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Financial Statements
Maclaren Europe Limited

For the year ended 31 December 2009

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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
Auditor:	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Grant Thornton House Kettering Parkway Kettering Venture Park KETTERING Northants NN15 6XR

Index to the financial statements

Report of the directors

The directors present their report together with the financial statements for the year ended 31 December 2009

Principal activities

The Group's principal activities 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 any dividends during the year

Business review

The Directors report a Group profit before taxation of £3,739k (2008 loss of £3,666k) on continuing operations for the year ended 31 December 2009

The directors are pleased with the performance during the year and believe that the Group is in a strong position to continue to expand its market share

Financial performance

Financial performance for the year is analysed as follows

	2009	2008	Change	
	£'000	£'000	£'000	%
Turnover	**37,928**	35,794	2,134	6
Gross profit	**14,099**	10,420	3,679	35
Profit/(Loss) before tax	**3,739**	(3,666)	7,405	202

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 The brand continues to build its product portfolio with the introduction of mother & baby, wellbeing and nursery furniture

As the brand increases its strong market position management continues to focus on quality, innovation and health and safety As part of the focus toward health and safety, 2009 and 2010 saw the introduction of new manufacturing techniques The group continues to develop its distribution network, while seeking new opportunities to establish subsidiaries in key growth markets across Europe

Turnover

Like-for-like sales have achieved growth over the year of 6% The improved sales are in part due to management's decision to cease using the Spanish distribution network and to sell directly in Spain via a Spanish subsidiary, and the continued sales growth in Italy

Gross profit

Gross Profit has increased by 35% year on year resulting in additional margin of £3 7m being generated This is due to significant increases in the sales price with no equivalent increase in the purchase price In addition favourable exchange rate movements between the USD & European currencies also impact the groups gross margin Freight costs have also reduced by approximately 2% in 2009 compared to 2008

Operating costs
As part of the group cost reduction project, operating costs have fallen from £13 9m to £11 0m The cost reduction includes savings in labour costs, renegotiation of facility related contracts and reduced expenditure on external legal and consultancy services

Research and development
The company recognises the importance of high quality products, product safety and strong design The directors 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 appropriate actions plans to ensure that the group performs in line with other companies in the same industry sector

Future outlook
Continued investment in the product range, with particular emphasis on quality, design and employing people with the relevant expertise to enable the company to improve its strong market position is a critical part of the company's strategy

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

The directors have set out below the principal risks facing the business

The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below 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 will effect the investment and profitability of the group

Financial risk management objectives and policies

The group uses various financial instruments including loans, cash, 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 for 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 directors review and agree 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 both interest rate risk and price risk have been ignored as they are not considered a material risk to the business

Currency risk
The group is exposed to translation and transaction foreign exchange risk In relation to translation risk, as far as possible the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency Whilst the aim is to achieve an economic hedge the group does not adopt an accounting policy of hedge accounting for these financial statements

The financial statements reveal the extent to which the group has residual financial assets and liabilities, in currencies other than sterling Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account of the group

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

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

In order to manage credit risk the directors set 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

Research and development

Expenditure incurred in respect of research and development arises solely from the development of new products

Insurance of directors

Insurance is maintained for the directors of the company in respect of their duties as a director

Directors

Mr G Kafi was appointed a director on 1 January 2009

Ms C Norgate-Hart was appointed a director on 1 January 2009

Charitable donations

During the year the group made charitable donations of £nil (2008 - £22,327)

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group 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 adequate 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 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

In so far as each of the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

Grant Thornton UK 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

BY ORDER OF THE BOARD

G Kafi
Director
14 DECEMBER 2010

Grant Thornton

Report of the independent auditor to the members of Maclaren Europe Limited

(registered number 4144247)

Opinion on other matters 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 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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

John Corbishley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
Kettering
16 DECEMBER 2010

Principal accounting policies

Basis of preparation

The financial statements have been 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, completion of the product 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 its subsidiary undertakings made up to 31 December 2009 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 230(4) of the Companies Act 1985 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 14 to the financial statements

