period The pension scheme is open to all Company employees following three months continuous employment

There are no defined benefit retirement schemes operated by either the Company or Group

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Notes to the financial statements (continued)

2. Turnover

The turnover is attributable to the activity stated in the Report of the director

An analysis of turnover by geographical market is given below

	2010 £000	2009 £000
United Kingdom	**9,428**	11,023
Europe	**24,573**	25,482
Rest of World	**62**	1,423
	34,063	37,928

3. Operating profit

Operating profit is stated after charging / (crediting)

	2010 £000	2009 £000
Amounts written off goodwill	**30**	-
Depreciation		
Tangible fixed assets, owned	**119**	87
Operating lease rentals		
Plant and machinery	**587**	514
Other	**33**	11
Net exchange differences	**378**	(1,488)

Services provided by the company's auditors and its associates

During the year the group (including its overseas subsidiaries) obtained the following services from the company's auditors and its associates

	2010 £000	**2009 £000**
Fees payable to company auditors for the audit of the parent company and consolidated financial statements	50	35
Fees payable to company's auditors for other services		
The audit of company's subsidiaries pursuant to legislation	55	-
Other audit related services	30	-
Tax services	13	3

Notes to the financial statements (continued)

4. Net interest (payable) / receivable

	2010 £000	2009 £000
On bank loans and overdrafts	(52)	(20)
Waiver of interest on loan from parent accrued in prior periods	-	614
	(52)	594

5. Director and employees

Staff costs during the year were as follows

	2010 £000	2009 (Restated) £000
Wages and salaries	3,257	2,605
Social security costs	771	454
Pension costs	31	70
	4,059	3,129

The prior year comparative data has been restated to exclude staff costs recharged from a service company and to be consistent with the basis of disclosure in 2010 The Director believes that this is a more appropriate presentation The previous data reported was wages and salaries of £3,159k, social security costs of £521k and pension costs of £121k

The average number of employees of the Group in the year was as follows

	2010 Number	2009 Number
Logistics, including warehouse, repairs and customer services	34	18
Office management	28	20
Sales and marketing	25	31
New product development	10	11
	97	80

Notes to the financial statements (continued)

5. Director and employees (continued)

Director's emoluments during the year were as follows

Payments amounting to £20,000 (2009 - £20,000) were paid to Laser Sailboats Limited, a related undertaking, in respect of director fees

Payments amounting to £3,735 (2009 - £8,649) were also paid to CNH Consulting Limited, a company under common control of Catherine Norgate-Hart, in respect of director fees

6. Taxation on profit on ordinary activities

The tax charge represents

	2010 £000	2009 £000
UK corporation tax @ 28% (2009 - 28%)	**297**	95
Foreign tax	**208**	338
Total current year tax charge	**505**	433
Adjustment in respect of prior year	**(14)**	-
Tax charge on profit on ordinary activities	**491**	433

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 28 % (2009 - 28%) The differences are explained as follows

	2010 £000	2009 £000
Profit on ordinary activities before tax	**1,627**	3,739
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	**455**	1,047
Effect of		
Expenses not deductible for tax purposes	**69**	5
Differences between capital allowances and depreciation	**1**	4
Other timing differences	**21**	309
Adjustment to tax charge in respect of prior years	**(14)**	-
Foreign tax	**(41)**	44
Utilisation of losses	**-**	(703)
Group relief (claimed)/surrendered	**-**	(273)
Current tax charge for the year	**491**	433

Factors affecting current and future tax charges

Notes to the financial statements (continued)

6. Taxation on profit on ordinary activities (continued)

Subsequent to the year end, the main UK corporation tax rate was reduced to 26%, this change was substantively enacted on 29 March 2011, effective from 1 April 2011

Further reductions to the UK corporation tax rate were also announced in the March 2011 Budget The first reduction, which was substantively enacted on 5 July 2011, will reduce the rate to 25%, effective 1 April 2012 The other changes, which are expected to be substantively enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014

These changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements

Deferred tax

There is a potential deferred tax asset of £51k (determined at a rate of 27%), resulting largely from timing differences on fixed assets and provisions, which has not been recognised as it is not deemed sufficiently certain that there will be future taxable profits to utilise these deductions

7. Profit/(loss) for the year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss accounts in these financial statements The Group profit for the year includes a profit of £447k (2009 - £3,942k) relating to Maclaren Europe Limited

Notes to the financial statements (continued)

8. Tangible fixed assets

The Group

	Leasehold Improvements £000	Plant and equipment £000	Office equipment £000	Computers £000	Motor Vehicles £000	Fixtures & Fittings £000	Total £000
Cost							
At 1 January 2010	289	75	174	478	24	4	1,044
Exchange differences	(7)	-	(2)	(1)	(1)	(1)	(12)
Additions in year	14	-	1	17	-	-	32
Re allocate assets	-	-	(14)	(3)	6	11	-
Disposals	-	-	-	(2)	-	-	(2)
At 31 December 2010	296	75	159	489	29	14	1,062
Depreciation							
At 1 January 2010	68	69	126	424	7	1	695
Exchange differences	(2)	-	(1)	(1)	-	-	(4)
Provided in year	48	5	15	42	6	3	119
Disposals	-	-	-	(1)	-	-	(1)
Re allocate assets	-	-	(6)	(1)	6	1	-
At 31 December 2010	114	74	134	463	19	5	809
Net book amount at 31 December 2010	**182**	**1**	**25**	**26**	**10**	**9**	**253**
at 31 December 2009	221	6	48	54	17	3	349

Notes to the financial statements (continued)

8. Tangible fixed assets (continued)

The Company

	Leasehold improvements £000	Plant and equipment £000	Office equipment £000	Computers £000	Total £000
Cost					
At 1 January 2010	81	74	110	444	709
Transfer to subsidiary	-	-	(13)	(12)	(25)
At 31 December 2010	81	74	97	432	684
Depreciation					
At 1 January 2010	21	68	102	408	599
Transfer to subsidiary	-	-	(8)	(10)	(18)
Provided in year	7	5	2	26	40
At 31 December 2010	28	73	96	424	621
Net book amount					
at 31 December 2010	**53**	**1**	**1**	**8**	**63**
at 31 December 2009	60	6	8	36	110

Certain fixed assets were transferred to Maclaren UK Limited on 1 January 2010

The assets were transferred at their Net Book Value as carried in the Maclaren Europe Limited accounts, which is deemed to represent the Fair Value

9. Intangible assets

The Group

	Goodwill arising on consolidation £000
Cost at 1 January 2010 and 31 December 2010	30
Amount written off in the year	(30)
Net book value At 31 December 2010	-
Net book value At 31 December 2009	30

During the year the Director has reviewed the carrying value of the goodwill The balance has been written off following operational changes that impact Maclaren Services France SAS

Notes to the financial statements (continued)

10. Investments

The Company	Shares in subsidiary undertakings £000
Cost at 1 January 2010	78
Additions	3
At 31 December 2010	**81**

The addition in the year relates to payments made for shares in Maclaren Articulos de Puericultura A company that was already a subsidiary by virtue of control and beneficial ownership as at 31 December 2009

At 31 December 2010 the Company owned 20% or more of the allotted share capital of the following

Subsidiary	Country of incorporation	Class of share	Proportion	Nature of business
Maclaren France SAS	France	Ordinary	100%	Distribution and sale of pushchairs and ancillary products
Maclaren GMBH	Germany	Ordinary	100%	Distribution and sale of pushchairs and ancillary products
Maclaren UK Limited	Great Britain	Ordinary	100%	Distribution and sale of pushchairs and ancillary Products
Maclaren Europe Services SAS (formerly Accla France Limited)	France	Ordinary	100%	Management services
Maclaren Articulos de Puericultura	Spain	Ordinary	100%	Distribution and sale of pushchairs and ancillary products

Notes to the financial statements (continued)

11. Stocks

	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Finished goods and spare parts (including goods in transit)	**7,056**	6,387	**3,617**	4,211