Going concern

The directors have reviewed the financial position of the company and the budgets and forecasts produced by management Based on these, and the facilities in place with the companies key supplier, they believe the group will have sufficient resources to meet their liabilities as they fall due and as such these financial statements have been prepared on a going concern basis

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 its 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 generally applicable are

Leasehold improvements	Over the period of the lease
Plant and equipment	4 – 5 years
Office equipment	4 – 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 a category-by-category basis

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 the director considers 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 a 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

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

Provisions for liabilities and charges

Provisions (other than provisions for post retirement benefits and deferred taxation) are recognised when the company 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 company has a possible obligation as a result of past events, or where the company 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
The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period The company accounts for its contributions to the company pension scheme as a defined contribution scheme

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

Consolidated profit and loss account

	Note	Group 2009 £000	Group 2008 £000
Turnover			
Continuing operations	1	**37,928**	35,794
Cost of sales		**(23,829)**	(25,374)
Gross profit		**14,099**	10,420
Other operating income and charges		**(10,954)**	(13,865)
Operating profit/(loss)		**3,145**	(3,445)
Net interest	3	**594**	(221)
Profit/(loss) on ordinary activities before taxation		**3,739**	(3,666)
Tax charge on ordinary activities	5	**(433)**	(4)
Profit/(loss) for the financial year	15	**3,306**	(3,670)

All operations are continuing

Consolidated and company balance sheet

	Note	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Fixed assets					
Tangible assets	7	349	255	110	199
Intangible assets	8	30	-	-	-
Investments	9	-	-	78	42
		379	255	188	241
Current assets					
Stocks	10	6,387	9,247	4,211	8,789
Debtors	11	10,600	8,875	9,873	6,824
Cash at bank and in hand		1,812	471	1,182	397
		18,799	18,593	15,266	16,010
Creditors: amounts falling due within one year	12	(19,807)	(24,353)	15,586	(21,618)
Net current liabilities		(1,008)	(5,760)	(320)	(5,608)
Total assets less current liabilities		(629)	(5,505)	(132)	(5,367)
Creditors: amounts falling due after more than one year		-	-	-	-
Provisions for liabilities and charges	13	(855)	(140)	(497)	(54)
		(1,484)	(5,645)	(629)	(5,421)
Capital and reserves					
Called up share capital	14	955	105	955	105
Profit and loss account	15	(2,439)	(5,750)	(1,584)	(5,526)
Shareholders' funds	16	(1,484)	(5,645)	(629)	(5,421)

These financial statements were approved and authorised for issue by the directors on 14 DECEMBER 2010 and are signed on their behalf by

G G Kafi
Director
Co No: 4144247

The accompanying accounting policies and notes form part of these financial statements.

Consolidated cash flow statement

	Note	Group 2009 £000	Group 2008 £000
Net cash inflow from operating activities	16	**267**	235
Returns on investments and servicing of finance			
Interest received		**-**	5
Interest paid		**(21)**	(59)
Net cash outflow from returns on investments and servicing of finance		**(21)**	(54)
Taxation		**(19)**	1
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(21)**	(60)
Net cash outflow from capital expenditure and financial investment		**(21)**	(60)
Acquisitions			
Purchase of subsidiary undertaking		**(36)**	-
Net cash outflow from acquisitions		**(36)**	-
Increase in cash in the year	17	**170**	122

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover and profit/(loss) on ordinary activities before taxation

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

An analysis of turnover by geographical market is given below

	2009 £000	2008 £000
United Kingdom	**11,023**	7,448
Europe	**25,482**	26,856
Rest of World	**1,423**	1,490
	37,928	35,794

2 Operating profit/(loss)

	2009 £000	2008 £000
Auditor's remuneration		
Statutory audit services	**35**	24
Non-audit services	**3**	18
Depreciation		
Tangible fixed assets, owned	**87**	87
Operating lease rentals	**341**	328
Research and development expenditure	**-**	44

3 Net interest

	2009 £000	2008 £000
On bank loans and overdrafts	**(20)**	(10)
On loans from parent	**614**	(216)
Interest receivable and similar income	**-**	5
	594	(221)

4 Director and employees

Staff costs during the year were as follows

	2009 £000	2008 £000
Wages and salaries	3,159	2,473
Social security costs	521	498
Pension costs	127	127
	3,807	3,098

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

	2009 Number	2008 Number
Logistics, including warehouse, repairs and customer services	18	16
Office management	20	6
Sales and marketing	31	38
New product development	11	11
	80	71

Payments amounting to £nil (2008 - £12k) were made to Blue Creek Enterprises LLC for the services of Mr Jahanshad

5 Taxation on profit/(loss) on ordinary activities

The tax credit represents

	2009 £000	2008 £000
UK corporation tax @ 28% (2008 - 28 5%)	95	-
Overseas tax	338	7
Total current year tax charge	433	7
Adjustment in respect of prior year	-	(3)
Tax charge on profit/(loss) on ordinary activities	433	4

Taxation on profit/(loss) on ordinary activities (continued)

Factors affectng the tax credit for the year
The tax assessed for the year ıs lower than the standard rate of corporaton tax ın the UK of 28 % (2008 - 28 5%) The dıfferences are explaıned as follows

	2009 £000	2008 £000
Profit/(loss) on ordınary actıvıtıes before tax	**3,739**	(3,666)
Profit/(loss) on ordınary actıvıtıes multıplıed by the standard rate of corporatıon tax ın the UK of 28% (2008 - 28 5%)	**1,047**	(1,045)
Effect of		
Expenses not deductıble for tax purposes	**5**	29
Dıfferences between capıtal allowances and deprecıatıon	**4**	5
Other tımıng dıfferences	**309**	116
Adjustment to tax charge ın respect of prıor years	**-**	(3)
Foreıgn tax	**44**	(45)
Utılısatıon of losses	**(703)**	757
Group relıef (claımed)/surrendered	**(273)**	190
Current tax credıt for the year	**433**	4

6 Profit/(loss) for the year

The parent company has taken advantage of sectıon 408 of the companıes act 2006 and has not ıncluded ıt own profit and loss accounts ın these financıal statements The group profit for the year ıncludes a profit of £3,942k (2008 - Loss of £3,622k) whıch ıs dealt wıth ın the financıal statements of the company

7 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 2009	81	81	137	447	63	-	809
Exchange differences	-	-	(1)	-	(6)	-	(7)
Transfer to group	208	(6)	34	16	-	1	253
Additions in year	-	-	4	15	-	3	22
Disposals	-	-	-	-	(33)	-	(33)
At 31 December 2009	289	75	174	478	24	4	1,044
Depreciation							
At 1 January 2009	14	61	103	362	14	-	554
Exchange differences	-	-	-	-	(1)	-	(1)
Provided in year	7	9	17	53	-	1	87
Disposals	-	-	-	-	(6)	-	(6)
Transfer to group	47	(1)	6	9	-	-	61
At 31 December 2009	68	69	126	424	7	1	695
Net book amount at 31 December 2009	**221**	**6**	**48**	**54**	**17**	**3**	**349**
at 31 December 2008	67	20	34	85	49	-	255

Tangible Fixed Assets (continued)

The Company	Leasehold improvements fittings £000	Plant and equipment £000	Office equipment £000	Computers £000	Total £000
Cost					
At 1 January 2009	81	80	126	447	734
Transfer to group	-	(6)	(16)	(11)	(33)
Additions in year	-	-	-	8	8
At 31 December 2009	81	74	110	444	709
Depreciation					
At 1 January 2009	14	61	99	361	535
Transfer to group	-	(1)	(4)	(3)	(8)
Provided in year	7	8	7	50	72
At 31 December 2009	21	68	102	408	599
Net book amount					
at 31 December 2009	**60**	**6**	**8**	**36**	**110**
at 31 December 2008	67	19	27	86	199

8 Goodwill

Intangible assets	Goodwill arising on consolidation £000
Cost at 1 January 2009	-
Additions	30
At 31 December 2009	**30**

On 31 December the group acquired Maclaren Services France SAS

9 Investments

The Company

	Shares in subsidiary undertakings £000
Cost at 1 January 2009	42
Additions	36
At 31 December 2009	**78**