12. Debtors

	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Trade debtors	**4,094**	9,287	**109**	1,424
Amounts due from group undertakings	**52**	26	**13,982**	8,201
Corporation tax	**116**	-	**14**	-
Other debtors	**2,870**	1,156	**293**	137
Prepayments and accrued income	**159**	131	**47**	111
	7,291	10,600	**14,445**	9,873

Included within trade debtors is an amount of £1,760k (2009 - £1,416k) relating to factored debts in Maclaren France, and an amount of £1,040k (2009 - £1,273k) relating to factored debts in the United Kingdom

13. Creditors: amounts falling due within one year

	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Bank overdrafts and loans	**1,860**	1,847	**-**	501
Trade creditors	**11,765**	13,286	**11,081**	11,162
Amounts due to group undertakings	**131**	437	**5,825**	3,001
Corporation tax	**34**	441	**-**	94
Social security and other taxes	**1,582**	1,048	**896**	170
Other creditors	**222**	749	**43**	122
Accruals	**713**	1,999	**197**	536
	16,307	19,807	**18,042**	15,586

Included within bank loans and overdrafts is an amount of £188k (2009 - £501k) due to Lloyds TSB Commercial Finance Limited This is secured by way of an all assets debenture

Included within bank loans and overdrafts is an amount of £1,672k (2009 - £1,346k) for amounts due in respect of factored debts in Maclaren France

Notes to the financial statements (continued)

14. Provisions for liabilities and charges

The Group

	Warranty £000	Liability Claims £000	Redundancy £000	Inspection £000	Total £000
At 1 January 2010	24	473	237	121	855
Provided during the year	105	83	-	-	188
Utilised during the year	(24)	-	(93)	(26)	(143)
Released during the year	-	-	-	(95)	(95)
Currency adjustment	-	-	(9)	-	(9)
At 31 December 2010	**105**	**556**	**135**	**-**	**796**

The Company

	Warranty £000	Liability Claims £000	Total £000
At 1 January 2010	24	473	497
Provided during the year	-	83	83
Utilised during the year	(24)	-	(24)
At 31 December 2010	**-**	**556**	**556**

The liability provision is the Company's best estimate of the cost to satisfy future liability claims against the Company, largely expected to be settled in 1 to 3 years

During the year the obligation for warranty repairs has been transferred from the Company to its subsidiaries The warranty provision at the year end is the Group's best estimate of the cost of fulfilling this obligation based upon the underlying claims rate by product line, largely expected to be settled in 1 to 2 years

The redundancy provision is the Group's estimate of the costs likely to be incurred, expected to be settled in 1 year

The provision for inspection costs related to the Group's liability under French tax investigations, which have now been resolved and settled

Notes to the financial statements (continued)

15. Share capital

	2010 £000	2009 £000
Authorised		
955,061 ordinary shares of £1 each	**955**	955
Allotted, called up and fully paid		
Ordinary shares of £1 each	**955**	955

16. Profit and loss account

	The Group £000	The Company £000
At 1 January 2010	(2,439)	(1,584)
Profit for the year	1,136	447
Foreign exchange movement	(31)	-
At 31 December 2010	**(1,334)**	**(1,137)**

17. Reconciliation of movements in shareholders' net deficit

	2010 The Group £000	2010 The Company £000	2009 The Group £000	2009 The Company £000
Profit for the year and net decrease in shareholders' funds	**1,136**	**447**	3,306	3,942
Foreign exchange movement	**(31)**	-	5	-
Share capital issued	-	-	850	850
Net increase in shareholders funds	**1,105**	**447**	4,161	4,752
Shareholders' net deficit at 1 January	**(1,484)**	**(629)**	(5,645)	(5,421)
Shareholders' net deficit at 31 December	**(379)**	**(182)**	(1,484)	(629)

Notes to the financial statements (continued)