At 31 December 2009 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	England	Ordinary	100%	Non-trading
Maclaren Europe Services SAS (formerly Acela France Limited)	France	Ordinary	100%	Management services
Maclaren Articulos De Puercultura	Spain	Ordinary	100%	Distribution and sale of pushchairs and ancillary products

10 Stocks

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Finished goods and spare parts (including goods in transit)	**6,387**	9,247	**4,211**	8,789

11 Debtors

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Trade debtors	**9,287**	6,201	**1,424**	3,190
Amounts due from group undertakings	**26**	96	**8,201**	2,340
Other debtors	**1,156**	1,741	**137**	1,153
Prepayments and accrued income	**131**	837	**111**	141
	10,600	8,875	**9,873**	6,824

Included within trade debtors is an amount of £1,273k (2008 - £1,447k) relating to factored debts in the United Kingdom

12 Creditors: amounts falling due within one year

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Bank overdrafts and loans	**1,847**	669	**501**	498
Trade creditors	**13,286**	18,716	**11,162**	17,709
Amounts due to group undertakings	**437**	1,473	**3,001**	1,330
Corporation tax	**441**	8	**110**	-
Social security and other taxes	**1,048**	520	**170**	66
Other creditors	**749**	975	**122**	27
Accruals	**1,999**	528	**536**	524
Loans from parent undertaking	**-**	850	**-**	850
Interest on loans from parent undertaking	**-**	614	**-**	614
	19,807	24,353	**15,602**	21,618

Included within bank loans and overdrafts is an amount of £501k (2008 - £498k) due to Lloyds TSB Commercial Finance Limited This is secured by way of an all assets debenture

The loan from the parent undertaking Spring Meadow Holdings Limited, is classified as a subordinate loan and bears imputed interest at 9% per annum, compounded twice yearly The loan was originally scheduled to be redeemed in full on 14 February 2008 but the company exercised an option to extend the term and from that date the loan attracted interest at 12% On 30 April 2009 the loan was settled via an issue of share capital, and the accrued interest charge was waived by the parent

13 Provisions for liabilities and charges

	Warranty £000	Liability Claims £000	Redundancy £000	Inspection £000	Total £000
At 1 January 2009	54	-	-	87	141
Provided during the year	24	473	237	120	854
Utilised during the year	(54)	-	-	(78)	(132)
Currency adjustment	-	-	-	(8)	(8)
At 31 December 2009	**24**	**473**	**237**	**121**	**855**

The warranty provisions relate to the group and company

The liability provision is the group's best estimate of the cost to satisfy future liability claims against the company

The warranty provision is the group's best estimate of the cost of fulfilling this obligation based upon the underlying claims rate by product line

The redundancy provision is the group's estimate of the costs likely to be incurred

The provision for inspection costs relates to the group's liability under ongoing French tax investigations

No deferred taxation liability existed at 31 December 2009 or 31 December 2008

14 Share capital

	2009 £000	2008 £000
Authorised		
955,061 ordinary shares of £1 each	**955**	105
Allotted, called up and fully paid		
Ordinary shares of £1 each	**955**	105

On 19 January 2009 the company issued 850,000 ordinary shares of £1 each The consideration payable was the forgiveness of a loan from the group's parent undertaking

15 Profit and loss account

	The Group £000	**The company £000**
At 1 January 2009	(5,750)	(5,526)
Profit for the year	3,306	3,942
Foreign exchange movement	5	-
At 31 December 2009	**(2,439)**	**(1,584)**

16 Reconciliation of movements in shareholders' debt

	The Group £000	The Company £000
Loss for the year and net decrease in shareholders' funds	3,306	3,942
Foreign exchange movement	5	-
Issued share capital	850	850
Net increase in shareholders' funds	4,161	4,752
Shareholders' debt at 1 January 2009	(5,645)	(5,421)
Shareholders' debt at 31 December 2009	**(1,484)**	**(629)**