18. Net cash inflow from operating activities

	2010 £000	2009 £000
Operating profit	**1,679**	3,145
Depreciation	**119**	87
Amounts written of goodwill	**30**	-
Exchange movements	**(41)**	2
Decrease/(Increase) in stocks	**(669)**	2,860
Decrease/(Increase) in debtors	**3,425**	287
(Decrease)/Increase in creditors	**(3,106)**	(6,626)
(Decrease)/Increase in provisions	**(50)**	484
(Loss)/profit on sale of fixed assets	**(1)**	28
Net cash inflow	**1,386**	267

19. Reconciliation of net cash flow to movement in net debt

	2010 £000	2009 £000
Increase in cash in the year	**299**	170
	299	170
Cash and cash equivalents acquired with subsidiary undertakings	**-**	(7)
Non cash items	**-**	850
Net increase in funds	**299**	1,013
Net debt at 1 January 2010	**(35)**	(1,048)
Net funds/(debt) at 31 December 2010	**264**	(35)

Notes to the financial statements (continued)

20. Analysis of changes in net debt

	At 1 January 2010 £000	Cash flow £000	Non cash items £000	At 31 December 2010 £000
Cash at bank and in hand	1,812	312	-	2,124
Overdrafts and bank loans	(1,847)	(13)	-	(1,860)
	(35)	299	-	264
Total	(35)	299	-	264

21. Capital commitments

The Company had no capital commitments at 31 December 2010 or 31 December 2009

22. Contingent liabilities

Maclaren Europe Limited has a contingent liability for damages of £1 8m at the year ended 31 December 2010 and 2009 in respect of a legal claim brought against the Company by one of the Company's former distributors Management consider the likelihood of the claim succeeding to be low and accordingly no provision for this amount has been included in these financial statements

23. Leasing commitments - Group

Operating lease payments amounting to £617k (2009 - £609k) are due within one year The leases to which these amounts relate expire as follows

	2010		2009 (Restated)	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Within one year	-	24	-	-
Between one and five years	190	13	190	7
More than five years	390	-	412	-
	580	37	602	7

Due to an omitted operating lease rental in 2009 the comparative amount for land and buildings expiring over five years, previously reported as £92k, has been restated

Notes to the financial statements (continued)

24. Acquisitions

On the 31 December 2009 the company acquired the entire ordinary share capital of Maclaren Services France SAS (formerly Acela France SAS) for a consideration of £36,178, satisfied wholly by cash Goodwill arising on the acquisition was capitalised

The purchase of Maclaren Services France SAS has been accounted for by the acquisition method of accounting

The consolidated profit of Maclaren Services France SAS for the period from 1 January 2009, the beginning of the subsidiary's financial year, the date of acquisition was £54,627 During this period, turnover amounted to £3,056,212, operating profit amounted to £85,555 and the tax charge amount to £30,928

The assets and liabilities of Maclaren Services France SAS at acquisition were as follows

	Book value £000	Adjustments £000	Fair value £000
Fixed assets			
Tangible	192	-	192
Current assets.			
Debtors	2,087	(76)	2,011
Cash	-	-	-
Total assets	2,279	(76)	2,203
Creditors			
Bank overdraft	7	-	7
Trade creditors	73	-	73
Social Security and other taxation	208	-	208
Other creditors	198	-	198
Accruals and deferred income	1,421	-	1,421
Corporation tax	19	-	19
Amounts due to group undertakings	34	-	34
Provisions	237		237
Total liabilities	2,197	-	2,197
Net assets	82	(76)	6
Goodwill capitalised			30
			36
Satisfied by			
Cash			36

Notes to the financial statements (continued)

24 Acquisitions (continued)

The fair value adjustment relates to the reversal of trade debtor balances not considered to be recoverable

Analysis of net outflow of cash in respect of the purchase of the subsidiary undertakings

	2009 £000
Bank overdraft at acquisition	(7)
Cash consideration	(36)
	(43)

25. Transactions with related parties

As Maclaren Europe Limited is the parent company of the Group and its financial statements are included within these consolidated statements, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has not disclosed transactions or balances with entities which form part of the Group