17 Net cash inflow from operating activities

	2009 £000	2008 £000
Operating loss	**3,145**	(3,444)
Depreciation	**87**	103
Exchange movements	**2**	(27)
Decrease/(Increase) in stocks	**2,860**	(3,421)
Decrease/(Increase) in debtors	**287**	(4,750)
(Decrease)/Increase in creditors	**(6,626)**	11,700
Increase in provisions	**484**	74
Profit on sale of fixed assets	**28**	-
Net cash inflow	**267**	235

18 Reconciliation of net cash flow to movement in net debt

	2009 £000	2008 £000
Increase in cash in the year	**170**	122
	170	122
Cash and cash equivalents acquired with subsidiary undertakings	**(7)**	-
Non cash items	**850**	-
Net increase in funds	**1,013**	122
Net funds at 1 January 2009	**(1,048)**	(1,170)
Net funds at 31 December 2009	**(35)**	(1,048)

19 Analysis of changes in net debt

	At 1 January 2009 £000	Cash flow £000	Cash acquired with subsidiary £000	Non cash items £000	At 31 December 2009 £000
Cash at bank and in hand	471	**1,341**	-	-	**1,812**
Overdrafts	(669)	**(1,171)**	(7)	-	**(1,847)**
	(198)	**170**	(7)	-	**(35)**
Debt	(850)	-	-	**850**	-
Total	(1,048)	**170**	(7)	**850**	**(35)**

20 Non-cash items

On 30 April 2009 the company transferred the debt to equity via a share issue of 850,000 shares at par £1

21 Capital commitments

The company had no capital commitments at 31 December 2009 or 31 December 2008

22 Contingent liabilities

There were no contingent liabilities at 31 December 2009 or 31 December 2008

23 Pensions

Defined Contribution Pension Scheme
The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period

24 Leasing commitments - Group

Operating lease payments amounting to £289k (2008 - £190k) are due within one year The leases to which these amounts relate expire as follows

	2009		2008	
	Land and buildings £000	**Other £000**	Land and buildings £000	Other £000
Within one year	-	-	-	-
Between one and five years	190	7	190	-
More than five years	92	-	-	-
	282	7	190	-

25 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 has been 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

Acquisitions (continued)

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
Nett assets	82	(76)	6
Goodwill capitalised			30
			36
Satisfied by			
Cash			36

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)

26 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
At 31 December 2008, included within amounts due to parent is an amount of £ nil (2008 - £850,000) owed to Spring Meadow Holdings Limited Accrued interest on this loan is a total of £nil (2008 - £613,746) During the year the capital element was converted to ordinary shares at a par value of £1 The accrued interest charge was waived by the parent and has been written back to the profit and loss account

During the year management charges were due to Spring Meadow Holdings Limited amounting to £45,000 (2008 - £45,000) The balance of management charges outstanding at the year end owed to Spring Meadow Holdings Limited amounted to £ 225,000 (2008 - £180,000)

The company made sales in the year of £nil (2008 - £120) to Laser Performance (Europe) Limited Purchases from this company amounted to £nil (2008 - £15,754) The balance outstanding at the year end owed to Laser Performance (Europe) Limited amounted to £nil (2008 - £1,662) Laser Performance (Europe) Limited is a member of the group headed by Spring Meadow Holdings Limited

The group made purchases in the year of £25,560 (2008 - £nil) to Laser Sailboats Limited The balance outstanding at the year end owed to Laser Sailboats Limited amounted to £25,560 (2008 - £nil) Laser Sailboats Limited is a member of the group headed by Spring Meadow Holdings Limited

The group made sales in the year of £nil (2008 - £632) to Acela Limited and service charges from this company amounted to £1,120,416 (2008 - £1,224,610) At the year end an amount of £123,718 (2008 - £198,765) was due to Acela Limited Acela Limited is a member of the group headed by Spring Meadow Holdings Limited

During the year the group made purchases of £32,841 (2008 £24,014) from The Garda Company LLC The balance outstanding at the year end owed to Garda LLC amounted to £32,841 (2008 - £24,014) Garda Company LLC is under the common control of Spring Meadow Holdings Limited

27 Ultimate parent company and controlling related party

The directors consider that Spring Meadow Holdings Limited, a company registered in the British Virgin Islands, is the ultimate parent undertaking and controlling related party by virtue of shareholding