Other related party transactions

During the year ended 31 December 2009, prior to acquisition by Maclaren Europe Limited, the Group were charged services charges of £2,964,901 by Maclaren Europe Services SA

During the year ended 31 December 2009, an amount of £850,000, being the capital element of a loan that had been owed to the parent undertaking, Spring Meadow Holdings Limited, was converted to ordinary shares at a par value of £1 per share The cumulative, unpaid interest charge at that date of £614,000 was waived by the parent during that period and was written back to the profit and loss account

During the year ended 31 December 2009 an amount was accrued in respect of anticipated management charges of £45,000 to Spring Meadow Holdings Limited, with the cumulative accrual held at 31 December 2009 being £225,000 This has been released to the profit and loss account in the year ended 31 December 2010 as it has been determined that such management charges are not payable

The Group made purchases in the year of £22,560 (2009 - £25,560) from Laser Sailboats Limited The balance outstanding at the year end owed to Laser Sailboats Limited amounted to £6,515 (2009 - £25,560) Laser Sailboats Limited is a member of the group headed by Spring Meadow Holdings Limited

During the year the Group were charged rental fees of £1,484,302 (2009 - £1,398,559) from SCI de la Belle Etoile The balance outstanding at the year end owed to SCI de la Belle Etoile amounted to £210,602 (2009 - £1,398,559) SCI de la Belle Etoile is a related party due to common control

During the year the Group were charged rental fees of £53,533 (2009 - £55,456) from Lintgasse Immobilien Verwaltung GmbH The balance outstanding at the year end owed to Lintgasse Immobilien Verwaltung GmbH amounted to £4,647 (2009 - £nil) Lintgasse Immobilien Verwaltung GmbH is a related party due to common control

Notes to the financial statements (continued)

25 Transactions with related parties (continued)

During the year the Group were charged services charges of £1,283,938 (2009 - £1,120,416) from Acela Limited At the year end an amount of £88,939 (2009 - £123,718) was due to Acela Limited Acela Limited is a member of the Group headed by Spring Meadow Holdings Limited

During the year the Group were charged services charges of £158,697 (2009 £32,841) from Garda Company LLC The balance outstanding at the year end owed to Garda LLC amounted to £3,115 (2009 - £32,841) Garda Company LLC is under the same common control as the Groups parent in the year Spring Meadow Holdings Limited

The Group made purchases in the year of £20,551,922 (2009 - £15,859,272) from Maclaren HK The balance outstanding at the year end owed to Maclaren HK amounted to £9,442,589 (2009 - £9,577,462) Maclaren HK Limited is a related party due to common control

The Group made sales in the year of £8,913 (2009 - £Nil) to Dory Ventures The balance outstanding at the year end owed from Dory Ventures amounted to £54,643 (2009 - £57,599)
The Group has provided for £45,730 (2009 - £nil) against the amounts due from Dory Ventures

The Group made purchases in the year of £531,326 (2009 - £536,038) from Dory Ventures The balance outstanding at the year end owed to Dory Ventures amounted to £Nil (2009 - £Nil) Dory Ventures is a related party due to common control

The Group made sales in the year of £189,083 (2009 - £366,977) to Maclaren USA Inc The balance outstanding at the year end owed from Maclaren USA Inc amounted to £639,461 (2009 - £439,725)
The group has fully provided for the amounts due from Maclaren USA Inc in 2009 and 2010
The Group made purchases in the year of £5,150 (2009 - £50,346) from Maclaren USA Inc The balance outstanding at the year end owed to Maclaren USA Inc amounted to £56,142 (2009 - £50,345) Maclaren USA Inc is a related party due to common control

26. Ultimate parent company and ultimate controlling party

The director considers that the immediate and ultimate parent undertaking was Spring Meadow Holdings Limited, a company registered in the British Virgin Islands, during the year ended 31 December 2010
On 1st January 2011, ownership of Maclaren Europe Limited was transferred to Maclaren Distribution Limited, a company registered in the British Virgin Islands

The ultimate controlling party is thought by the director, to be Sima Rastagar